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OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITES STATES

€600 million 4.875% Senior Notes due 2025

intrum

issued by
Intrum AB (publ)

Intrum AB (publ), a Swedish public limited liability company (the "**Issuer**"), is offering (the "**Offering**") €600 million in aggregate principal amount of its 4.875% Senior Notes due 2025 (the "**Notes**").

The Notes will mature on August 15, 2025. The Issuer will pay interest on the Notes semi-annually on each May 15 and November 15, commencing on November 15, 2020. Prior to August 15, 2022 the Issuer may, at its option, redeem all or a portion of the Notes by paying the relevant "make-whole" premium. At any time and from time to time on or after August 15, 2022 the Issuer may redeem all or part of the Notes at the redemption prices set forth herein. In addition, prior to August 15, 2022 the Issuer may, at its option, redeem up to 40% of the Notes with the net proceeds from certain equity offerings at the redemption price set forth herein.

Upon the occurrence of certain events constituting a defined change of control, or if the Issuer sells certain of its assets, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The Notes will be senior obligations of the Issuer, will rank equally in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes and will rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Notes will be unsecured and will be effectively subordinated to any existing and future secured indebtedness of the Issuer, including any amounts owing under the Revolving Credit Facility, the 2023 Private Placement Notes, the Backstop Revolving Credit Facility (each as defined herein) and certain hedging arrangements, in each case to the extent of the value of assets securing such indebtedness. The Notes will not be guaranteed by any of the Issuer's subsidiaries and will be structurally subordinated to all existing and future indebtedness of such subsidiaries, including such subsidiaries' obligations under the Revolving Credit Facility and the Backstop Revolving Credit Facility.

The Notes will be listed on the Securities Official List of the Luxembourg Stock Exchange (the "**Exchange**"). There can be no assurance that such listing will be maintained.

The Notes will be issued in the form of one or more global notes in book-entry form. The Issuer expects that the Notes will be deposited and registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about the Issue Date.

The Notes will initially be held in global registered form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

See "*Risk Factors*" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

Price for the Notes: 100% plus accrued interest, if any, from the Issue Date

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to, or for the account of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, this offering is being made only to "qualified institutional buyers" (as defined under Rule 144A under the U.S. Securities Act ("**Rule 144A**")) (a "**QIB**"). Outside of the United States, this offering is being made to certain non-U.S. persons in offshore transactions within the meaning of and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Important Information about this Offering Memorandum*" for further details about eligible offerees and "*Transfer Restrictions*" for transfer and resale restrictions.

Joint Book-Running Managers

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Morgan Stanley

Goldman Sachs International	***J.P. Morgan***	***Nordea***	***SEB***

BNP PARIBAS	***Credit Suisse***	***Citigroup***	***Danske Bank***	
Deutsche Bank	***DNB Markets***	***NatWest Markets***	***Nykredit***	**Swedbank AB**

The date of this Offering Memorandum is August 14, 2020

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No person has been authorized to give any information or to make any representations other than those contained in this Offering Memorandum. This Offering Memorandum does not offer to sell or solicit offers to buy any Notes in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the Notes.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

We have prepared this offering memorandum (the "**Offering Memorandum**") based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. None of us or any of the Initial Purchasers (as defined herein) represent that the information herein is complete. The information in this Offering Memorandum is current only as of the date on the cover and our business or financial condition and other information in this Offering Memorandum may change after that date. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this Offering Memorandum. Information in this Offering Memorandum is not legal, tax or business advice; accordingly, you should consult your own legal, tax and business advisors regarding an investment in the Notes.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained on, or accessible through, our website, including our annual and interim reports, is not incorporated by reference in, and should not be considered a part of, this offering memorandum.

We are offering the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any other jurisdiction. The Issuer has not registered, and does not intend to register, as an investment company under the U.S. Investment Company Act of 1940, as amended. The Notes may be offered, sold or delivered in the United States in reliance on Rule 144A only to persons that are QIBs acting for their own account or for the account of another QIB. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Transfer Restrictions*." You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor any of the Initial Purchasers make any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws, rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither we nor the Initial Purchasers shall have any responsibility therefor.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any U.S. state securities commission or any non-U.S. securities authority or other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

We have prepared this Offering Memorandum solely for use in connection with the Offering.

We accept responsibility for the information contained in this Offering Memorandum. To our best knowledge, the information contained in this Offering Memorandum is in accordance with the relevant facts and does not omit anything likely to affect the import of this Offering Memorandum. No person is authorized in connection with the Offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. This Offering Memorandum may only be used for the purposes for which it has been published. No representation or warranty, express or implied, is made by the Initial Purchasers, the Trustee, Registrar, Principal Paying Agent or Transfer Agent as to the accuracy or completeness of any of the information set out in this Offering Memorandum and nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past, present or as to the future.

We have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to QIBs pursuant to Rule 144A and to non-U.S. persons (within the meaning of Regulation S) outside the United States in compliance with Regulation S as described in this Offering Memorandum. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person other than a person retained to advise you in connection with the purchase of the Notes.

We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

The information set out in this Offering Memorandum describing clearing and settlement arrangements, including set out in the section entitled "*Book-Entry, Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information.

The Notes will be listed on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. The Issuer may be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects.

The Notes may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "*Transfer Restrictions*."

STABILIZATION

IN CONNECTION WITH THE OFFERING OF THE NOTES, MORGAN STANLEY & CO. INTERNATIONAL PLC (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE (AS DEFINED HEREIN) AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO CERTAIN INVESTORS

Belgium. The Notes are not offered, directly or indirectly, to the public in Belgium. The Notes are being offered in Belgium to qualified investors only, within the meaning of Article 3, §2, a) and 10 of the Belgian law of June 16, 2006, on the public offering of securities and admission of securities to trading on a regulated market ("**Belgian Prospectus Law**") and/or on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law. Accordingly, this Offering Memorandum has not been and will not be notified to, or approved by, the Belgian banking, finance and insurance commission (*Commissie voor het bank; financie-en assurantiewezen/Commission bancaire, financiére et des assurances*). This offering cannot be advertised and this Offering Memorandum and any other information, circular, brochure or similar documents may not be distributed, directly or indirectly, in Belgium other than to said qualified investors or, as the case may be, other than on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law.

Canada. The Notes may only be offered or sold in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island to or for the benefit of a resident of these provinces pursuant to an exemption from the requirement to file a prospectus in such province in which such offer or sale is made, and only by a registrant duly registered under the applicable securities laws of that province or by a registrant that is relying in that province on the "international dealer" exemption provided by section 8.18 of National Instrument 31 103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31 103**"). Furthermore, the Notes may only be offered or sold to residents of any such province

that are purchasing, or deemed to be purchasing, as principal, that are "accredited investors" as defined in National Instrument 45 106 Prospectus Exemptions ("**NI 45 106**") or subsection 73.3(1) of the Securities Act (Ontario) and that are "permitted clients" as defined in NI 31 103. Each Canadian purchaser hereby acknowledges that any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws and that it shall be deemed to represent and warrant it is an accredited investor and is purchasing as principal (or deemed principal) in connection with any purchase of Notes hereunder.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province of residence for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of NI 33 105, the Initial Purchasers are not required to comply with the disclosure requirements of NI 33 105 regarding underwriter conflicts of interest in connection with this offering.

We and the Initial Purchasers hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45 106F1 under NI 45 106 (including its name, address, telephone number, email and the aggregate purchase price of any Notes purchased) ("personal information"), which Form 45 106F1 may be required to be filed by us under NI 45 106, (b) such personal information may be delivered to the Ontario Securities Commission (the "**OSC**"), in accordance with NI 45 106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H3S8, Telephone: (416) 593 3684. Prospective Canadian purchasers that purchase Notes in this offering will be deemed to have authorized the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number, email rand other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur*(*se*) *canadien*(*ne*) *confirme par les présentes qu'il*(*elle*) *a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes* (*incluant, pour plus de certitude, toute confirmation d'achat ou tout avis*) *soient rédigés en anglais seulement.*

European Economic Area and the United Kingdom. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended), and includes any relevant implementing measure in each member state ("**EEA Member State**") of the European Economic Area (the "**EEA**") or the United Kingdom.

Accordingly, any person making or intending to make any offer within the EEA or the United Kingdom of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014

(as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any EEA Member State or the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EEA Member State or the United Kingdom by any measure implementing the Prospectus Regulation in that EEA Member State or the United Kingdom.

Professional investors and ECPs (as defined below) only target market: Solely for the purposes of the product approval process of each of Morgan Stanley & Co International Plc, J.P. Morgan Securities plc, DNB Bank ASA, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) as Joint Bookrunners of the Notes (each a "**Manufacturer**"), the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Manufacturer's target market assessment; however, and without prejudice to our obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

France. This Offering Memorandum has not been prepared and is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411 1 of the French Code monétaire et financier and Title 1 of Book II of the R*èglement Général de l'Autorité des Marchés Financiers*, and has not been approved by, registered or filed with the *Autorité des marchés financiers* (the "**AMF**"), nor any competent authority of another EEA Member State that would have notified its approval to the AMF under the Prospectus Regulation as implemented in France and in any relevant EEA Member State. Therefore, the Notes may not be, directly or indirectly, offered or caused to be offered or sold to the public in France (*offre au public de titres financiers*) and this Offering Memorandum and any other offering or marketing material or information relating to the Notes has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sales of the Notes to the public in France in any way that would constitute, directly or indirectly, an offer to the public in France. Offers, sales and distributions have only been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting solely for their own account (*agissant pour compte propre*) and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with Articles L.411 1, L.411 2, D.411 1, D.411 4, D.744 1, D.754 1 and D.764 1 of the French Code monétaire et financier. Prospective investors are informed that (a) this Offering Memorandum has not been and will not be submitted for clearance to the AMF, (b) in compliance with Articles L.411 2, D.411 1, D.411 4, D.744 1, D.754 1 and D.764 1 of the French Code monétaire et financier, any qualified investors subscribing for the Notes should be acting for their own account (*agissant pour compte propre*) and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411 1, L.411 2, L.412 1 and L.621 8 through L. 621 8 3 of the French Code monétaire et financier.

Germany. The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the "**Securities Prospectus Act**"), as amended, the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, and any other applicable German law. No application will be made under German law to permit a public offer of the Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in the Federal Republic of Germany. Therefore, this Offering Memorandum is strictly for private use and the Offering is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the Notes in the Federal Republic of Germany must be made only in accordance with the German Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German

Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") or obtain a notification to the BaFin from another competent authority of an EEA Member State.

The Netherlands. The Notes which are the subject of the Offering contemplated by this Offering Memorandum are not and may not be offered or sold in the Netherlands other than to persons or entities which are qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht* or the "**AFS**"). Each purchaser of the Notes described in this Offering Memorandum located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde belegger*) as defined in section 1:1 of the AFS. For the purposes of this provision, the expression "an offer of the Notes to the public" in relation to any Notes in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in section 217(1) of Book 6 of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the Notes, or to issue an invitation to make an offer of the Notes.

Norway. This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Norwegian Securities Trading Act of 2007 nor any other Norwegian enactment. Neither the Norwegian Financial Supervisory Authority (*Finanstilsynet*) nor any other Norwegian public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Norway other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Norwegian Securities Trading Act of 2007.

Portugal. Neither the Offering, nor the Notes have been approved by the Portuguese Securities and Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") or by any other competent authority of another EEA Member State and notified to the CMVM. The Notes may not, directly or indirectly, be offered or sold in Portugal, and neither can the Offering Memorandum, any prospectus, form of application, advertisement or other document or information relating to the Notes be distributed or published in Portugal and no action has been or will be taken in the future that would permit a public offering of any of the Notes in Portugal or for this Offering Memorandum to be distributed or published in Portugal. Accordingly, no Notes may be offered, sold or distributed, except under circumstances that will not be considered as a public offering under article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*) approved by Decree Law no. 486/99, of 13 November, as last amended and republished by Law no. 35/2018, of 20 July, which has implemented MiFID II into Portuguese national law (the "**PSC**"). As a result, the Offering, and any material relating to the Offering, is addressed solely to, and may only be accepted by, any persons or legal entities that are resident in Portugal or that will hold the Notes through a permanent establishment in Portugal (each a "**Portuguese Investor**") to the extent that the Portuguese Investors are deemed professional investors (*investidores profissionais*) (each a "**Portuguese Professional Investor**") under paragraphs 1 and 4 of article 30 of the PSC.

Spain. The Notes may not be sold, offered or distributed in Spain except in accordance with the requirements of the Royal Legislative Decree 4/2015, of October 23, approving the amended and restated text of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, and Royal Decree 1310/2005, of November 4, 2005 on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended from time to time (the "**Spanish Securities Market Law**"). The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, within the meaning of the Spanish Securities Market Law. Neither the Notes, the Offering nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of Notes in Spain.

Sweden. This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Prospectus Regulation nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Prospectus Regulation.

Switzerland. This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the Offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange ("**SIX Swiss Exchange**"), and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The Notes are being offered in Switzerland by way of a private placement (*i.e.* to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

United Kingdom. This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments and are investment professionals as defined within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (iii) high net worth bodies corporate and any other person falling within Article 49(2)(a) to (d) of the Order, or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended), or "**FSMA**"), and any other persons to whom it may otherwise lawfully be made in accordance with the Order or Section 21 of the FSMA (all such persons together being referred to as "relevant persons").

United States. The Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes that does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer Restrictions*."

This Offering Memorandum is being provided: (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" within the meaning of Rule 144A; and (2) to non-U.S. investors outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 under Regulation S, in each case for informational use solely in connection with their consideration of the purchase of the Notes. The Notes described in the Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various "forward-looking statements" that reflect management's current view with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical fact or present facts or circumstances. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "will," "should," "could," "aim" or "might" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements occur in a number of places in this Offering Memorandum, including, among others, in the sections entitled "*Summary*," "*Risk Factors*," "*Management Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry Overview*" and "*Business*" and include, among other things, statements relating to:

- our strategy, outlook and growth prospects;
- our operational and financial targets and dividend policy;
- our liquidity, capital resources and capital expenditure;
- our planned investments, acquisitions and/or divestments;
- the expectations as to future growth in demand for our products and services;
- the expected growth and other anticipated benefits, including any revenue or cost synergies or other operational efficiency programs;
- our increased focus on certain business areas and movement into new business areas, such as secured loans and receivables and real estate servicing;
- the impact of regulations on us and our operations;
- the impact of changes in tax regulations that we are subject to;
- the competitive environment in which we operate; and
- the outcome of legal proceedings.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can provide no assurances that such expectations will prove to be correct. Such forward-looking statements are not guarantees of future performance as any such expectations and forward-looking statements are based on numerous assumptions. Any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- changes in the economic conditions or trends in the markets in which we operate, including as a result of pandemics such as the novel coronavirus ("**COVID-19**") pandemic or other global economic and social disruptions;
- inability to compete with businesses that may offer more attractive prices or have greater financing resources;
- reliance on clients in the financial services industry and risk of material failures in banking systems;
- inability to collect payments on receivables owned or managed by us, including through litigation or insolvency proceedings, and our customers' inability to fulfil their payment obligations towards us, including as a result of the COVID-19 pandemic;
- errors in our collection process or other operational matters, such as failure of third parties as part of the supply chain to provide certain services;

- inability to purchase portfolios at sufficient levels, appropriate prices or of sufficient quality due to a lack of supply or lack of funding, including as a result of the COVID-19 pandemic, and unwillingness of clients to outsource their credit management services to us;

- failure to comply with applicable laws, regulations and codes of practice or changes to the regulatory environment in which we operate;

- failure of our statistical models and data analysis tools to accurately assess pricing terms and project remaining cash flows from our portfolios;

- deterioration in the value of our existing portfolios and inability to address underlying concerns;

- inability to replace terminated or expired forward flow agreements or renew existing or future debt collection contracts;

- negative attention relating to the credit management industry in general, or to us in particular;

- inability to manage our international operations and expansion plans, achieve our strategic goals or identify and anticipate future risks;

- failure to integrate acquired businesses, dispose of businesses and realize planned synergy or operational efficiency improvements benefits, within anticipated timeframes or at all, from past or future acquisitions (including, without limitation, our continued operational efficiency improvements program);

- inability to manage financial, legal, operational and/or compliance risks associated with our current or future joint ventures, business alliances or consortia;

- reliance on our senior management team and trained employees;

- inability to maintain, manage, integrate and develop our IT or data analysis systems or anticipate, manage or adopt technological advances within our industry;

- failure to maintain IT security or protect our data analysis system;

- failure to adequately protect our clients' sensitive data;

- negative impact of litigations, investigations and other proceedings;

- the effect of recent or future tax changes in jurisdictions in which we operate or are otherwise tax resident, including as a result of the COVID-19 pandemic;

- inability to recoup our costs of investment upon the sale of our portfolio investments;

- inability to access capital and credit markets to raise additional capital to fund our operations and service our debt, including as a result of the COVID-19 pandemic;

- our substantial leverage and debt service obligations and ability to effectively operate our business within the restrictions imposed by the terms of our existing or future indebtedness; and

- additional factors that could cause our actual results or performance to differ materially, include, but are not limited to, those discussed under "*Risk Factors*."

These forward-looking statements speak only as of the date of this Offering Memorandum. We expressly undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements in this Offering Memorandum.

This Offering Memorandum contains certain synergy and operational efficiency improvements estimates as well as costs related to implementing such measures. Such estimates are based on a number of assumptions

made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating synergies, operational efficiency improvements and related costs are inherently uncertain and are subject to a variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in any synergy benefit or operational efficiency improvements estimates. See "*Risk Factors—Risks related to our industry and business—Acquisitions or carve-out transactions may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively*" and "*Risk Factors—Risks related to our industry and business—Operational efficiency improvements from continued efficiency improvements programs may not materialize.*

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information

Financial Statements

This Offering Memorandum contains the following financial information of the Issuer:

- the audited consolidated financial statements and the accompanying notes thereto of the Issuer as of and for the years ended December 31, 2019 and 2018, each of which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "**EU**") ("**IFRS**") and audited by the Issuer's independent auditors, Ernst & Young AB, as set forth in their audit reports included elsewhere in this Offering Memorandum (the "**Audited Financial Statements**");

- the unaudited consolidated interim financial statements and the accompanying notes thereto of the Issuer as of and for the six months ended June 30, 2020 and 2019, each of which have been prepared in accordance with IAS 34 (the "**Interim Financial Statements**" and, together with the Audited Financial Statements, the "**Financial Statements**").

In the Financial Statements, references to Cash EBITDA are to Adjusted Cash EBITDA and Pro Forma Adjusted Cash EBITDA, as applicable.

Factors impacting comparability

IFRS 5

In November 2017, in connection with the Divestment, the Issuer agreed to divest certain subsidiaries to a company in the Lowell Group. The Divestment completed on March 20, 2018. In the income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries being divested in accordance with the above have been reported as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In the balance sheet as of December 31, 2017 included as comparative information in the balance sheet as of December 31, 2018, subsidiaries being divested are reported as assets and liabilities held for sale. For further information, see note 39 in the Issuer's audited financial statements as of and for the year ended December 31, 2018, included elsewhere in this Offering Memorandum.

IFRS 9

With effect from January 1, 2018, in accordance with the rules for loans and receivables under IFRS 9, which replaced IAS 39 (or, for any annual periods prior to January 1, 2018, according to IAS 39), portfolio investments are recognized at amortized cost according to the effective interest rate model. The new rules for portfolio investments require that we continue to report these according to an EIR model, with minor adjustments in application. The primary change is that, in accordance with IFRS 9, acquired credit-impaired receivables can be reported at a higher recognized value than cost if our estimates of future cash flows change, which differs from our application of the corresponding rules under IAS 39.

IFRS 15 and IFRS 16

We adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 and IFRS 16 Leases from January 1, 2019. The financial information the year ended December 31, 2017 included in the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2018 has not been restated to reflect the retrospective adoption of IFRS 15. None of the Audited Financial Statements for the year ended December 31, 2018, financial information for the year ended December 31, 2018 included in the audited financial statements for the year ended December 31, 2019 and financial information for the six months ended June 30, 2018 included in the unaudited financial statements for the six months ended June 30, 2019 has been restated to reflect the retrospective adoption of IFRS 16. See "*Presentation of Financial and Other Information*," "*Management Discussion and Analysis of Financial Condition—Significant factors affecting comparability—Significant accounting policies*" and note 1 to the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2019 and 2018 included elsewhere in this Offering Memorandum.

Lindorff's income statement information and unaudited pro forma financial information

On June 27, 2017, the Issuer completed the acquisition of the entire issued share capital of Lindorff, in exchange for newly issued shares in the Issuer (the "**Merger**"), pursuant to the terms of the combination agreement, dated November 13, 2016, between the Issuer and Nordic Capital. The notes to the Issuer's audited consolidated financial statements for the year ended December 31, 2018 contain certain income statement information for Lindorff for the period January 1, 2017 to June 27, 2017 and certain *pro forma* information for the year ended December 31, 2017 to give effect to the Merger. Such historical and *pro forma* information (a) has not been prepared in relation to this Offering, (b) has not been audited or reviewed by the Issuer's independent auditors, (c) has not been prepared in accordance with SEC requirements, IFRS or generally accepted accounting principles in use in any other jurisdiction, (d) does not include all the information required for financial statements under IFRS or SEC requirements and (e) is based on assumptions that were reasonable at the time of making such assumptions but which may have changed as of the date of this Offering Memorandum. As a result, this information is inherently subject to risks and uncertainties and may not give an accurate or complete picture of our future results of operations or may not be comparable to the Financial Statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. In addition, our historical results may not be indicative of our future results.

Segmental results

The Issuer includes segmental results in its financial statements with the segments defined in accordance with IFRS 8 Operating Segments.

For the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), the Issuer's operating segments were comprised of four geographical regions in which its clients were located: (i) Northern Europe (including Denmark, Estonia, Latvia, Lithuania, Finland, Norway and Sweden), (ii) Central and Eastern Europe (including Greece, Poland, Romania, Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria), (iii) Western and Southern Europe (including Belgium, France, Ireland, Italy, the Netherlands and the United Kingdom) and (iv) Iberian Peninsula and Latin America (including Spain, Portugal and Brazil). Central and common expenses were spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. In addition, the Issuer also reported certain results by service offering, which were divided into two service lines: (i) the Credit Management Services service line, which focused on late payments and collection, collection services, credit information services and payment services and real estate services ("**RES**") for Intrum-owned or third-party portfolios; and (ii) the Portfolio Investments service line, which focused on the acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collected the receivables on its own behalf, and our "**real estate owned**" or "**REO**" offering, which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. See note 2 to the Issuer's audited financial statements for the years ended December 31, 2019 and 2018 included elsewhere in this Offering Memorandum.

From January 1, 2020 onward, the Issuer's operating segments comprise three segments: (i) the Credit Management Services segment, which focuses on providing the spectrum of credit management services ("**CMS**"), including late payments and collection, collection services, credit information services, payment services and RES, in the countries in which Intrum operates other than Brazil, Greece, Italy and Spain, (ii) the Strategic Markets segment, which focuses on providing CMS in Intrum's Brazilian, Greek, Italian and Spanish operations, and (iii) the Portfolio Investments segment, which focuses on the acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collects the receivables on its own behalf, and REOs. Our results of operations for the six months ended June 30, 2020 (including the comparative information for the six months ended June 30, 2019) included in this Offering Memorandum are based on our new three segment organization. The financial information previously presented under the service line of Credit Management Services for our results of operations for the years ended December 31, 2019, 2018 and 2017 is divided and presented in the two segments of Credit Management Services and Strategic Markets in our new three segment organization for our results of operations for the six months ended June 30, 2020.

As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019.

In this Offering Memorandum, for ease of comparability, we also present certain financial information for the year ended December 31, 2019 and for the twelve months ended June 30, 2020 on the basis of our three new segment organization.

For additional discussion of the new segment presentation, see "*Other information—new segmentation as of 2020*" in the Issuer's unaudited interim financial statements for the six months ended June 30, 2020, included elsewhere in this Offering Memorandum.

LTM financial information

This Offering Memorandum includes certain unaudited financial information for the twelve months ended June 30, 2020 and 2019. This financial information has been calculated by adding the Issuer's historical results for the six months ended June 30, 2020 and 2019, respectively, to the Issuer's historical results for the year ended December 31, 2019 and 2018, respectively, and subtracting the Issuer's historical results for the six months ended June 30, 2019 and 2018 respectively (the "**LTM Information**"). The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed and the LTM Information for the twelve months ended June 30, 2019 does not reflect the application of IFRS 16 over the entire period. See "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies*." The LTM Information is for illustrative purposes only and is not necessarily representative of the Issuer's results of operations for any future period or the Issuer's financial condition at any future date.

Unaudited *pro forma* financial information

We present in this Offering Memorandum *Pro Forma* Adjusted Cash EBITDA which is Adjusted Cash EBITDA adjusted for the *pro forma* effect of significant acquisitions made during the period under review. The *pro forma* and as adjusted data has not been and cannot be audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties and may not give an accurate or complete picture of our future results of operations or may not be comparable to the Financial Statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. Our historical results may not be indicative of our future results. The unaudited *pro forma* and as adjusted financial data has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* and other adjustments nor the resulting *pro forma* and as adjusted financial information have been audited or reviewed in accordance with any generally accepted accounting standards.

Non-IFRS financial measures

In this Offering Memorandum, we present EBIT, EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin as we believe they are helpful to investors as measures of our operating performance and ability to service our debt. These measures are not measures of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS, and they may not accurately reflect our performance, liquidity or our ability to incur or service debt. EBIT, EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin are used by management as indicators of our operating performance.

- "**EBIT**" means profit and loss for the period before taxes and net financial items.
- "**EBITDA**" means EBIT before amortization and depreciation of non-financial assets.
- "**Cash EBITDA**" means EBITDA before amortization and revaluation of portfolio investments.
- "**Adjusted Cash EBITDA**" means Cash EBITDA adjusted for (a) earnings from joint ventures and cash flow from joint ventures in order to replace the EBITDA contribution from joint ventures with the actual cash contribution from joint ventures, (b) goodwill impairment, and (c) certain items affecting comparability. See "*Summary Historical Consolidated Financial and Other Data—Other Financial Information and Operating Data*."
- "**Pro Forma Adjusted Cash EBITDA**" means Adjusted Cash EBITDA adjusted for the *pro forma* effect of significant acquisitions made during the period under review.

- "**EBITDA Margin**" represents EBITDA as a percentage of revenue.

For a reconciliation of EBITDA, Adjusted Cash EBITDA and *Pro Forma* Adjusted Cash EBITDA to profit and loss for the period and/or cash flow from operating activities as presented in the Financial Statements see "*Summary Historical Consolidated Financial and Other Data*." Non-recurring items include certain costs and other items that management views as not expected to return on a regular basis however there can be no assurance that certain of these items will not recur in any given subsequent period.

The non-IFRS financial measures presented herein are not recognized measures of financial performance under IFRS, but measures used by management to monitor the underlying performance of our business and operations. In particular, the non-IFRS financial measures should not be viewed as substitutes for revenue, other income, operating earnings, profit/(loss) for the period, cash flows from operating activities at period end or other income statement or cash flow items computed in accordance with IFRS. The non-IFRS financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirements and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. EBIT, EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for, an analysis of our results as reported under IFRS. Some of these limitations are:

- they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on debt; and
- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated and amortized will generally need to be replaced in the future and EBIT, EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin do not reflect any cash requirements that would be required for such replacements.

We have presented these non-IFRS measures in this Offering Memorandum because we consider them to be important supplemental measures of our performance and believe that they are widely used by investors comparing performance between companies. As not all companies compute these or other non-IFRS financial measures in the same way, the manner in which our management has chosen to compute the non-IFRS financial measures presented herein may not be comparable with similarly defined terms used by other companies.

This Offering Memorandum contains certain synergy and operational efficiency improvement results, among others, relating to cost reductions and other benefits (including those that have been realized in connection with the Merger) as well as costs related to implementing such measures. Such estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating the synergies, operational efficiency improvements and related costs are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the synergy benefit and operational efficiency improvement estimates. See "*Risk Factors—Risks related to our industry and business—Acquisitions or carve-out transactions may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively*" and "*Risk Factors—Risks related to our industry and business—Anticipated synergies from the Merger or operational efficiency improvements from continued efficiency improvements programs may not materialize*."

The non-IFRS measures presented in this Offering Memorandum should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measures of performance derived in accordance with IFRS and have not been prepared in accordance with SEC requirements, IFRS or the generally accepted accounting principles in use in any other jurisdiction. The financial information included in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. In making an investment decision, investors should rely upon their own examination of the terms of the Offering and the financial information contained in this Offering Memorandum.

Other

The Financial Statements are presented in Swedish kronor ("**SEK**"). Amounts included in the Financial Statements that were not originally denominated in SEK have been translated into SEK using the average Sveriges Riksbank Daily Reference Rate (as defined herein) for the financial period with respect to the income statement and the period-end Sveriges Riksbank Daily Reference Rate with respect to statement of financial position items.

For informational purposes only, certain financial information of the Issuer presented in SEK (i) for the six months ended June 30, 2020 has been converted to euro at an exchange rate of SEK 10.4752 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the six month period ended June 30, 2020, (ii) for the twelve months ended June 30, 2020 has been converted to euro at an exchange rate of SEK 10.6569 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the twelve month period ended June 30, 2020, (iii) for the nine months ended June 30, 2020, has been converted to euro at an exchange rate of SEK 10.6601 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the nine months ended June 30, 2020, published by Sveriges Riksbank, (iv) as of June 30, 2020, has been converted to euro at an exchange rate of SEK 10.4804 to €1.00, which represents the closing exchange rate as of June 30, 2020, published by Sveriges Riksbank, (v) for the six months ended June 30, 2019, has been converted to euro at an exchange rate of SEK 10.6586 to €1.00, which represents the average of the monthly exchange rates for the six month period ended June 30, 2019, published by Sveriges Riksbank; (vi) for the twelve months ended June 30, 2019, has been converted to euro at an exchange rate of SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended June 30, 2019, published by Sveriges Riksbank; (vii) as of June 30, 2019, has been converted to euro at an exchange rate of SEK 10.5581 to €1.00, which represents the closing exchange rate as of June 30, 2019, published by Sveriges Riksbank; (viii) for the nine months ended September 30, 2019, has been converted to SEK at an exchange rate of SEK 10.5674 to €1.00, which represents the average of the monthly exchange rates for the nine month period ended September 30, 2019, published by Sveriges Riksbank; (ix) as of September 30, 2019, has been converted to SEK at an exchange rate of SEK 10.7287 to €1.00, which represents the closing exchange rage as of September 30, 2019, published by Sveriges Riksbank; (x) for the year ended December 31, 2019, has been converted to euro at an exchange rate of SEK 10.5892 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the year ended December 31, 2019, published by Sveriges Riksbank; (xi) for the year ended December 31, 2018, has been converted to euro at an exchange rate of SEK 10.2567 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the year ended December 31, 2018, published by Sveriges Riksbank; and (xii) for the twelve months ended December 31, 2017, has been converted to euro at an exchange rate of SEK 9.6351 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended December 31, 2017, published by Sveriges Riksbank, each of which may differ from the exchange rate used in the Financial Statements and from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates*."

For presentational purposes only, certain amounts under "*Capitalization*" and "*Use of Proceeds*" (and any amounts derived therefrom) denominated in euro have been converted into SEK and denominated in SEK have been converted to euro at a rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020, and which differs from the convenience exchange rate used elsewhere in this Offering Memorandum and may differ from the exchange rate as of the date hereof and the Issue Date.

Key operating metrics

In this Offering Memorandum, we present various key operating metrics. We believe that these metrics are helpful in understanding our performance from period to period and facilitate comparison with our peers. These metrics are not measures of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. The key operating metrics included in this Offering Memorandum are defined as follows:

- **Average collection of forecasts**: average collection of forecasts is the gross collections on portfolio investments divided by the latest active forecast, on a rolling twelve-month basis.

- **Collection cost ratio**: collection cost ratio, in relation to debt purchasing, is the cost to collect relative to gross collections.

- **Effective Interest Rate** ("**EIR**"): under IFRS, EIR is the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial

liability. This means that the EIR is set based on the ERC (as defined below) at the date of purchase and the portfolio's purchase price.

- **Estimated Remaining Collections** ("**ERC**"): ERC is the nominal value of estimated remaining collections on portfolio investments plus estimated remaining collections from contributions from each of the portfolios of loans and other overdue receivables purchased through co-investor agreements in proportion to our relative ownership interest in each such portfolio. ERC is calculated as of a point in time, assuming no additional purchases are made thereafter. These expectations are based on historical and current portfolio collection performance data and trends and assumptions about future debt collection rates. There can be no assurances that such collections will be achieved within the specified time periods, or at all. ERC is a measure that is also often used by other companies in the credit management industry. However, it may be calculated differently by other companies. ERC is presented because it represents an estimate of the anticipated future cash collections on our portfolio investments at any point in time, which is an important supplemental measure used by our management to assess our performance and underscores the cash generation capacity of the assets backing our business. We use ERC as the business case forecast horizon when purchasing portfolios. We also use it for accounting purposes and because it is used under the instruments or agreements governing our indebtedness to monitor our performance when the lenders are providing funding of portfolio purchases. In this Offering Memorandum we present ERC over an 180 month period. However, for the purpose of the covenants under the Indenture, the Existing Notes Indentures, the Backstop Revolving Credit Facility Agreement and the Revolving Credit Facility Agreement, ERC will be measured over an 84 month period. See "*Description of the Notes*" and "*Description of Other Indebtedness.*"

- **Gross cash-on-cash multiple**: gross cash-on-cash multiple is the actual gross collections to date, plus the ERC as of the same date, divided by the total amount paid for the portfolio at the date of purchase.

- **Gross collections on portfolio investments**: gross collections on portfolio investments are the total principal, interest, collection fees and legal fees received on portfolios that we own or, in the case of debt purchased through co-investment agreements, a share of the aggregate gross collections on portfolio investments equal to our relative ownership interest in such portfolio investments.

- **Portfolio investments**: portfolio investments consist of portfolios of delinquent consumer debts, loans, overdue trade receivables ("**OTR**") and other receivables purchased at prices below the nominal receivable. As used in this Offering Memorandum, "portfolio investments" and "loans and other overdue receivables" may be used interchangeably, as the context requires.

- **Portfolio investments book value**: portfolio investments book value is the amount recognized in the balance sheet from portfolio investments. The book value of each portfolio corresponds to the present value of estimated future cash flows discounted by the applicable EIR. Portfolio investments book value represents the aggregate book value of portfolios of purchased loans and receivables as of the dates presented. With respect to co-investment portfolios that we do not exercise control over, only the proportionate share of the portfolio corresponding to our investment is recorded on the balance sheet.

- **Return on portfolio investments**: return on portfolio investments is the earnings on the portfolio investments component of the business for the period, excluding factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item Portfolio Investments. The average carrying amount of the balance-sheet item Portfolio Investments is calculated by adding together the opening and closing balance for the last quarter and dividing by two.

- **Segment earnings**: segment earnings is calculated on a segment basis and is the total operating revenue of the segment excluding common costs for sales, marketing and administration.

- **Segment earnings margin**: segment earnings margin is calculated on a segment basis and is the segment earnings as a percentage of total operating revenue of the segment.

- **Total collectible value on portfolio investment**: total collectible value on portfolio investments is calculated as the total principal plus interest and fees added to the receivable on portfolio investments.

- **Total collectible value on third-party debt**: total collectible value on third-party debt is the total principal plus interest and fees added to the receivable on third-party debt.

Other information

In this Offering Memorandum, all references to: (i) "**EUR**" or "**€**" are to euro, the single currency of the member states (the "**EU Member States**") of the EU participating in the European Monetary Union having adopted the euro as its lawful currency; (ii) "**NOK**" are to the lawful currency of the Kingdom of Norway; (iii) "**SEK**" are to the lawful currency of the Kingdom of Sweden; and (iv) "**U.S. dollar**" is to the lawful currency of the United States. For certain information regarding rates of exchange between EUR, SEK and NOK, see "*Exchange Rates.*" No representation is made that the EUR, SEK or NOK amounts referred to herein could have been or could be converted into EUR, SEK or NOK, as the case may be, at the rates referred to in "*Exchange Rates,*" at any particular rate, or at all.

Trademarks

We own or have rights to certain trademarks, trade names or service marks that we use in connection with the operation of our business. We assert, to the fullest extent under applicable law, our rights to our trademarks, trade names and service marks.

Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum are listed without the ™, ® and © symbols.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Financial Targets

This Offering Memorandum refers to certain financial targets prepared by our management, which are subject to a number of assumptions, and have not been audited or reviewed by our independent auditors or any other person. In preparing financial targets, we have included assumptions with regard to market and economic conditions as well as political, legal, regulatory and fiscal conditions and that we will not become party to any litigation or administrative proceeding of which we are currently unaware that might have a material impact on our results of operations. Such assumptions may prove to be incorrect, we may decide to alter our short- or medium-term priorities or strategic plan or we may decide to deviate from our financial targets at any time, for example if compelling business or investment opportunities arise. Other factors that could cause our actual results to differ materially from such targets include, but are not limited to, those described under "*Forward-Looking Statements*" and "*Risk Factors*."

PRESENTATION OF INDUSTRY AND MARKET DATA

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Unless otherwise indicated, such information is based on our analysis of multiple sources. Such information has been accurately reproduced and, as far as we are aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading. However, certain information may be based upon data, forecasts, and information obtained prior to the COVID-19 pandemic and does not take into account, nor make any revisions, to assess the impact that this event may have on the current or future trends and any assumptions about the future outlook in this environment are made at the reader's own risk.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurance as to the accuracy of market data contained in this Offering Memorandum that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

This Offering Memorandum also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by us based on third-party sources and our own internal estimates, including studies of the market that we have commissioned. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organizations and institutions. We believe that our estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which we operate as well as our position within the industry. Although we believe that our internal market observations are reliable, our own estimates are not reviewed or verified by any external sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "*Presentation of Financial and Other Information*" and "*Risk Factors*" in this Offering Memorandum.

Statements regarding the Company's position as the leading credit management company in Europe and the largest pan-European credit management company are based on reported information among European peer companies for a number of metrics (such as revenue, EBITDA and portfolio investments book value). However, in certain instances such metrics may be calculated differently by our competitors and therefore may not be directly comparable. Statements regarding European bank non-performing loan ("**NPL**") stock are based on European Banking Authority ("**EBA**") data. This figure (i) does not include NPLs held by non-bank entities and therefore does not include large volumes of NPLs sold over the years to credit funds or debt purchasers such as ourselves and (ii) includes NPLs relating to the large corporate segment, which we compete in on an opportunistic basis, as well as corporate debt ("**B2B**") to SMEs, both of which are not part of our Core Addressable Market. Our Core Addressable Market comprises all consumer debt originated by financial institutions whereas our Addressable Market comprises all debt originated by financial institutions. As a result, the stock of the NPLs in our Core Addressable Market is significantly smaller than our Addressable Market. See "*Industry Overview—Overview of the European credit management services and debt purchasing industry—Market segments*."

Certain reports and publications from which we have obtained industry and market data that are used in this Offering Memorandum, including reports prepared by the EBA and Deloitte, were published before the COVID-19 pandemic and therefore do not reflect any impact of the COVID-19 pandemic on any specific market or globally.

EXCHANGE RATES

The table below sets forth, for the periods indicated, certain information concerning the exchange rates for SEK, expressed in SEK per €1.00, and NOK, expressed in NOK per €1.00, in each case based upon the Sveriges Riksbank daily reference rate published by Sveriges Riksbank (the "**Sveriges Riksbank Daily Reference Rate**") and rounded to four decimal places. "**Average**" means the average of the daily exchange rate for each business day during the relevant period. The period end rate represents the rate on the last business day of each applicable period. Observations are published every business day at 12:10 pm. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK or NOK have been, could have been, or could be converted into euro, or vice versa.

	SEK per €1.00			
	Period End	**Average**	**High**	**Low**
Year				
2015	9.1350	9.3562	9.6418	9.0732
2016	9.5669	9.4704	9.9826	9.1467
2017	9.8497	9.6326	10.0120	9.4146
2018	10.2753	10.2567	10.6978	9.7570
2019	10.4336	10.5892	10.9051	10.1874
2020 (through July 22)	10.2392	10.6294	11.2265	10.2392
Month in 2020				
January	10.6529	10.5542	10.6529	10.4625
February	10.6621	10.5718	10.6701	10.4941
March	11.0832	10.8547	11.2265	10.5533
April	10.7053	10.8861	10.9627	10.6994
May	10.5170	10.6094	10.8330	10.5170
June	10.4804	10.4752	10.5600	10.3372
July(through July 22)	10.2392	10.3956	10.5172	10.2392

	NOK per €1.00			
	Period End	**Average**	**High**	**Low**
Year				
2014	9.0484	8.3537	9.4271	8.0965
2015	9.5590	8.9534	9.5919	8.3323
2016	9.0768	9.2921	9.7044	8.9298
2017	9.8394	9.3292	9.9570	8.7959
2018	10.0298	9.5986	10.0298	9.3979
2019	9.8627	9.8552	10.2698	9.5776
2020 (through July 22)	10.5243	10.7323	12.9617	9.8217
Month in 2020				
January	10.1621	9.9348	10.1621	9.8239
February	10.4021	10.1396	10.4021	10.0167
March	11.5522	11.3087	12.9617	10.3242
April	11.2136	11.3367	11.5668	11.1008
May	10.8379	11.0145	11.3965	10.8379
June	10.9225	10.7319	10.9732	10.4880
July (through July 22)	10.5243	10.6378	10.7627	10.3989

For informational purposes only, certain financial information of the Issuer presented in SEK (i) for the six months ended June 30, 2020 has been converted to euro at an exchange rate of SEK 10.4752 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the six month period ended June 30, 2020, (ii) for the twelve months ended June 30, 2020 has been converted to euro at an exchange rate of SEK 10.6569 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the twelve month period ended June 30, 2020, (iii) for the nine months ended June 30, 2020, has been converted to euro at an exchange rate of SEK 10.6601 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the nine months ended June 30, 2020, published by Sveriges Riksbank, (iv) as of June 30, 2020, has been converted to euro at an exchange rate of SEK 10.4804 to €1.00, which represents the closing exchange rate as of June 30, 2020, published by Sveriges Riksbank, (v) for the six months ended June 30, 2019, has been converted to euro at an exchange rate of SEK 10.6586 to €1.00, which represents the average of the monthly exchange rates for the six month period ended June 30, 2019, published by Sveriges Riksbank; (vi) for the twelve months ended June 30, 2019, has been converted to euro at an exchange rate of SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended June 30, 2019, published by Sveriges Riksbank; (vii) as of June 30, 2019, has been converted to euro at an exchange rate of SEK 10.5581 to €1.00, which represents the closing

exchange rate as of June 30, 2019, published by Sveriges Riksbank; (viii) for the nine months ended September 30, 2019, has been converted to SEK at an exchange rate of SEK 10.5674 to €1.00, which represents the average of the monthly exchange rates for the nine month period ended September 30, 2019, published by Sveriges Riksbank; (ix) as of September 30, 2019, has been converted to SEK at an exchange rate of SEK 10.7287 to €1.00, which represents the closing exchange rage as of September 30, 2019, published by Sveriges Riksbank; (x) for the year ended December 31, 2019, has been converted to euro at an exchange rate of SEK 10.5892 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the year ended December 31, 2019, published by Sveriges Riksbank; (xi) for the year ended December 31, 2018, has been converted to euro at an exchange rate of SEK 10.2567 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the year ended December 31, 2018, published by Sveriges Riksbank; and (xii) for the twelve months ended December 31, 2017, has been converted to euro at an exchange rate of SEK 9.6351 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended December 31, 2017, published by Sveriges Riksbank, each of which may differ from the exchange rate used in the Financial Statements and from the exchange rate as of the date hereof and the Issue Date.

For presentational purposes only, certain amounts under "*Capitalization*" and "*Use of Proceeds*" (and any amounts derived therefrom) denominated in euro have been converted into SEK and denominated in SEK have been converted to euro at a rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020, and which differs from the convenience exchange rate used elsewhere in this Offering Memorandum and may differ from the exchange rate as of the date hereof and the Issue Date.

The above rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. Our inclusion of the exchange rate information set forth above is not meant to suggest that the SEK, euro or NOK amounts actually represent SEK, euro or NOK amounts, as applicable, or that these amounts could have been converted into SEK, euro or NOK, as applicable, at any particular rate, if at all.

CERTAIN DEFINITIONS AND GLOSSARY

The following terms used in this Offering Memorandum have the meanings assigned to them below (unless the context requires otherwise):

Definitions Related to the Offering of the Notes

"**2019 MTN Transactions**"	collectively, the July 3, 2019 issuance of SEK 2,000 million of Existing MTNs due 2023, the August 22, 2019 issuance of SEK 900 million of Existing MTNs due 2023 and the November 13, 2019 issuance of SEK 1,100 million of Existing MTNs due November 22, 2021.
"**2019 Notes Transactions**"	the issuance of the 2026 Notes, the 2027 Notes and the 2025 Notes.
"**2020 MTN Redemption**"	the redemption in full on July 6, 2020 of the SEK 1,000 million (€95 million equivalent) of Existing MTNs issued on July 6, 2018 and due July 6, 2020, funded by SEK 400 million (€38 million equivalent) of cash on the balance sheet and SEK 600 million (€57 million equivalent) of drawings under the Revolving Credit Facility.
"**2022 and 2024 Notes Indenture**"	the indenture, dated June 26, 2017, between, among others, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the 2022 Notes and the 2024 Notes (as amended, restated, supplemented or otherwise modified from time to time).
"**2022 Notes**"	the Issuer's €750 million aggregate principal amount, outstanding as of June 30, 2020, of 2.750% senior notes due 2022, €600 million of which are expected to be redeemed as part of the Transactions.
"**2023 Private Placement Notes**"	the €160 million, outstanding as of June 30, 2020, bonds issued through a private placement on June 2, 2016.
"**2024 Notes**"	the Issuer's €900 million aggregate principal amount, outstanding as of June 30, 2020, of 3.125% senior notes due 2024.
"**2025 Notes**"	the €75 million aggregate principal amount, outstanding as of June 30, 2020, senior notes issued due 2025 through a private placement on December 13, 2019.
"**2025 Notes Indenture**"	The indenture, dated December 13, 2019, between, among others, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee, which governs the 2025 Notes (as amended, restated, supplemented or otherwise modified from time to time).
"**2026 Notes**"	the Issuer's €800 million aggregate principal amount, outstanding as of June 30, 2020, of 3.500% senior notes due 2026.
"**2026 Notes Indenture**"	the indenture, dated July 31, 2019, between, among others, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the 2026 Notes (as amended, restated, supplemented or otherwise modified from time to time).
"**2027 Notes**"	the €850 million aggregate principal amount, outstanding as of June 30, 2020, of 3.000% Senior Notes due 2027.
"**2027 Notes Indenture**"	the indenture, dated September 19, 2019, between, among others, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the 2027 Notes (as amended, restated, supplemented or otherwise modified from time to time).
"**Addressable Market**"	all debt originated by financial institutions.
"**Aktua**"	Aktua Soluciones Financieras Holdings, S.L. and its subsidiaries.
"**B2B**"	corporate debt.
"**B2C**"	consumer debt.

"**Backstop Revolving Credit Facility Agreement**"	the English law governed agreement entered into on December 6, 2019 by the Issuer governing the Backstop Revolving Credit Facility, as amended or restated from time to time. The total commitments under the Backstop Revolving Credit Facility Agreement, including swingline commitments, are SEK 2,000 million of which SEK 250 million may be utilized as swingline loans. See "*Description of Other Indebtedness—Backstop Revolving Credit Facility Agreement.*"
"**BEPS**"	the Base Erosion and Profit Shifting action plan released by the Organization for Economic Co-operation and Development.
"**Board**" and "**Board of Directors**"	the Board of Directors of the Company.
"**Brexit**"	the United Kingdom's exit from the EU.
"**CarVal Investors**"	Our Intesa JV co-investment partner.
"**Carve-out Business**"	Lindorff's businesses in Denmark, Estonia, Finland and Sweden and the Issuer's businesses in Norway.
"**Clearstream**"	Clearstream Banking S.A.
"**CMS**"	credit management services, including late payments and collection, collection services, credit information services, payment services and RES.
"**Company,**" "**Group,**" "**Intrum,**" "**our**," "**us**" and "**we**"	collectively, the Issuer and its subsidiaries from time to time, or such other meaning as the context requires.
"**Core Addressable Market**"	all consumer debt originated by financial institutions.
"**Divestment**"	the sale of Lindorff's operations in Denmark, Estonia, Finland and Sweden as well as Intrum Justitia's historic operations in Norway to the Lowell Group in March 2018 in accordance with the EC's terms for permitting the Merger.
"**EBA**"	the European Banking Authority.
"**EC**"	the European Commission.
"**EEA**" or "**European Economic Area**"	the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the member states of the EU (as of the date of this Offering Memorandum, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden) and Norway, Iceland and Liechtenstein.
"**EEA Member State**"	a member state of the EEA.
"**EIR**"	Effective Interest Rate, see "*Presentation of Financial and Other Information—Key Operating Metrics.*"
"**Eligible MTN Replacement Indebtedness**"	has the meaning ascribed to it under "*Description of the Notes.*"
"**ERC**"	Estimated Remaining Collections. See "*Presentation of Financial and Other Information—Key Operating Metrics*."
"**EU**"	the European Union.
"**EU Member States**"	member states of the EU as of the date of this Offering Memorandum.
"**EURIBOR**"	has the meaning ascribed to it under "*Description of the Notes*."
"**Euroclear**"	Euroclear Bank SA/NV.

"**Eurozone**"	means the member states of the EU Member States that have adopted the euro as their common currency and sole legal tender.
"**Exchange**"	the Luxembourg Stock Exchange.
"**Existing Commercial Paper Program**"	the Swedish law SEK 4,000 (€382 equivalent) million commercial paper program established by the Issuer for the issuance from time to time by the Issuer of commercial papers denominated in euro or SEK, pursuant to the terms and conditions of the notes, dated August 31, 2011, including the aggregate amount of SEK 1,252 million outstanding under the Existing Commercial Paper Program as of June 30, 2020.
"**Existing MTNs**"	the aggregate amount of senior notes outstanding as of June 30, 2020 under the Existing MTN Program, including SEK 1,000 million (€95 million equivalent) of Existing MTNs due July 6, 2020, SEK 1,100 million (€105 million equivalent) of Existing MTNs due November 22, 2021 and SEK 2,900 million (€277 million equivalent) of Existing MTNs due July 3, 2023. The SEK 1,000 million (€95 million equivalent) of Existing MTNs due July 6, 2020 were redeemed in full on July 6, 2020 in connection with the 2020 MTN Redemption.
"**Existing MTN Program**"	the Swedish law SEK 10,000 million medium term note program established by the Issuer for the issuance of medium term notes from time to time by the Issuer, pursuant to the terms and conditions of the medium term notes, dated June 4, 2015 and June 25, 2018, as applicable.
"**Existing Notes**"	collectively, the 2022 Notes, 2024 Notes, 2025 Notes, 2026 Notes and 2027 Notes.
"**Existing Notes Indentures**"	collectively, the 2022 and 2024 Notes Indenture, 2025 Notes Indenture, 2026 Notes Indenture and 2027 Notes Indenture.
"**FSMA**"	the Financial Services and Markets Act 2000, as amended.
"**FTEs**"	average number of full-time employee equivalents.
"**GDPR**"	the General Data Protection Regulation.
"**Ibercaja**"	Ibercaja Banco SA.
"**Ibercaja JV**"	Global Zappa SL.
"**IBOR**"	interbank offered rate, which is the interest rate that banks in a jurisdiction charge one another for short-term, interbank loans.
"**IFRS**"	the International Financial Reporting Standards, as adopted by the EU.
"**Indenture**"	the indenture governing the Notes, dated on or about the Issue Date, between, among others, the Issuer and the Trustee (as amended, restated, supplemented or otherwise modified from time to time).
"**Initial Purchasers**"	collectively, Morgan Stanley & Co. International plc, BNP Paribas, London Branch, Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, Danske Bank A/S, Deutsche Bank AG, London Branch, DNB Bank ASA, Goldman Sachs International, J.P. Morgan Securities plc, NatWest Markets Plc, Nordea Bank Abp, Nykredit Bank A/S, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ).
"**Intercreditor Agreement**"	the intercreditor agreement, originally dated June 26, 2017, between, among others, the Issuer, the lenders under the Revolving Credit Facility Agreement, Swedbank AB (publ) as facility agent and security agent and the trustee under the Existing Notes Indentures and as amended pursuant to an amendment deed dated

	January 15, 2019, as described in more detail under "*Description of Other Indebtedness—Intercreditor Agreement.*"
"**Intesa**"	Intesa Sanpaolo S.p.A.
"**Intesa JV**"	Ithaca Investment Designated Activity Company, Dublin.
"**Intesa Partnership**"	the partnership agreement we entered into with Intesa in November 2018, pursuant to which Intesa contributed its service platform for overdue receivables and we contributed all of our Italian operations at the time (other than Cross Factor SpA and the holding company Lindorff Italy Srl), and as a result of the agreement, we own a 51% interest in the shared Italian collection business, Intrum Italy.
"**Intrum Justitia**"	means the historic operations and business of the Issuer prior to the Merger.
"**Intrum Italy**"	Intrum Italy SpA.
"**Intrum UK**"	Intrum UK Limited and its subsidiaries.
"**Investor**"	Investor AB (publ), Reg. No. 556013-8298, a company duly incorporated and organized under the laws of Sweden, with business address: Arsenalsgatan 8 C, 103 22 Stockholm, Sweden.
"**iPlatform**"	Intrum Brasil Consultoria e Participaçoes, S.A.
"**ISIN**"	International Security Identification Number.
"**Issue Date**"	on or about August 5, 2020.
"**Issuer**"	Intrum AB (publ).
"**IT**"	information technology.
"**Lindorff**"	collectively, Lindorff AB and its subsidiaries or, collectively, Lock TopCo AS and its subsidiaries (the group acquired pursuant to the Merger), as the context requires.
"**Merger**"	the Issuer's acquisition of the entire issued share capital of Lindorff, in exchange for newly issued shares in the Issuer.
"**Nordic Capital**" or "**Nordic Capital Funds**"	Nordic Capital Fund VIII and other funds launched as a "**Nordic Capital Fund**" from time to time.
"**Nordic Capital Fund VIII**"	Nordic Capital VIII Limited, acting in its capacity as general partner of Nordic Capital VIII Alpha, L.P. and Nordic Capital VIII Beta, L.P.
"**Notes**"	the €600 million aggregate principal amount of 4.875% senior notes due 2025 offered hereby.
"**NPE**"	non-performing exposure.
"**NPL**"	a non-performing loan, which we define as a loan that has been in default for at least 90 days.
"**OECD**"	the Organization for Economic Cooperation and Development.
"**Offering**"	the offering of the Notes hereby.
"**Offering Memorandum**"	this offering memorandum.
"**OID**"	original issue discount.
"**OTR**"	overdue trade receivables.
"**Penelope**"	Penelope SPV S.R.L.
"**Piraeus Bank**"	Piraeus Bank S.A.
"**Piraeus Partnership**"	partnership with Piraeus Bank in Greece, completed in October 2019, in which we acquired 80% of Piraeus Bank's service platform for managing overdue receivables.

“**Pledged Companies**”	Intrum Intl AB, Intrum Holding AB, Lock TopCo AS and Indif AB and any other company (i) that becomes a guarantor under the Revolving Credit Facility Agreement and (ii) has transaction security granted over 100 per cent. of its issued share capital and any receivables owing by it to its direct holding company.
“**Pledged Group**”	the Pledged Companies together with their direct and indirect restricted subsidiaries.
“**QIB**”	a qualified institutional buyer as defined in Rule 144A
“**Redemption**”	the redemption of €600 million of aggregate principal amount of the 2022 Notes with the proceeds of the Offering. See “*The Transactions*” and “*Use of Proceeds.*”
“**Regulation S**”	Regulation S under the U.S. Securities Act.
“**REO**”	real estate owned.
“**RES**”	real estate servicing.
“**Revolving Credit Facility**”	the €1,800 million revolving credit facility established and available under the Revolving Credit Facility Agreement and which is described in more detail under “*Description of Other Indebtedness—Revolving Credit Facility Agreement.*”
“**Revolving Credit Facility Agreement**”	the revolving credit facility agreement, governing the Revolving Credit Facility, originally dated December 6, 2019, between, among others, the Issuer, as borrower, and Swedbank AB (publ) as facility agent and security agent, as amended, restated, supplemented or otherwise modified from time to time, which is described in more detail under “*Description of Other Indebtedness—Revolving Credit Facility Agreement.*”
“**Rule 144A**”	Rule 144A under the U.S. Securities Act.
“**Santander**”	Banco Santander.
“**Scoring**”	the process used by the Issuer to estimate the creditworthiness of a group of consumers based on historical data and anticipate their payment habits and behaviors.
“**SEC**”	the U.S. Securities and Exchange Commission.
“**SME**”	small and medium-sized enterprises.
“**Solvia**”	Solvia Servicios Inmobiliaros.
“**Transactions**”	collectively, (i) the Offering; (ii) the Redemption; and (iii) the payment of fees and expenses in connection with the foregoing. See “*Summary—The Transactions*” *and* “*Use of Proceeds.*”
“**Trustee**”	Citibank, N.A., London Branch.
“**U.K.**” or “**United Kingdom**”	the United Kingdom of Great Britain and Northern Ireland.
“**UN**”	the United Nations.
“**U.S.**” or “**United States**”	the United States of America.
“**U.S. Exchange Act**”	the U.S. Securities Exchange Act of 1934, as amended.
“**U.S. Securities Act**”	the U.S. Securities Act of 1933, as amended.
“**VAT**”	value-added tax.

SUMMARY

This Summary highlights certain information about us and the Offering described elsewhere in this Offering Memorandum. This Summary is not complete and does not contain all the information you should consider before investing in the Notes. This Summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum, including, without limitation, the Financial Statements. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including, without limitation, the risks discussed under the caption "*Risk Factors.*"

Overview

We are the largest full-service European credit management company by revenue, Cash EBITDA and ERC, with operations in 25 countries and, based on internal estimates, we hold a leading position in a majority of those countries. We provide clients with a complete value proposition across the entire CMS value chain, built on our longstanding commitment to fair and ethical collection. We leverage our economies of scale, digitization and large information databases to increase efficiency while also driving growth through strategic transactions. Strategic transactions in recent periods include our partnership with Piraeus Bank in Greece (the "**Piraeus Partnership**"), completed in October 2019, in which we acquired 80% of the bank's service platform for managing overdue receivables and, by leveraging our collections expertise and working in partnership with Piraeus Bank, we have created the first independent leading credit management platform in Greece. In April 2018, we entered into a strategic partnership with Intesa (the "**Intesa Partnership**"), which established us in 2018 as a leading player in late payments in Italy, one of Europe's most attractive late payments markets. In December 2018 we purchased a real estate portfolio from Ibercaja Banco SA ("**Ibercaja**"), which we hold with a co-investor, and in April 2019 we completed the acquisition of Solvia Servicios Inmobiliaros ("**Solvia**"), which cemented our leading position in Spain in servicing loans and providing other services relating to property or security ("**real estate servicing**" or "**RES**"). For additional information on the structure of our partnerships and joint ventures, see "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*" and "*Management Discussion and Analysis of Financial Condition and Result of Operations—Description of key consolidated income statement line items—Participations in joint ventures*."

From January 1, 2020, we operate our business, and present our financial information, on the basis of three segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. As described below, our three segments allow us to offer a full range of services covering a client's entire CMS value chain, with each segment also working complementarily to drive business and improve data and expertise in other segments. Prior to January 1, 2020, we operated our business with two service lines, our Credit Management Services service line and our Portfolio Investments service line, and with a focus on four geographic regions. Our financial information for the years ended December 31, 2019, 2018 and 2017 is presented on the basis of two service lines and four geographic regions. Our financial information for the six months ended June 30, 2020 and 2019 (and in this Offering Memorandum, certain financial information for the year ended December 31, 2019 and for the twelve months ended June 30, 2020), and going forward our financial information will be, presented in line with our current three segment organization. For the twelve months ended June 30, 2020, our revenue was SEK 15,668 million (€1,470 million equivalent) and *Pro Forma* Adjusted Cash EBITDA was SEK 11,246 million (€1,055 million equivalent). See "*Summary Historical Consolidated Financial and Other Data.*"

- ***Credit Management Services segment.*** Through our Credit Management Services segment, we employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function, other than in the countries included in our Strategic Markets segment. In addition to, and generally in combination with, collection services, we provide capabilities in alternative solutions and offer clients a wide range of value-added services prior to loans and receivables becoming overdue. Our value-added service offering includes credit information and analysis on individuals and companies to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, our RES offering and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services. For the twelve months ended June 30, 2020, our Credit Management Services segment generated revenue of SEK 4,559 million (€428 million equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Strategic Markets segment.*** As of January 1, 2020, we simplified our organizational structure, transitioning away from two service lines that focused on four geographic regions and establishing Strategic Markets as our third segment alongside our Credit Management Services segment and Portfolio Investments segment. The establishment of the Strategic Markets segment reflects our strategic growth in recent years. Our Strategic Markets segment focuses on providing CMS in our Brazilian, Greek, Italian and Spanish operations, with the Greek, Italian and Spanish markets in particular being large and important markets in which we have similar operations based on partnerships with major financial institutions, including our Piraeus Partnership in Greece and our Intesa Partnership in Italy. For the twelve months ended June 30, 2020, our Strategic Markets segment generated revenue of SEK 4,819 million (€452 million equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Portfolio Investments segment.*** Through our Portfolio Investments segment, we offer a range of portfolio investment financial services, including our REO offering. Our portfolio investment financial services focuses on the purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of their nominal value, which we generally then service using our in-house debt collection function. Upon purchase of defaulted receivables, we put in place long-term debt collection measures aimed at helping customers become debt-free as we work together to reduce their debt. In line with our core values, which are based on an empathetic and ethical approach to helping indebted customers become debt free in a respectful manner, we interact with every customer to craft solutions on the basis of their individual circumstances, for example through instalment plans that take account of each consumer's payment capacity. As part of our Portfolio Investments segment, we also provide factoring, payment guarantees and e-commerce services. Our Portfolio Investments segment also houses our REO offering (including our REO offering in Brazil, Greece, Italy and Spain), which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. We arrange for the sale of such real estate using internal and external resources and networks. Our real estate exposure within our Portfolio Investment segment is concentrated in Italy, Hungary, Portugal and Spain. Properties are either wholly owned or held by joint ventures in which we participate along with our co-investors. Our properties, including both wholly owned properties and properties held by joint ventures in which we participate along with our co-investors, total to approximately 5,816 properties. The book value of real estate assets in our consolidated balance sheet together with our joint ventures' book value related to properties as of June 30, 2020 was SEK 765 million. For the twelve months ended June 30, 2020, we generated revenue of SEK 6,297 million (€591 million equivalent) from our Portfolio Investments segment. As of June 30, 2020, the ERC of our portfolios of loans and overdue receivables was SEK 64,674 million (€6,162 million equivalent).

We believe that the combination of our debt collection services, portfolio investments expertise and strategic financial institution partnerships has been and will continue to be key to our success. Our complete range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to more accurately price portfolios. Operating across Europe with an integrated and balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to pursue the opportunities that we find most attractive. Our breadth of service and geographic diversification also increases our resilience to economic disruptions (such as that caused by the COVID-19 pandemic). The diversified nature of our business allows us to effectively mitigate some of the resulting negative impact.

Our Strengths

We believe that our business benefits from a number of key strengths, including:

Europe's leading credit management company

The largest credit management company in Europe

We are the largest full-service European credit management company by revenue, Cash EBITDA and ERC. We are significantly larger than the second largest such credit management company in Europe. For the twelve

months ended June 30, 2020, our *Pro Forma* Adjusted Cash EBITDA was SEK 11,246 million (€1,055 million equivalent). We believe our size gives us several benefits. In particular, our broad and in-depth experience favorably impacts our ability to develop optimal collection strategies and competitively price portfolios in our portfolio investment activities, which we believe has a positive impact on our revenue and efficiency. Additionally, our size allows us to better absorb fixed costs, compared to smaller companies, including those related to regulatory and legal compliance and information technology ("**IT**"), which further benefits our margins. We also believe that our scale, leading positions, full scope of services across the entire CMS value chain and our broad geographic footprint allow us to provide an increasingly attractive value proposition for our largest clients, who provide us with increasing sources of opportunities across Europe and enable us to efficiently allocate capital to opportunities with the best risk/reward profiles.

Market leading position in several European countries

We are present in 24 European countries, which is more than any of our European competitors. Based on our internal estimates, we believe we hold a leading position in the majority of those countries. We believe our broad geographic footprint combined with strong local market positions is a competitive advantage which continues to enhance our ability to serve our existing clients with a complete value proposition across diverse markets and the entire CMS value chain and also to expand client relationships.

Leading position in the European financial institutions segment

Based on our internal estimates, we believe that we hold one of the leading positions among credit management providers with respect to financial institutions clients in Europe. We believe that the financial institutions segment in Europe continues to represent one of the most attractive segments of the credit management market. Financial institutions are the largest originator of debt and, based on data from the EBA, European bank NPL stock amounted to approximately SEK 7 trillion (€0.6 trillion equivalent) as of December 31, 2019. The financial institutions segment also offers attractive economics with long durations and high earnings visibility. We have a long track record of collecting on NPLs and have built long-term relationships with European financial institutions. During the three years ended December 31, 2019, we acquired NPLs with a total collectible value on portfolio investments of SEK 441,895 million (€42,298 million equivalent) from European financial institutions. For the year ended December 31, 2019, 80% of revenue in our Portfolio Investments segment was generated by portfolios acquired from financial institutions. In addition, we have a strong track record in entering into strategic partnerships with financial institutions, including long-term servicing contracts and often the carve-out of operational servicing platforms.

Leading position in the European trade segment for credit management services and portfolio investments

Based on our internal estimates, we believe that we hold a leading position among credit management providers in providing servicing and acquisition of overdue trade receivables ("**OTR**") to non-financial services companies in Europe. The OTR segment complements the financial institutions segment as it offers a relatively stable and high volume of stock with short duration. In many of the markets in which we operate, we believe OTR flow will remain relatively consistent with historic high levels, driven by a structural shift towards a higher proportion of pay-later payment options, including invoice payments, installment payment plans and checkout payment plans, which are pay-later plans provided by Klarna, a Swedish online financial service provider which handles customer payments, and financing options, and increased outsourcing of CMS operations.

Europe's most diversified credit management company

Complete value proposition

In addition to having the widest European geographic footprint, we believe that we have the European market's broadest value proposition across the CMS value chain, including financial services, enabling us to operate as a "one-stop shop" for our clients. Our predominant activities are in the CMS and portfolio investments spheres. Additionally, within our Credit Management Services segment and Strategic Markets segment, we offer clients attractive value-added services before loans and receivables become overdue, including information, invoice and payment services, which are an important source of origination for our Credit Management Services segment, Strategic Markets segment and Portfolio Investments segment and for our data collection. Our broad product and value proposition is complemented by our ability to offer flexible solutions to our clients, including by leveraging our market-leading capabilities in the carving-out of financial institutions' in-house collection units, co-investment structures and the provision ofRES.

Ability to acquire and service several types of loans

Historically, we have focused on unsecured consumer debt originated by financial institutions and OTRs originated by the non-financial sector. In recent years, we have also increased our activities in the secured consumer debt market segment, including through key acquisitions such as the June 2016 acquisition of 85% of Aktua Soluciones Financieras Holdings, S.L. and its subsidiaries ("**Aktua**"), one of the leading credit management companies in the secured NPL segment in Spain, with Banco Santander ("**Santander**") holding the remaining 15%, which strengthened our RES capabilities in the Spanish market, in particular with regard to servicing Intrum- or third-party owned real estate, the purchase of a real estate portfolio from Ibercaja in December 2018, which we hold with a co-investor, which bolstered our REO capabilities in the Spanish market and our acquisition in April 2019, of 80% of Solvia, which offers real estate management services in the Spanish market and which further built out our RES capabilities. We now work with secured assets in 12 countries, further demonstrating our capabilities across diverse types of loans.

Integrated client offering spanning the Credit Management Services, Strategic Markets and Portfolio Investments segments

Data analytics

Our broad value proposition allows us to collect data from across the CMS value chain and extract data synergies to continuously strengthen our data analytics capabilities. We believe data analytics and business intelligence are key to driving optimized collection strategies and accurately and competitively pricing the portfolios for which we bid. We estimate that we have collected depersonalized data on over 285 million claims from across our three segments. We also estimate that we have a data warehouse consisting of over 7.3 billion events, such as payments and actions taken, associated with the claims on which we have collected depersonalized data.

Operational synergies

The combined scale we achieve through the breadth of our value proposition as well as our pan-European footprint provides us with economies of skill and scale. Given the scalable nature of our business model, operational synergies are important drivers of increased operational efficiency. We have successfully recognized significant cost synergies associated with the Merger. In the year ended December 31, 2019, the process of realizing the synergies from the Merger was completed with these amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. See "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies*."

Financial complementarity

With our integrated and balanced business model we can solve for our clients' needs and offer a value proposition across the CMS value chain. Additionally, we benefit from the financial complementarity between our Credit Management Services segment and Strategic Markets segment, on one hand, and our Portfolio Investments segment, on the other hand, whereby capital light revenues from the Credit Management Services segment (SEK 4,559 million (€428 million equivalent) for the twelve months ended June 30, 2020) and Strategic Markets segment (SEK 4,819 million (€452 million equivalent) for the twelve months ended June 30, 2020) generate cash which can be deployed in our Portfolio Investments segment for portfolio investments and deleveraging.

Diversified origination platform

Pan-European presence, multi-sector and transaction structure capabilities

Our pan-European presence, with operations in 24 European countries, enables us to efficiently allocate capital to opportunities with the best risk/reward profiles. We have capabilities with respect to financial institutions as well as across multiple trade sectors, including utilities, telecommunications and retail, which allows flexible capital deployment for portfolio investments and enhance our ability to identify and take advantage of trends in various sectors across our segments. Furthermore, we benefit from our significant successful experience in executing co-investments which provides us with the resources to swiftly capitalize on market opportunities, allowing us to acquire larger and more mixed portfolios. Additionally our centrally organized Alternative Asset Group ("**AAG**"), which focuses on secured and sizeable B2B transactions, gives us the capacity and capability to address large, complex and sensitive transactions, as well as centrally coordinate and attract co-investors and secure additional sources of funding, as demonstrated by our Intesa Partnership and the

acquisition of Ibercaja's REO portfolio, which we hold with a co-investor. In addition to these transactions generating revenues, these transactions also act as growth accelerators by generating subsequent contracts to service the acquired portfolios, while requiring a lower level of upfront capital investment. Our extensive pan-European presence also allows us to provide CMS services to, and increase our share of wallet with, clients who have cross-border and cross-service activities.

Long-term relationships with our CMS clients

We have an impressive track record of maintaining long-term relationships with our largest clients and we have also historically achieved high levels of repeat purchases from existing customers, which we believe evidences the strength of our product and value proposition. Of our 10 largest clients in the Credit Management Services segment, 5 have had a relationship with us lasting more than 10 years, of which 4 have had a relationship of more than 15 years and the relationship with our largest client in this segment extends beyond 25 years.

Large number of repeat and small purchases

For the twelve months ended June 30, 2020, we purchased SEK 1,449 million (€136 million equivalent) of loans and other overdue receivables under forward flow contracts, providing visibility on new business origination. Additionally, over the same period, we made SEK 595 million (€56 million equivalent) of smaller purchases of portfolios of less than SEK 20 million (€2 million equivalent) in size. As of June 30, 2020, our average portfolio investment claim size was SEK 20,218 (€1,929 equivalent).

CMS enables a competitive tendering process benefitting the portfolio investment part of our business

When bidding for portfolios from existing clients in our Credit Management Services segment and Strategic Markets segment, we are able to leverage our existing business relationship, we can accurately and competitively price portfolios that we find attractive and offer an attractive value proposition to clients that is informed by our knowledge of, and provision of other services to, the specific client and portfolio.

Significant supply of NPLs in the market

Based on data from the EBA, European bank NPL stock amounted to approximately SEK 7 trillion (€0.6 trillion equivalent) as of December 31, 2019, representing more than 1.5 times the 2007 levels. We expect continued regular and pro-active sales by banks as they manage a broad range of new rules and regulations such as, for example, Basel IV, IFRS 9 and ECB calendar provisioning. As a result, we anticipate an increase in debt sales as a proportion of NPL stock. Ultimately, the evolution of NPL stock depends on the macroeconomic situations of the countries in question. For example, in a favorable macroeconomic environment, NPL generation is more muted, as evidenced by NPL levels over the last few years. Following a downturn, such as is currently being experienced on a global level in connection with the COVID-19 pandemic, we would generally expect an increase in the generation of new NPLs. For further discussion of key NPL supply drivers, see "*Industry Overview—Key Drivers of the Credit Management Industry.*" For further discussion of COVID-19, see "*—Recent Developments—COVID-19*" and "*Risk Factors—Risks related to our industry and business—The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this* "*Risk Factors*" *section.*"

Track record of continuous operational excellence, innovation and efficiency improvements

We benefit from a strong culture that is focused on innovation and operational improvement to drive financial performance. We have historically undertaken a range of initiatives aimed at improving our collection and margins and that we believe will continue to improve the performance of our business. These include, among other things:

- *standardization:* consolidating infrastructure among subsidiaries, aligning operational processes and reducing the number of physical collection sites and IT and virtual collection systems;

- *data management:* centralizing data pools and implementing data cleansing techniques and analytical tools to support enhanced decision-making;

- *digitalization and automation:* investing in self-service consumer and client portals and software to facilitate timely and transparent communication and proactive management of credit management services; and

- *shared services:* consolidating and near-shoring shared services and continuing to evaluate expansion to additional service centers, with our shared service centre more than doubling in size since year-end 2017.

In addition, we have successfully recognized significant cost synergies associated with the Merger. In the year ended December 31, 2019, the process of realizing the synergies from the Merger was completed with these amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. See "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies*."

Strong embedded risk culture

We benefit from well-defined and multi-layered risk management frameworks and a rigorous approach to maintaining pricing discipline that we believe will continue to support profitability through active and effective management of pricing, reputation and regulatory risks throughout our investment decision-making process. Through the breadth and depth of our experience across the CMS value chain, we have access to comprehensive databases of purchased and serviced debt to which we apply our data analysis capabilities in order to take a centralized approach to forecasting and pricing. Our centralized forecasting and pricing is further supported by specialist local input, ensuring that the pricing of each portfolio benefits from a strong cross-organizational evaluation. Our data capabilities also facilitate more efficient debt collection strategies through data analytics and cross-learning. In addition, our three-tiered risk management approach helps ensure that our sophisticated pricing information is used in an investment decision-making context that is grounded in compliance and the maintenance of strong internal controls. Our focus on risk management and compliance is incorporated into our structure at the local level, which is our first line of defense, and up through both the internal and independent external risk control and auditing functions that are carried out at our executive and Board levels. All of our portfolio acquisitions are subject to a standardized process involving independent review by our risk function, which reports to our Chief Risk Officer, and our investment authority, which reports to our Chief Investment Officer (both the Chief Risk Officer and Chief Investment Officer, together with other relevant stakeholders, are part of our Risk and Investment Committee), with the largest transactions requiring approval by our Board of Directors.

We believe that our focus on pricing discipline and risk management has historically enabled us to consistently outperform our forecasted collections. From January 1, 2017 through June 30, 2020, on a quarterly basis, we collected 103 – 115% of our cash flow forecasts. Additionally, we believe our diverse business model allows us to remain comparatively resilient in the face of a global economic crisis (such as the one caused by the COVID-19 pandemic).

Resilient financial performance with strong cash generation

Track record of stable EBITDA growth

We have a track record of delivering EBITDA growth and maintaining a stable and high EBITDA margin. In the years ended December 31, 2019, 2018 and 2017, we reported Adjusted Cash EBITDA of SEK 10,655 million, SEK 9,236 million and SEK 6,339 million, respectively. In the twelve months ended June 30, 2020, our Adjusted Cash EBITDA increased to SEK 11,013 million compared to SEK 9,632 million for the twelve months ended June 30, 2019. In the years ended December 31, 2019, 2018 and 2017, we maintained an EBITDA margin of 21%, 36% and 34%, respectively. The decrease in EBITDA margin during the year ended December 31, 2019 was primarily a result of a revaluation of the portfolio. In the twelve months ended June 30, 2020, our EBITDA margin decreased to 15% compared to 40% for the twelve months ended June 30, 2019, with the decrease largely driven by the economic impact of the COVID-19 pandemic, partially mitigated by our efficiency improvement program and other cost savings initiatives and the resiliency of our platform. See "*Recent Developments—COVID-19*." We believe our results of operations will continue to be positively impacted by our resilient business model, operating leverage and ongoing cost savings initiatives.

Stable cash flows and a unique dataset from the capital light Credit Management Services and Strategic Markets segments

Our Credit Management Services segment, which requires relatively limited investment, generates stable cash flows and is supported by long-term client relationships. As of June 30, 2020, our Credit Management Services segment managed third-party debt with a combined total collectible value on third-party debt of SEK 205,345 million (€19,593 million equivalent).

Furthermore, our Strategic Markets segment benefits from long-term servicing contracts in Greece, Italy and Spain related to carve-out transactions with financial institutions. As of June 30, 2020, our Strategic Markets segment managed third-party debt with a combined total collectible value on third-party debt of SEK 913,144 million (€87,129 million equivalent).

We also benefit from system integration with clients associated with the provision of our services, making it unattractive from the client perspective to switch credit management companies. Overall, we tend to experience strong client loyalty and limited attrition.

Significant cash flows embedded in investment portfolios

As of June 30, 2020, our estimated remaining collections ("**ERC**") was SEK 64,674 million (€6,162 million equivalent). We have made significant portfolio investments over the past three years. For the years ended December 31, 2019, 2018 and 2017, we acquired portfolios for SEK 7,324 million, SEK 11,854 million and SEK 7,223 million, respectively. We expect these investments to generate significant cash flows over the coming years. We have a long track record of outperforming our initial collection forecasts during the initial forecast period up to 15 years as well as a track record of extending collection periods beyond 15 years.

Strong cash generation with efficient conversion of profit into cash flow

For the twelve months ended June 30, 2020 and 2019, we spent SEK 665 million and SEK 499 million, respectively (€62 million and €48 million equivalent, respectively), representing 6% and 4%, respectively, of our *Pro Forma* Adjusted Cash EBITDA on capital expenditures other than capital expenditures related to portfolio investments and M&A activities. For the twelve months ended June 30, 2020 and 2019, our total portfolio investments were SEK 7,528 million and SEK 10,809 million, respectively (€707 million and €1,035 million equivalent, respectively). For additional information on our cash conversion rates, see "*Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources.*"

Proven management team with a clear strategic agenda

Strong leadership of experienced senior management supported by specialist teams in central functions and local markets

We are managed by a strong executive team comprising individuals with many years of relevant experience and providing leadership across all functional areas of the business. Our CEO, Mikael Ericson, was formerly Head of International Banking at Danske Bank A/S, one of the leading banks in the Nordic region, and CEO of Carnegie Investment Bank AB. Our CFO, Anders Engdahl, is an experienced financial professional who has held senior positions at Intrum, Lindorff and Morgan Stanley. At Morgan Stanley, Mr. Engdahl held the position of Managing Director and Head of Nordic Financial Institutions investment banking. Mr. Engdahl possesses a strong background in the credit management services sector, having joined Lindorff in 2014 as EVP of Debt Purchasing. Mr. Engdahl held the same role at Intrum subsequent to the Merger. Our executive team is supported by a skilled team of managers operating our central functions and assisting in strategy execution at the group level. In addition, our regional and country managers bring to bear significant industry expertise and local input to drive execution of our strategic agenda.

Our Strategy

Be the leading CMS company driving operational excellence

We are the largest and most diversified credit management company in Europe with a leading position in the majority of countries in which we operate, based on internal estimates, and the ability to serve clients across the entire CMS value chain and various asset classes. We aim to continue to build scale, lead in all markets where we operate, create value for clients, and achieve operational excellence in everything we do.

Continue to operate an integrated business model providing a complete value proposition

We believe that we continue to be well-positioned for growth and continue to offer complete credit management solutions for our clients across asset classes and sectors based on our integrated and balanced business model. Key features of our growth strategy include:

- *Full client offering providing integrated CMS and financial services solutions.* We offer our clients both CMS and financial services solutions, providing them with the full scope of services across the CMS value chain. We believe that our complete value proposition, geographic footprint and scale are highly attractive to existing and potential clients. For example, our Intesa Partnership included entering into a long-term servicing contract and, through a joint venture, the acquisition of an NPL portfolio. Our Piraeus Partnership also included a long-term servicing contract and the acquisition of a leading independent service platform. See "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments.*" These transactions demonstrate the breadth of our capabilities and the attractiveness of our value proposition to our clients. Furthermore, we see opportunities to increase our share of wallet with existing CMS clients by providing services to them throughout their geographic footprint and service needs. Additionally, our Credit Management Services and Strategic Markets segments provide us with deep insight into the portfolios of our clients and enables us to competitively price portfolios.

- *Continued focus on acquisitions of unsecured NPL and expansion of consumer ("B2C") debt, secured debt and real estate services.* Unsecured consumer NPL sales volumes have remained high as banks increasingly prefer to sell their debt to trusted debt collection agencies in order to clean up their balance sheets and focus on their core business. We expect a continued high level of NPL sales, given factors such as the growth in consumer lending and European Central Banks ("**ECB**") regulation of NPLs. We expect to continue to deploy capital within the unsecured NPL space in order to gain scale in markets where we are not a leader and, to a lesser extent, to opportunistically enter new business areas. We expect to continue to partner with banks on bilaterally agreed large, complex and sensitive transactions, of which our Intesa Partnership and Piraeus Partnership are two recent examples. Additionally, secured NPL transactions have increased in recent years and represent a large portion of the NPL market. In December 2018, we completed the acquisition of 6,400 properties in Spain from Ibercaja, which we hold with a co-investor, bolstering our REO offering and presence in the secured NPL space, and, in April 2019, we completed the acquisition of Solvia, which offers real estate management services in the Spanish market, from Banco Sabadell, which further built out our ability to service Intrum- or third-party-owned secured NPLs. See "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*" and "*Management Discussion and Analysis of Financial Condition and Result of Operations—Description of key consolidated income statement line items—Participations in joint ventures.*" We expect to continue to strengthen our capabilities with regard to the secured NPL markets and RES through greenfield operations and, where relevant, opportunistic acquisitions. We see growth potential from leveraging and exporting the capabilities we have developed with regard to secured markets and RES across many of the geographies in which we operate.

- *Co-investments*. In our Portfolio Investments segment, we see a pipeline in terms of the number and the size of investment opportunities available, which may outpace our on-balance sheet investment appetite. We consider flexible capital deployment initiatives, such as co-investment structures, which provide us with the ability to acquire larger, mixed portfolios by sharing risk with co-investment partners. Co-investments also increase the breadth of our origination platform by leveraging the network of our co-investment partners. These transactions, in addition to generating revenues from portfolio investments, also act as growth accelerators of third-party debt collection while requiring a lower level of upfront capital investment.

- *Geographic expansion*. We have a strong track record of expansion into new business areas and expanding our presence within existing markets. We have established operations in 25 countries, including through partnerships and strategic transactions such as carve-outs and bolt-on acquisitions. Our Intesa Partnership established us as a leading player in late payments in Italy, one of Europe's most attractive markets, and with our Piraeus Partnership we have created the first independent leading credit management platform in Greece. Based on EBA data, our geographic footprint covers 98% of European NPLs, as of December 31, 2019.

We continuously assess market conditions, including changes in connection with COVID-19, to ensure we invest prudently and have decided to temporarily reduce our rate of investment and increase the yield requirements on new portfolio investments in order to increase cash flow in the business. Going forward, we will continue to proactively evaluate opportunities to gain market share in existing markets where we currently do not

hold leading positions and, to a lesser extent, opportunistically enter new business areas, for example through carve-outs and targeted acquisitions. When entering new business areas, our strategy is typically based on a cautious first entry: we start small and increase our investments as our insight and experience in a particular market increases. Moreover, we often strengthen our local knowledge and databases through business acquisitions and/or carve-out transactions (as we have previously done in the United Kingdom, Spain, Poland, Italy and Greece). For example, one method we employ to enter a new market involves acquiring a company with existing debt servicing capabilities and data, operating the company to develop further knowledge and data capabilities and then leveraging this data and market knowledge to price and purchase debt in the newly entered market. Our investment and pricing strategy is characterized by strict pricing discipline and institutional investment processes.

Continue to drive profitability through operational excellence and the realization of operational synergies

We have a long history of commitment to operational excellence and the realization of operational synergies, each of which have enabled us to maintain our track record of high margins in an industry that has experienced significant price pressure in recent years. In the years ended December 31, 2019, 2018 and 2017, we maintained an EBITDA margin of 21%, 36% and 34%, respectively. We continue to implement several initiatives to further drive efficiency and increase our profitability going forward, including:

- *Operational integration and portfolio management.* We have identified four key operational levers which we continue to execute on: (i) utilization of shared services and scale opportunities, (ii) focus on IT effectiveness and efficiency, (iii) best-in-class sourcing and procurement and (iv) continuing to deploy best practices across our operations to maximize synergy opportunities. We seek to leverage scale and skills advantages and experience in data management, analytics, technology and digitalization to drive collection performance across our segments, seek better pricing and decrease costs and continue to see strong value potential in focusing on active portfolio management.

- *Focus on pricing discipline, risk management and compliance.* As a result of strict pricing discipline, institutionalized investment processes and operational improvements, from January 1, 2017 through June 30, 2020, on a quarterly basis, we have collected 103 – 115% of our cash flow forecasts. We intend to continue demonstrating a high level of underwriting discipline in order to maintain forecasting accuracy and to ensure that we only acquire portfolios that meet our investment return criteria. In addition, we seek to maintain our competitive advantage through continued early adoption of regulation and best-in-class compliance and risk management procedures. Our resilience throughout the COVID-19 crisis has demonstrated our agility and ability to respond to a rapidly changing hostile economic environment. Going forward this agility has the potential to positively impact our future cost structures.

- *Realize operational synergies.* In the year ended December 31, 2019, we completed the realization of Merger-related synergies, with realized synergies amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. Realized cost savings related to optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development and maintenance and increased scale in procurement. We have also capitalized on certain revenue synergies associated with the Merger from the combination of business intelligence operations and data sets, cross-selling of complementary offerings to existing clients, improved cross-border coverage of international clients and transfer of best practices. As part of our continuous efforts to increase our operational efficiency, we continue to identify and target strategic post-Merger efficiency and organizational transformation improvements to positively impact our bottom-line earnings. These additional efficiency programs may include activities such as prioritizing key IT projects, fully integrating newly acquired assets into our existing platform, and streamlining our daily operations and processes to ensure we benefit from the size and scale of our organization and deliver coordinated and seamless service to our clients. We are committed to identifying and pursuing ongoing cost-efficiency programs where they align with our operational objectives and growth strategies.

Commitment to highest ethical standards and fair collection practices

We are dependent upon relationships characterized by trust with clients, the relevant authorities and society as a whole. In order to achieve the necessary level of trust, we must act with professionalism, expertise and high ethical standards at all levels of our operations. Our internal standards are applicable to all employees. These standards mandate that all employees are expected to always work within the law, have sound moral

principles and behave in an upstanding and sincere way. We have implemented a centrally coordinated compliance monitoring program which evaluates and assesses compliance with legal, regulatory and industry best practices as well as our internal standards. The continued commitment to the highest ethical and fair collection practices is paramount to our ability to be the leading credit management company in Europe.

The Transactions

The "**Transactions,**" as used herein, shall comprise the following: (i) the Offering; (ii) the redemption of €600 million aggregate principal amount of the 2022 Notes outstanding as of June 30, 2020 (the "**Redemption**"); and (iii) the payment of fees and expenses in connection with the foregoing. See "*Use of Proceeds,*" "*Capitalization***,**" "*Description of Other Indebtedness*" and "*Description of the Notes.*"

Recent developments

COVID-19

Our business has been affected by the COVID-19 pandemic. The spread of COVID-19 has impacted our segmental and regional operations in different ways, with Strategic Markets segment being the most adversely affected, Credit Management Services segment maintaining a flat operating margin and Portfolio Investments segment being impacted primarily as a result of extending our collection forecasts. Financial performance in the Strategic Markets segment for the three months ended June 30, 2020 improved significantly when compared to the three months ended March 31, 2020 financial performance due in part to the reopening of the court systems in Greece, Italy and Spain in May as well as by our strict internal cost control measures. Overall, for the six months ended June 30, 2020 operating income and operating margin in our Strategic Markets segment were SEK 447 million (€43 million equivalent) and 18% compared to SEK 575 million (€54 million equivalent) and 32% for the six months ended June 30, 2019. This decrease was largely driven by government measures taken in Italy and Spain to limit the spread of COVID-19, including restrictions on movement, shop closures and, in particular, reduced activity in the legal systems, which resulted in collections and cash flow delays in our operations. Operating income and operating margin in our Credit Management Services segment were SEK 803 million (€77 million equivalent) and 24% for the six months ended June 30, 2020 compared to SEK 844 million (€79 million equivalent) and 24% for the six months ended June 30, 2019. Financial performance in our Credit Management Services segment declined in the three months ended June 30, 2020 when compared to the three months ended March 31, 2020, in part due to lower business volume flows as some clients have temporarily eased payment terms for their customers. Operating income and operating margin in our Portfolio Investments segment were SEK 1,406 million (€134 million equivalent) and 52% for the six months ended June 30, 2020 compared to SEK 2,520 million (€239 million equivalent) and 72% for the six months ended June 30, 2019, with the decrease primarily due to underperformance in overdue receivables collections by our Italian SPV. We extended our collection forecasts in the three months ended March 31, 2020, pushing back our expected collection timing. However, collections in the three months ended June 30, 2020 exceeded these revised collection forecasts. In the three months ended June 30, 2020, we also experienced marginally higher earnings from joint ventures and underwriting return levels that were materially higher than levels prior to COVID-19.

We also believe that our pipeline of debt collection cases remains at a good level and, additionally, that our broad geographical presence and wide variety of client solutions gives us a high degree of diversification, which, together with our underlying cash flow generation, helps to mitigate some of the adverse effects of COVID-19 on our results of operations. For further discussion, see "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting results of operations—Economic conditions*" and "*Risk Factors—Risks related to our industry and business—The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this "Risk Factors" section*."

As a result of the COVID-19 pandemic, as previously disclosed, we have also revised our business plan for 2020 and are reconsidering our short- and mid-term financial targets as we no longer consider that conditions are in place to meet our original goals for 2020. Our financial results during the first six months of 2020 were positively impacted by the efficiency program implemented in 2019 but were also adversely impacted by the COVID-19 pandemic. Despite this negative impact, we continue to target a leverage ratio of 2.5-3.5x by year end 2022. See "*Presentation of Financial Information—Financial targets.*" We have also decided to temporarily reduce our rate of investment and increase the yield requirements on new portfolio investments in order to increase cash flow in the business.

The health and safety of our employees is of paramount importance. The majority of our employees have been working from home since mid-March, demonstrating the commitment of our workforce and our ability to

manage our business volumes remotely. To ensure that our core values remain the foundation of our operations, we have also strengthened our internal guidelines to ensure we are interacting with customers uniquely affected by COVID-19 on the basis of their individual circumstances and with an empathetic and ethical approach. In this way, we can continue to contribute to a financially sustainable balance between those who provide and receive credit, respectively.

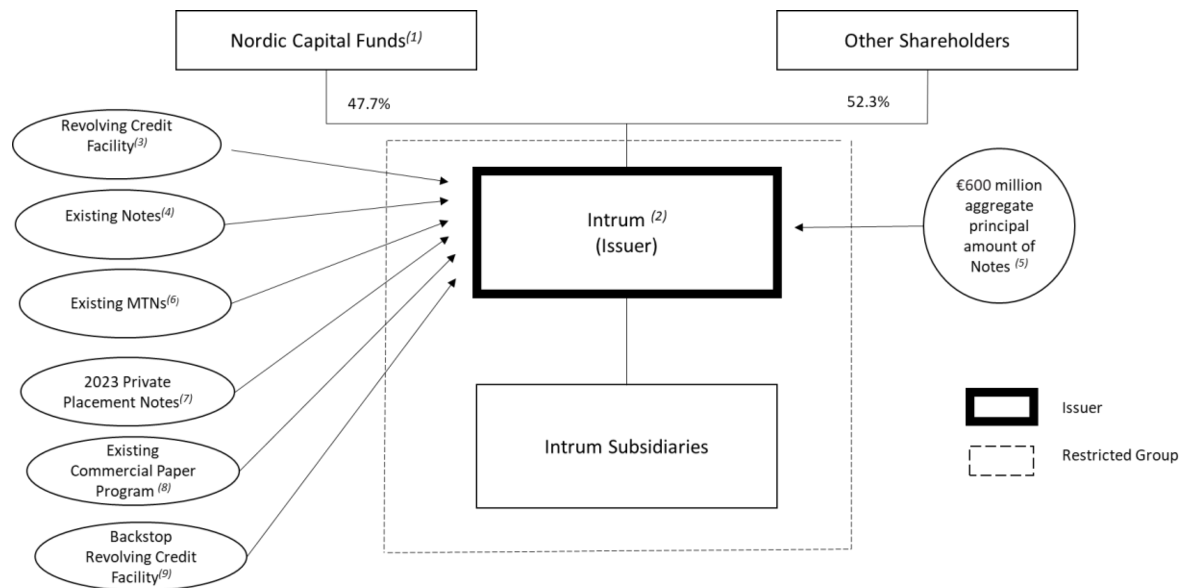
MTN program

On May 22, 2020, we published and the Swedish Financial Supervisory Authority approved and registered an updated MTN prospectus, increasing the aggregate nominal amount for the Existing MTN Program from SEK 5 billion to SEK 10 billion.

On July 6, 2020, we redeemed in full SEK 1,000 million of our Existing MTNs that were issued on July 2, 2018 and that matured on July 6, 2020 (the "**2020 MTN Redemption**"). The 2020 MTN Redemption was funded with drawings under the existing Revolving Credit Facility and cash on the balance sheet. Following the 2020 MTN Redemption, our outstanding aggregate amount of Existing MTNs includes SEK 1,100 million (€105 million equivalent) of Existing MTNs due November 22, 2021 and SEK 2,900 million (€276 million equivalent) of Existing MTNs due July 3, 2023. See "*Description of Other Indebtedness—Existing MTNs.*"

SIMPLIFIED CORPORATE AND FINANCING STRUCTURE

The following chart illustrates our simplified corporate structure and principal indebtedness as of June 30, 2020 after giving *pro forma* effect to the Transactions and the 2020 MTN Redemption, as if they had each occurred on June 30, 2020. See "*Capitalization*" and "*Use of Proceeds.*" The chart does not include all of our subsidiaries or all of the debt obligations thereof. For a summary of the debt obligations referred to in this chart, see "*Description of Other Indebtedness*" and "*Description of the Notes.*"



(1) As of June 30, 2020, Nordic Capital controlled 47.7% of the total voting stock of the Issuer and was the Issuer's largest shareholder. For more information, see "*Principal Shareholders and Related Party Transactions.*"

(2) Intrum AB (publ) is a Swedish public limited liability company with a market capitalization of approximately SEK 27,825 million based on a closing share price of SEK 226.4 as of July 22, 2020, and the issuer of the Notes. The proceeds from the Offering will be used as described in "*Use of Proceeds.*"

(3) The Issuer is a borrower under the Revolving Credit Facility Agreement. The obligations under the Revolving Credit Facility Agreement are guaranteed by the Issuer, Intrum Intl AB, Intrum Holding AB, Lock TopCo AS and Indif AB and are secured by pledges over the shares of the guarantors (except the Issuer) and certain inter-company loans. The terms of the Revolving Credit Facility Agreement include a coverage test which requires that if, on the last day of the fiscal year, the EBITDA of the Pledged Group is not equal to or greater than 60% of Consolidated EBITDA of the Group or the aggregate gross assets of the Pledged Group is not equal to or greater than 75% of the consolidated gross assets of the Issuer and its Restricted Subsidiaries, additional subsidiaries of the Issuer shall be required to become part of the Pledged Group or other assets will be required to be contributed to the Pledged Group such that the Issuer is in compliance with the coverage test. The Notes will be structurally subordinated to the guarantees provided by the Pledged Companies under the Revolving Credit Facility Agreement and effectively subordinated to indebtedness of the Issuer incurred under the Revolving Credit Facility Agreement to the extent of the value of property securing the Revolving Credit Facility. See "*Description of Other Indebtedness—Revolving Credit Facility Agreement*" and "*Description of Other Indebtedness—Intercreditor Agreement.*" As of June 30, 2020, the total aggregate revolving commitments under the Revolving Credit Facility were €1,800 million and the outstanding borrowings under the Revolving Credit Facility were SEK 9,226 million (€880 million equivalent). See "*Capitalization***.**"

(4) As of June 30, 2020, after giving effect to the Transactions, the Issuer had outstanding €150 million aggregate principal amount of 2022 Notes, €900 million aggregate principal amount of 2024 Notes, €800 million aggregate principal amount of 2026 Notes, €850 million aggregate principal amount of 2027 Notes and €75 million aggregate principal amount of 2025 Notes. The Existing Notes will rank equally in right of payment with the Notes.

(5) The Notes will be senior obligations of the Issuer and will rank equally in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing and future secured indebtedness of the Issuer, including obligations under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement, the 2023 Private Placement Notes and certain hedging agreements, to the extent of the value of the property, and assets securing such indebtedness, and structurally subordinated to all existing and future obligations of the Issuer's subsidiaries that do not guarantee the Notes, including such subsidiaries' obligations under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility and certain hedging arrangements. As of June 30, 2020, the Issuer had SEK 9,226 million of outstanding secured indebtedness (excluding hedging obligations) and the Issuer's subsidiaries (without double counting any obligations with respect to the Issuer's secured debt) had SEK 0 million of outstanding indebtedness. None of the Issuer's subsidiaries will guarantee the Notes. There can be no assurance that the Notes will benefit from guarantees from any of the Issuer's subsidiaries in the future. See "*Risk Factors—Risks Related to the Notes—The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Notes.*"

(6) As of June 30, 2020, giving *pro forma* effect to the 2020 MTN Redemption, the Issuer had an aggregate amount of SEK 4,000 million (€381 million equivalent) outstanding under the Existing MTN Program, including SEK 1,100 million (€105 million equivalent) of

Existing MTNs due November 22, 2021 and SEK 2,900 million (€276 million equivalent) of Existing MTNs due July 3, 2023. The Existing MTNs will rank equally in right of payment with the Notes. See "*Description of Other Indebtedness—Existing MTNs.*"

(7) As of June 30, 2020, the Issuer had €160 million (SEK 1,677 million equivalent) outstanding of the 2023 Private Placement Notes. The 2023 Private Placement Notes will rank equally in right of payment with the Notes. Pursuant to the terms of the Intercreditor Agreement, the 2023 Private Placement Notes are secured by the property securing the Revolving Credit Facility and the Backstop Revolving Credit Facility. Accordingly, the Notes will be effectively subordinated to indebtedness of the Issuer incurred under the 2023 Private Placement Notes to the extent of the value of property securing the 2023 Private Placement Notes. See "*Description of Other Indebtedness—2023 Private Placement Notes.*"

(8) As of June 30, 2020, the Issuer had SEK 1,252 million (€119 million equivalent) outstanding under the Existing Commercial Paper Program. The Existing Commercial Paper Program will rank equally in right of payment with the Notes. See "*Description of Other Indebtedness—Existing Commercial Paper Program.*"

(9) The Issuer is a borrower under the Backstop Revolving Credit Facility Agreement. The obligations under the Backstop Revolving Credit Facility Agreement are guaranteed by the Issuer, Intrum Intl AB, Intrum Holding AB, Lock TopCo AS and Indif AB and are secured by pledges over the shares of the guarantors (except the Issuer) and certain inter-company loans. The terms of the Backstop Revolving Credit Facility Agreement include a coverage test which requires that if, on the last day of the fiscal year, the EBITDA of the Pledged Group is not equal to or greater than 60% of Consolidated EBITDA of the Group or the aggregate gross assets of the Pledged Group is not equal to or greater than 75% of the consolidated gross assets of the Company and its Restricted Subsidiaries, additional subsidiaries of the Issuer shall be required to become part of the Pledged Group or other assets will be required to be contributed to the Pledged Group such that the Issuer is in compliance with the coverage test. The Notes will be structurally subordinated to these guarantees provided by the Pledged Companies under the Backstop Revolving Credit Facility Agreement and effectively subordinated to indebtedness of the Issuer incurred under the Backstop Revolving Credit Facility Agreement to the extent of the value of property securing the Backstop Revolving Credit Facility. See "*Description of Other Indebtedness—Backstop Revolving Credit Facility Agreement*" and "*Description of Other Indebtedness—Intercreditor Agreement.*" As of June 30, 2020, the total aggregate revolving commitments under the Backstop Revolving Credit Facility were SEK 2,000 million and the outstanding borrowings under the Backstop Revolving Credit Facility were SEK 0 million (€0 million equivalent). See "*Capitalization***.**"

THE OFFERING

The following is a brief summary of certain terms of the Offering. It may not contain all the information that is important to you. For additional information regarding the Notes, see "*Description of the Notes.*"

Issuer..	Intrum AB (publ).
Notes Offered	€600 million aggregate principal amount of Senior Notes due 2025.
Issue Date	August 5, 2020.
Issue Price....................................	100%, plus accrued interest, if any, from the Issue Date.
Maturity Date	August 15, 2025
Interest Rate	4.875%
Interest Payment Dates	Semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2020.
Denomination	Each Note will have a minimum denomination of €100,000 and be in integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking	The Notes offered hereby: • will be senior obligations of the Issuer and will rank equally in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including obligations under the Existing Notes, the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility, certain hedging agreements, the Existing MTNs, the 2023 Private Placement Notes and the Existing Commercial Paper Program; • will be senior in right of payment to any subordinated indebtedness of the Issuer; • will be effectively subordinated to any existing and future secured indebtedness of the Issuer, including obligations under the Revolving Credit Facility Agreement, the 2023 Private Placement Notes, the Backstop Revolving Credit Facility Agreement and certain hedging agreements, to the extent of the value of the property and assets securing such indebtedness; and • will be structurally subordinated to all existing and future obligations of the Issuer's subsidiaries that do not guarantee the Notes, including such subsidiaries' obligations under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement and certain hedging agreements. None of the Issuer's subsidiaries will guarantee the Notes. There can be no assurance that the Notes will benefit from guarantees from any of the Issuer's subsidiaries in the future. See "*Risk Factors—Risks Related to the Notes—The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Notes.*"
Optional Redemption	At any time and from time to time on or after August 15, 2022, the Issuer may redeem all or part of the Notes at the redemption prices set forth under the heading "*Description of the Notes—Optional Redemption.*" At any time prior to August 15, 2022, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of

	the Notes redeemed plus the applicable "make whole" premium set forth under the heading "*Description of the Notes—Optional Redemption.*" At any time prior to August 15, 2022, the Issuer may, at its option, redeem up to 40% of the Notes with the net proceeds from certain equity offerings at the redemption price set forth under the heading "*Description of the Notes—Optional Redemption.*"
Use of Proceeds	The proceeds from the sale of the Notes will be used to fund the Redemption. See "*—The Transactions*" and "*Use of Proceeds.*"
Original Issue Discount	The Notes may be issued with original issue discount. If so, U.S. investors generally will be required to include the original issue discount in gross income for U.S. federal income tax purposes using the constant yield method. See "*Tax Considerations—Certain United States Federal Income Tax Considerations.*"
Additional Amounts	Any payments made by the Issuer with respect to the Notes will be made without withholding or deduction for taxes in any taxing jurisdiction unless required by law. If we are required by law to withhold or deduct for taxes of a relevant tax jurisdiction with respect to a payment to the holders of the Notes, we will pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes.*"
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons.*"
Change of Control........................	Upon the occurrence of certain events constituting a change of control, or if the Issuer sells all or substantially all of its assets, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to the date of the purchase and additional amounts, if any. See "*Description of the Notes—Change of Control.*"
Certain Covenants	The Indenture will limit, among other things, our ability to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem or repurchase our capital stock; • make certain restricted payments (including dividends and distribution with respect to shares of the Issuer) and investments; • prepay or redeem subordinated debt; • create or incur certain liens; • impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Issuer; • transfer, lease or sell assets; • merge or consolidate with other entities;

- enter into certain transactions with affiliates; and
- amend certain documents.

Transfer Restrictions	None of the Notes have been, or will be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions.*" Holders of the Notes will not have the benefit of any exchange or registration rights.
Listing/no prior market	Application has been made to the Exchange for the Notes to be listed on the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange. There can be no assurance that such listing will be maintained. The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained.
Governing Law	The Notes and the Indenture will be governed by New York law. The Intercreditor Agreement is governed by English law.
Trustee	Citibank, N.A., London Branch.
Principal Paying Agent	Citibank, N.A., London Branch.
Registrar	Citibank, N.A., London Branch.
Transfer Agent	Citibank, N.A., London Branch.
Risk Factors	Investing in the Notes involves substantial risks. See "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following section presents summary historical consolidated financial data of the Issuer as of the dates and for the periods indicated and should be read in conjunction with the sections entitled "*Use of Proceeds,*" "*Capitalization,*" "*Selected Historical Consolidated Financial and Other Data,*" "*Management Discussion and Analysis of Financial Condition and Results of Operations*," *as well as the Financial Statements.*

In November 2017, in connection with the Divestment, the Issuer agreed to divest certain subsidiaries to a company in the Lowell Group. The Divestment completed on March 20, 2018. In the income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries being divested in accordance with the above have been reported as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In the balance sheet as of December 31, 2017 included as comparative information in the balance sheet as of December 31, 2018, these subsidiaries are reported as assets and liabilities in operations held for sale. For further information, see note 39 in the Issuer's audited financial statements as of and for the year ended December 31, 2018 and note 38 in the Issuer's audited financial statements as of and for the year ended December 31, 2019, each included elsewhere in this Offering Memorandum

We adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 and IFRS 16 Leases from January 1, 2019. The financial information as of and for the year ended December 31, 2017 included in the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2018 has not been restated to reflect the retrospective adoption of IFRS 15. None of the Audited Financial Statements for the year ended December 31, 2018, financial information for the year ended December 31, 2018 included in the audited financial statements for the year ended December 31, 2019 and financial information for the six months ended June 30, 2018 included in the unaudited financial statements for the six months ended June 30, 2019 has been restated to reflect the retrospective adoption of IFRS 16. For further information, see "Presentation of Financial and Other Information," "Management Discussion and Analysis of Financial Condition" and note 1 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

This section includes certain LTM Information for the twelve months ended June 30, 2020 and 2019. This LTM Information has been calculated by adding the Issuer's historical results for the six months ended June 30, 2020 and 2019, respectively, to the Issuer's historical results for the year ended December 31, 2019 and 2018, respectively, and subtracting the Issuer's historical results for the six months ended June, 2019 and 2018, respectively. The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed and the LTM information for the twelve months ended June 30, 2019 does not reflect the application of IFRS 16 over the entire period. It is for illustrative purposes only and is not necessarily representative of the Issuer's results of operations for any future period or its financial condition at any future date.

In this section, we also present selected unaudited pro forma financial information and other data on an as adjusted basis to give effect to the Transactions that has been prepared based on the Financial Statements and assumptions described herein. The selected unaudited pro forma financial information and the other adjusted data have been included to describe a hypothetical situation and have been prepared for illustrative purposes only. The selected unaudited pro forma financial information and the other adjusted data do not include all of the information required for financial statements under IFRS. Future results may vary significantly from the results reflected because of various factors, including those discussed in "Risk Factors."

We present below certain non-IFRS financial measures such as EBIT, EBITDA, Adjusted Cash EBITDA, Pro Forma Adjusted Cash EBITDA and EBITDA Margin because we believe they are important supplementary measures and that they are widely used by investors comparing performance between companies. As not all companies compute these non-IFRS financial measures in the same way, the manner in which our management has chosen to compute the non-IFRS financial measures presented herein may not be comparable with similarly defined terms used by other companies. These measures are not measures of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS, and they may not accurately reflect our performance, liquidity or our ability to incur or service debt.

In this section, we also present various key operating metrics. We believe that these metrics are helpful in understanding our performance from period to period and facilitate comparison with our peers. These metrics are not measures of financial performance under IFRS and should not be considered as alternatives to other

indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

For informational purposes only, certain financial information of the Issuer presented in SEK has been converted to euro at the applicable Sveriges Riksbank Daily Reference Rate as described further in "Exchange Rates." This rate may differ from the exchange rate as of the date hereof and the Issue Date.

Summary consolidated income statement data

	For the year ended December 31,			For the six months ended June 30,	
	2017[(1)]	2018[(1)]	2019[(1) (2)]	2019[(1) (2)]	2020[(1) (2)]
				(unaudited)	
			(SEK in millions)		
Total revenues	**9,434**	**13,442**	**15,985**	**7,536**	**7,218**
Cost of sales	(5,049)	(7,369)	(9,807)	(4,189)	(4,636)
Gross earnings	**4,385**	**6,073**	**(6,178)**	**3,347**	**2,583**
Sales, marketing and administrative expenses	(1,646)	(2,170)	(2,553)	(1,200)	(959)
Goodwill impairment	–	–	(2,700)	–	–
Provisions for credit losses on accounts receivable[(3)]	(21)	(31)	(44)	–	–
Participations in joint ventures	10	106	1,179	675	183
Operating earnings (EBIT)	**2,728**	**3,978**	**2,060**	**2,822**	**1 807**
Net financial items	(973)	(1,363)	(1,921)	(748)	(983)
Earnings before tax	**1,755**	**2,615**	**139**	**2,074**	**824**
Taxes	(389)	(599)	(424)	(456)	(185)
Net earnings for the period from continuing operations	**1,366**	**2,016**	**(285)**	**1,618**	**638**
Net earnings for the period discontinued operations after tax	137	(73)	0	0	–
Net earnings for the period	**1,503**	**1,943**	**(285)**	**1,618**	**638**
Of which attributable to:					
Parent Company's shareholders	1,501	1,936	(362)	1,547	628
Non-controlling interests	2	7	77	71	10
Net earnings for the period	**1,503**	**1,943**	**(285)**	**1,618**	**638**

(1) Data is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements for the six months ended June 30, 2020 and 2019.

(2) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(3) Provisions for credit losses on accounts receivable are included in Sales, marketing and administrative expenses for the six months ended June 30, 2020 and 2019.

Summary consolidated balance sheet data

	As of December 31,			As of June 30,	
	2017[(1)]	2018[(1)]	2019[(1)]	2019[(1)]	2020[(1)]
				(unaudited)	
			(SEK in millions)		
Assets					
Total fixed assets	54,815	67,904	77,869	74,256	76,397
Of which, portfolio investments	21,149	24,830	28,508	26,228	28,032
Total current assets	4,646	8,129	8,267	7,628	8,440
Assets in operations held for sale	8,314	–	–	–	–
Total assets	**67,775**	**76,033**	**86,136**	**81,884**	**84,837**

(1) Data is extracted from the audited financial statements as of December 31, 2019 and 2018 (including comparative information as of December 31, 2017), as applicable, and the unaudited interim financial statements as of June 30, 2020 and 2019, as applicable.

	As of December 31,			As of June 30,	
	2017[(1)]	2018[(1)]	2019[(1)]	2019[(1)]	2020[(1)]
				(unaudited)	
			(SEK in millions)		
Shareholders' equity and liabilities					
Total shareholders' equity	22,439	25,672	24,893	26,814	22,215
Total liabilities	44,168	50,361	61,243	55,070	62,622
Liabilities in operations held for sale	1,168	–	–	–	–
Total shareholders' equity and liabilities	**67,775**	**76,033**	**86,136**	**81,884**	**84,837**

(1) Data is extracted from the audited financial statements as of December 31, 2019 and 2018 (including comparative information as of December 31, 2017), as applicable, and the unaudited interim financial statements as of June 30, 2020 and 2019, as applicable.

Summary consolidated cash flow statement data

	For the year ended December 31,			For the six months ended June 30,	
	2017[(1)]	2018[(1)]	2019[(1)]	2019[(1)]	2020[(1)]
				(unaudited)	
			(SEK in millions)		
Cash flow from operating activities	4,535	6,154	6,392	3,249	5,167
Cash flow from investing activities	(7,547)	(7,925)	(11,646)	(3,418)	(3,009)
Cash flow from financing activities	3,801	2,227	5,838	52	(1,057)
Change in liquid assets	**866**	**84**	**584**	**(117)**	**1,101**
Exchange rate differences in liquid assets	(9)	11	(26)	6	(128)
Closing balance of liquid assets	1,253	1,348	1,906	1,237	2,879

(1) Data is extracted from the audited financial statements as of and for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements for the six months ended June 30, 2020 and 2019, as applicable.

Other financial information and operating data

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the twelve months ended June 30,			
	2017[(1)]	2018[(1)]	2019[(1) (2)]	2019[(1) (2)]	2020[(1) (2)]	2019[(2)]		2020[(2)]	
				(unaudited)		(unaudited)			
	(SEK in millions, unless otherwise indicated)					(SEK in millions, unless otherwise indicated)	(€ equivalent in millions)[(3)]	(SEK in millions, unless otherwise indicated)	(€ equivalent in millions[(3)])
Total revenue	9,434	13,442	15,985	7,536	7,218	14,233	1,362	15,668	1,470
EBITDA[(4)]	3,164	4,878	3,306	3,421	2,516	5,632	539	2,401	225
Adjusted Cash EBITDA	6,339	9,236	10,655	4,984	5,342	9,632	922	11,013	1,033
Pro Forma Adjusted Cash EBITDA[(4)]								11,246	1,055
EBITDA Margin (%)[(4)]	34	36	21	45	35	40	N/A	15	N/A
Portfolio investments	7,223	11,854	7,324	2,713	2,917	10,809	1,035	7,528	706

(1) Total revenue is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements for the six months ended June 30, 2020 and 2019, as applicable.

(2) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(3) For informational purposes only, certain financial information has been converted to euro at an exchange rate of (i) for the twelve months ended June 30, 2020, SEK 10.6569 to €1.00, which represents the average monthly exchange rate for the period, (ii) as of June 30, 2020, SEK 10.4804 to €1.00, which represents the closing exchange rate as of June 30, 2020, (iii) for the twelve months ended June 30, 2019, SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the period; (iv) as of June 30, 2019, SEK 10.5581 to €1.00, which represents the closing exchange rate as of June 30, 2019. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(4) We define (i) EBITDA as EBIT (operating earnings before net financial items and taxes) before amortization and depreciation of non-financial assets; (ii) Adjusted Cash EBITDA as Cash EBITDA adjusted for (a) earnings from joint ventures and cash flow from joint ventures in order to replace the EBITDA contribution from joint ventures with the actual cash contribution from joint ventures, (b) goodwill impairment, and (c) certain items affecting comparability; (iii) *Pro Forma* Adjusted Cash EBITDA as Adjusted Cash EBITDA adjusted for the *pro forma* effect of significant acquisitions made during the period under review; and (iii) EBITDA margin as EBITDA

as a percentage of revenue. We present EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin because we consider them to be important supplemental measures of the Issuer's performance and ability to service its debt, and we believe these measures and measures similar to these are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. You are encouraged to evaluate these presentations and adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted Cash EBITDA, you should be aware that we may incur expenses that are the same or similar to some of the adjustments in this presentation in the future, and our presentation of Adjusted Cash EBITDA and *Pro Forma* Adjusted Cash EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin are not specifically defined under, or presented in accordance with, IFRS or any other generally accepted accounting principles and you should not consider them as an alternative to profit or loss for the period or any other performance measures derived in accordance with IFRS. EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin have limitations as analytical tools and you should not consider any of these measures in isolation, or as a substitute for profit or loss for the period or any other performance measures derived in accordance with IFRS. For a description of the limitations of EBITDA, Adjusted Cash EBITDA, *Pro Forma* Adjusted Cash EBITDA and EBITDA Margin as financial measures, see "*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*"

The following table reconciles profit/(loss) to EBITDA and *Pro Forma* Adjusted Cash EBITDA for the periods indicated.

	For the year ended December 31,			**For the six months ended June 30,**		**For the twelve months ended June 30,**			
	2017[a]	**2018[a]**	**2019[a] [b]**	**2019[b]**	**2020[b]**	**2019[b]**		**2020[b]**	
				(unaudited)		**(unaudited)**			
	(SEK in millions, unless otherwise indicated)					**(SEK in millions, unless otherwise indicated)**	**(€ equivalent in millions)[c]**	**(SEK in millions, unless otherwise indicated)**	**(€ equivalent in millions[c])**
Profit/(loss) for the period	1,503	1,943	(285)	1,618	638	2,496	239	(1,265)	(118)
Net financial items	973	1,363	1,931	748	983	1,444	138	2,156	202
Income tax expense	389	599	424	456	185	735	70	153	14
Earnings from discontinued operations	(137)	73	0	(0)	0	(12)	(1)	0	**0**
Operating earnings (EBIT)	**2,728**	**3,978**	**2,060**	**2,822**	**1,807**	**4,663**	**446**	**1,045**	**98**
Amortization and depreciation of non-financial assets	436	900	1,246	599	709	969	93	1,356	127
EBITDA	**3,164**	**4,878**	**3,306**	**3,421**	**2,516**	**5,632**	**539**	**2,401**	**225**
Amortization and revaluation of portfolio investments	2,788	3,854	4,155	2,046	2,756	4,023	385	4,865	457
Adjustment earnings from joint ventures[d]	(10)	(106)	(1,179)	(675)	(183)	(781)	75	(687)	(64)
Adjustment cash flow from joint ventures[e]	-	-	197	85	253	85	8	365	34
Goodwill impairment	-	-	2,700	-	-	-	0	2,700	253
Items affecting comparability[f]	397	610	1,476	107	-	673	64	1,369	128
Adjusted Cash EBITDA	**6,339**	**9,236**	**10,655**	**4,984**	**5,342**	**9,632**	922	11,013	1,033
Pro forma adjustments[g]								233	22
***Pro Forma* Adjusted Cash EBITDA**								**11,246**	**1,055**

(a) Certain data (other than non-cash IFRS measures) is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable.

(b) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(c) For informational purposes only, certain financial information has been converted to euro at an exchange rate of (i) for the twelve months ended June 30, 2020, SEK 10.6569 to €1.00, which represents the average monthly exchange rate for the period; (ii) for the twelve months ended June 30, 2019, SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the period. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(d) Represents earnings associated with the Intesa JV and Ibercaja portfolios in the period. For further information on our joint ventures, see note 13 to our audited financial statements for the year ended December 31, 2019.

(e) Represents cash flow actually received in the period by Intrum and its consolidated subsidiaries as dividends or other profit participation from the Intesa JV and Ibercaja portfolios.

(f) Items affecting comparability include M&A transaction costs, compensation received in connection with terminated Business Process Outsourcing contracts, efficiency improvement program costs and costs associated with implementing synergies in connection with the Merger that management believes to be non-recurring. The following table presents the items effecting comparability for the periods

indicated. In the year ended December 31, 2017, items affecting comparability did not include non-recurring net financial items of SEK 316 million (€33 million equivalent) relating to the Merger.

	For the year ended December 31,			For the six months ended June 30,		For the twelve months ended June 30,			
	2017[(i)]	2018[(i)]	2019[(i) (ii)]	2019[(ii)]	2020[(ii)]	2019[(ii)]		2020[(ii)]	
				(unaudited)		(unaudited)			
	(SEK in millions, unless otherwise indicated)					(SEK in millions, unless otherwise indicated)	(€ equivalent in millions)[(iii)]	(SEK in millions, unless otherwise indicated)	(€ equivalent in millions[(iii)])
Merger integration costs[(iv)]	(230)	(352)	(224)	(68)	–	(246)	(23)	(156)	(15)
M&A transaction costs	(179)	(224)	(274)	(111)	–	(278)	(27)	(163)	(15)
Impact from early termination of Business Processing Outsourcing contract	–	178	147	147	–	107	10	0	0
Efficiency improvement program	–	0	(656)	0	–	0	0	(656)	(62)
Other items affecting comparability[(v)]	12	(212)	(469)	(75)	–	(256)	(24)	(394)	(37)
Items affecting comparability	**(397)**	**(610)**	**(1,476)**	**(107)**	**–**	**(673)**	**(64)**	**(1,369)**	**(128)**

(i) Certain data (other than non-cash IFRS measures) is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable.

(ii) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(iii) For informational purposes only, certain financial information has been converted to euro at an exchange rate of (i) for the twelve months ended June 30, 2020, SEK 10.6569 to €1.00, which represents the average monthly exchange rate for the period; (ii) for the twelve months ended June 30, 2019, SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the period. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(iv) In the year ended December 31, 2017, items affecting comparability did not include non-recurring net financial items of SEK 316 million (€33 million equivalent) relating to the Merger.

(v) Other items affecting comparability is primarily related to the impairment of IT software and service agreement.

(g) Represents the EBITDA contribution of the Piraeus Partnership to the Issuer for the period July 1, 2019 to September 30, 2019 (representing the period for which the financial information of the Piraeus Partnership was not consolidated in the Issuer's unaudited consolidated financial statements for the twelve months ended June 30, 2020) in an amount of €22 million (SEK 233 million equivalent), which has been calculated by annualizing the EBITDA associated with the Piraeus Bank Partnership, without taking into account typical seasonality impacts, from October 1, 2019, to June 30, 2020, of SEK 713 million (€67 million equivalent).

The following table reconciles cash flow from operating activities to EBITDA and *Pro Forma* Adjusted Cash EBITDA for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,		For the twelve months ended June 30,			
	2017[(a)]	2018[(a)]	2019[(a) (b)]	2019[(b)]	2020[(b)]	2019[(b)]		2020[(b)]	
				(unaudited)		(unaudited)			
	(SEK in millions)					(SEK in millions)	(€ equivalent in millions)[(c)]	(SEK in millions)	(€ equivalent in millions)[(c)]
Cash flow from operating activities	4,535	6,154	6,392	3,249	5,167	6,276	601	8,310	780
Adjustment for other non-cash items[(d)]	23	351	(1,979)	670	292	814	78	(2,357)	(221)
Income tax paid	453	590	802	213	211	594	57	800	75
Net financial items	702	1,226	1,875	721	649	1,417	136	1,803	169
Amortization and revaluation of portfolio investments	(2,787)	(3,854)	(4,155)	(2,046)	(2,756)	(4,023)	(385)	(4,864)	(456)
Net changes in working capital[(e)]	238	411	371	614	(1,048)	554	53	(1,291)	(121)
EBITDA	**3,164**	**4,878**	**3,306**	**3,421**	**2,516**	**5,632**	**539**	**2,401**	**225**
Amortization and revaluation of portfolio investments	2,788	3,854	4,155	2,046	2,756	4,023	385	4,864	455
Adjustment earnings from joint ventures[(f)]	**(10)**	**(106)**	**(1,179)**	**(675)**	**(183)**	**(781)**	**(75)**	**(687)**	**(64)**
Adjustment cash flow from joint ventures[(g)]	**-**	**-**	**197**	**85**	**253**	**85**	**8**	**365**	**34**

	For the year ended December 31,			For the six months ended June 30,		For the twelve months ended June 30,			
	2017[(a)]	2018[(a)]	2019[(a) (b)]	2019[(b)]	2020[(b)]	2019[(b)]		2020[(b)]	
				(unaudited)		(unaudited)			
			(SEK in millions)			(SEK in millions)	(€ equivalent in millions)[(c)]	(SEK in millions)	(€ equivalent in millions)[(c)]
Goodwill impairment................	-	-	2,700	-	-	-	-	2,700	253
Items affecting comparability[(h)]	397	610	1,476	107	-	673	64	1,369	128
Adjusted Cash EBITDA	6,339	**9,236**	**10,655**	**4,984**	**5,342**	**9,632**	**922**	**11,013**	**1033**
Pro forma adjustments[(i)]								233	22
***Pro Forma* Adjusted Cash EBITDA**								**11,246**	**1,055**

(a) Certain data (other than non-cash IFRS measures) is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable, and unaudited financial statements for the six months ended June 30, 2020 and 2019, as applicable.

(b) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(c) For informational purposes only, certain financial information has been converted to euro at an exchange rate of (i) for the twelve months ended June 30, 2020, SEK 10.6569 to €1.00, which represents the average monthly exchange rate for the period; (ii) for the twelve months ended June 30, 2019, SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the period. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(d) In the year ended December 3, 2019, adjustments for other non-cash items includes impairment adjustments.

(e) Represents the changes in factoring receivables and other changes in working capital.

(f) Represents earnings associated with the Intesa JV and Ibercaja portfolios in the period. For further information on our joint ventures, see note 13 to our audited financial statements for the year ended December 31, 2019.

(g) Represents cash flow actually received in the period by Intrum and its consolidated subsidiaries as dividends or other profit participation from the Intesa JV and Ibercaja portfolios.

(h) Items affecting comparability include M&A transaction costs, compensation received in connection with terminated contracts, efficiency improvement program costs and costs associated with implementing synergies in connection with the Merger that management believes to be non-recurring. In the year ended December 31, 2017, items affecting comparability did not include non-recurring net financial items of SEK 316 million (€33 million equivalent) relating to the Merger.

(i) Represents the EBITDA contribution of the Piraeus Partnership to the Issuer for the period July 1, 2019 to September 30, 2019 (representing the period for which the financial information of the Piraeus Partnership was not consolidated in the Issuer's unaudited consolidated financial statements for the twelve months ended June 30, 2020) in an amount of €22 million (SEK 233 million equivalent), which has been calculated by annualizing the EBITDA associated with the Piraeus Bank Partnership, without taking into account typical seasonality impacts, from October 1, 2019, to June 30, 2020, of SEK 713 million (€67 million equivalent).

As adjusted financial information and operating data

	As of and for the twelve months ended June 30, 2020	
	(unaudited)	
	(SEK in millions)	(€ equivalent in millions)[(1)]
Pro Forma Adjusted Cash EBITDA[(2)]	11,246	1,055
As adjusted Cash and cash equivalents[(3)]	2,363	225
As adjusted Total Funded Debt[(4)]	52,175	4,972
As adjusted Total Funded Net Debt[(5)]	49,812	4,746
As adjusted Total Funded Net Debt to *Pro Forma* Adjusted Cash EBITDA	4.4x	
As adjusted LTM Interest Expense[(6)]	1,777	
Ratio of *Pro Forma* Adjusted Cash EBITDA to as adjusted LTM Interest Expense	6.3x	

(1) For presentational purposes only, certain amounts denominated in SEK have been converted to euro at an exchange rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020, and which differs from the convenience exchange rate used elsewhere in this Offering Memorandum and may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(2) "Pro Forma Adjusted Cash EBITDA" is defined as Adjusted Cash EBITDA adjusted for the effect of significant acquisitions made during the period under review.

(3) As adjusted cash and cash equivalents reflects cash and cash equivalents of the Company as adjusted to reflect the Transactions and the 2020 MTN Redemption.

(4) As adjusted Total Funded Debt represents total outstanding third-party indebtedness (excluding leasing liabilities recognized on the adoption of IFRS 16) of the Company as adjusted for the Transactions and the 2020 MTN Redemption.

(5) As adjusted Total Funded Net Debt represents as adjusted Total Funded Debt adjusted for the cash and cash equivalents as adjusted for the Transactions and the 2020 MTN Redemption.

(6) As adjusted LTM Interest Expense reflects the interest expense for the twelve month period ended June 30, 2020 adjusted as if the Transactions, the 2020 MTN Redemption, the 2019 Notes Transactions, the 2019 MTN Transactions and entering into the Backstop Revolving Credit Facility and the Revolving Credit Facility had occurred on July 1, 2019, which has been calculated by aggregating the net interest expense for such period in respect of the Notes, plus the interest expense in respect of the Existing Notes, Existing MTNs, the 2023 Private Placement Notes, the Existing Commercial Paper Program and the interest expense on the portion of the Revolving Credit Facility outstanding as of June 30, 2020 (including interest expense on the amount drawn as of June 30, 2020 and the commitment fee on the undrawn portion thereof and the commitment fee on the undrawn commitments under the Backstop Revolving Credit Facility), that will remain outstanding following completion of the Transactions. As adjusted LTM Interest Expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions and the 2020 MTN Redemption and the other transactions referred to above had occurred on the date assumed nor does it purport to project our interest expense for any future period or our financial condition on any future date.

Summary segment and service line financial information of the Company

	For the six months ended June 30,		For the year ended December 31,	For the twelve months ended June 30,
	2019	**2020**	**2019**	**2020**
	(unaudited) [1] (SEK in millions)			
Total revenue by segment[2]				
Credit Management Services segment	3,457	3,295	7,014	6,851
Strategic Markets segment	1,809	2,459	4,436	5,086
Portfolio Investments segment	3,492	2,720	7,069	6,297
Elimination of internal revenue[3]	(1,222)	(1,256)	(2,534)	(2,568)
Total revenue	**7,536**	**7,218**	**15,985**	**15,668**
Earnings by segment[2]				
Credit Management Services segment	844	803	1,558	1,517
Strategic Markets segment	**575**	447	(1,974)	(2,102)
Portfolio Investments segment	2,520	1,406	4,961	3,848
Common costs[4]	(1,117)	(849)	(2,486)	(2,218)
Total Operating earnings (EBIT)	**2,822**	**1,807**	**2,060**	**1,045**

(1) Data is extracted from the audited financial statements for the year ended December 31, 2019 and the unaudited interim financial statements for the six-month periods ended June 30, 2020 and 2019.

(2) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of such two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019, for the year ended December 31, 2019 and for the twelve months ended June 30, 2020 included in the table above is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019, year ended December 31, 2019 and twelve months ended June 30, 2020. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(3) Internal revenue relates to payment on arm's length terms for work carried out in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment. For the twelve months ended June 30, 2020, the elimination of internal revenue included negative SEK 2,302 million from the Credit Management Services segment and negative SEK 266 million from the Strategic Markets segment.

(4) Common costs are costs that are not attributed to one segment or service line, mainly consisting of shared expenses for sales, marketing and administration.

	For the year ended December 31,		
	2017[1]	**2018[1]**	**2019[1]**
	(SEK in millions)		
Total revenue by service line[2]			
Credit Management Services service line	6,700	9,480	11,450
Portfolio Investments service line	4,516	6,394	7,069

	For the year ended December 31,		
	2017[1]	2018[1]	2019[1]
	(SEK in millions)		
Elimination of internal revenue[3]	(1,782)	(2,432)	(2,534)
Total revenue	**9,434**	**13,442**	**15,985**
Earnings by service line[2]			
Credit Management Services service line	**1,704**	**2,433**	**(415)**
Portfolio Investments service line	2,456	3,600	4,961
Common costs[4]	(1,432)	(2,055)	(2,486)
Total Operating earnings (EBIT)	**2,728**	**3,978**	**2,060**

(1) Data is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable.

(2) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of such two service lines. From January 1, 2020, we operate our business and present our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(3) Internal revenue relates to payment on arm's length terms for work carried out in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

(4) Common costs are costs that are not attributed to one segment or service line, mainly consisting of shared expenses for sales, marketing and administration.

The following tables reconcile our segment operating earnings to our Adjusted Cash EBITDA for the periods indicated.

	For the six months ended June 30, 2019[1]					For the six months ended June 30, 2020[1]				
	Credit Manag ement Service s	Strateg ic Market s	Portfol io Invest- ments	Group Items[2]	Group	Credit Manag e-ment Service s	Strateg ic Market s	Portfol io Invest- ments	Group Items[2]	Group
	(SEK in millions)									
Total operating earnings (EBIT)	**844**	**575**	**2,520**	**(1,117)**	**2,822**	**803**	**447**	**1,406**	**(849)**	**1,807**
Items Affecting Comparability[3]	28	(134)	1	212	107	–	–	-	–	-
Amortization and depreciation of non-financial assets	184	333	4	78	599	159	466	4	80	709
Amortization and revaluation of portfolio investments	-	-	2,046	-	2,046	–	–	2,756	–	2,756
Adjustment earnings from joint ventures	-	-	(675)	-	(675)	–	–	(183)	–	(183)
Adjustment cash flow from joint ventures	-	-	85	-	85	–	–	253	–	253
Adjusted Cash EBITDA	**1,056**	**774**	**3,981**	**(827)**	**4,984**	**962**	**913**	**4,236**	**(769)**	**5,342**

(1) We adopted IFRS 16 on January 1, 2019. See "Presentation of Financial and Other Information" and "Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies."

(2) Group items include administration, sales and marketing expenses.

(3) For the six months ended June 30, 2019, items affecting comparability includes the impairment of goodwill, M&A transaction costs and the impact from the early termination of a Business Processing Outsourcing contract.

	For the twelve months ended June 30, 2020[1]				
	Credit Management Services	Strategic Markets	Portfolio Investments	Group Items[2]	Group
			(SEK in millions)		
Total operating earnings (EBIT)	**1,517**	**(2,102)**	**3,848**	**(2,218)**	**1,045**
Items Affecting Comparability[3]	207	3,227	13	622	4,069
Amortization and depreciation of non-financial assets	348	884	8	116	1,356
Amortization and revaluation of portfolio investments	-	-	4,865	-	4,865
Adjustment earnings from joint ventures	-	-	(687)	-	(687)
Adjustment cash flow from joint ventures	-	-	365	-	365
Adjusted Cash EBITDA	**2,072**	**2,009**	**8,412**	**(1,480)**	**11,013**

(1) We adopted IFRS 16 on January 1, 2019. See "Presentation of Financial and Other Information" and "Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies."

(2) Group items include administration, sales and marketing.

(3) Items affecting comparability includes the impairment of goodwill, efficiency improvement programs and other items affecting comparability.

	For the twelve months ended December 31, 2019[1]				
	Credit Management Services	Strategic Markets	Portfolio Investments	Group Items[2]	Group
			(SEK in millions)		
Total operating earnings (EBIT)	**1,558**	**(1,974)**	**4,960**	**(2,484)**	**2,060**
Items Affecting Comparability[3]	235	3,092	15	834	4,176
Amortization and depreciation of non-financial assets	373	751	8	114	1,246
Amortization and revaluation of portfolio investments	-	-	4,155	-	4,155
Adjustment earnings from joint ventures	-	-	(1,179)	-	(1,179)
Adjustment cash flow from joint ventures	-	-	197	-	197
Adjusted Cash EBITDA	**2,166**	**1,869**	**8,156**	**(1,536)**	**10,655**

(1) We adopted IFRS 16 on January 1, 2019. See "Presentation of Financial and Other Information" and "Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies."

(2) Group items include administration, sales and marketing.

(3) Items affecting comparability includes the impairment of goodwill, M&A transaction costs, the impact from the early termination of a Business Processing Outsourcing contract, efficiency improvement programs and other items affecting comparability.

Selected non-financial and other information of the Company

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the twelve months ended June 30,		
	2017	2018	2019	2019	2020	2019	2020	
				(unaudited)		(unaudited)		
	(SEK in millions, unless otherwise indicated)					(SEK in millions, unless otherwise indicated)	(SEK in millions, unless otherwise indicated)	(€ equivalent in millions unless otherwise indicated [1])
Portfolio investments book value[2] [3]	21,149	24,830	28,508	26,228	28,032	26,228	28,032	2,630
ERC[2] [4]	44,603	57,382	64,995	60,896	64,674	60,896	64,674	6,162
Return on portfolio investments (%)[2] [5]	16	14	15	15	8	15	11	11
Portfolio investments[2] [6]	7,223	11,854	7,324	2,713	2,917	10,809	7,528	706
Average number of full-time employee equivalents ("**FTEs**")[2]	6,293	7,910	8,766	8,363	9,333	8,168	9,129	9,129

(1) For informational purposes only, certain financial information has been converted to euro at an exchange rate of (i) for the six months ended June 30, 2020, SEK 10.4752 to €1.00, which represents the average monthly exchange rate for the period, (ii) for the twelve months ended June 30, 2020, SEK 10.6569 to €1.00, which represents the average monthly exchange rate for the period, (iii) as of June 30, 2020, SEK 10.4804 to €1.00, which represents the closing exchange rate as of June 30, 2020, (iv) for the six months ended June 30, 2019, has been converted to euro at an exchange rate of SEK 10.6586 to €1.00, which represents the average of the monthly exchange rates for the period; (v) for the twelve months ended June 30, 2019, SEK 10.4471 to €1.00, which represents the average of the monthly exchange rates for the period; (vi) as of June 30, 2019, SEK 10.5581 to €1.00, which represents the closing exchange rate as of June 30, 2019. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(2) We believe that these measures are helpful in understanding our performance from period to period and that these measures and measures similar to these are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry; however, these measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

(3) Portfolio investments book value represents the aggregate book value of our acquired portfolios of purchased loans and receivables.

(4) ERC represents the nominal value of the expected future collection over an 180-month period on our portfolio investments, including anticipated cash flows from investments in joint ventures. See "*Presentation of Financial and Other Information.*"

(5) Return on portfolio investments means earnings on the portfolio investments component of the business for the period, excluding factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item Portfolio Investments. The average carrying amount of the balance-sheet item Portfolio Investments is calculated by adding together the opening and closing balance for the last quarter and dividing by two.

(6) Portfolio investments consists of portfolios of delinquent consumer debts, loans, OTR and other receivables purchased at prices below the nominal receivable.

RISK FACTORS

An investment in the Notes involves a high degree of risk. In addition to the other information in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The occurrence of any of the events discussed below could, individually or in the aggregate, materially adversely affect our business, financial condition and results of operations. The risks described below are not the only ones to which we believe we are exposed. Additional risks that are not currently known to us, or that, based on our regular risk assessment, we currently consider to be immaterial, could in fact significantly impair our business activities and have a material adverse effect on our business, financial condition and results of operations. If any one of these events occurs, the trading price of the Notes could decline and we may not be able to pay interest or principal on the Notes when due and you could lose part or all or part of your investment. The order in which these risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential severity or impact upon our business, financial condition and results of operations.

This Offering Memorandum also contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risks described below and elsewhere in this Offering Memorandum.

Risks related to our industry and business

The economic conditions in the markets in which we operate affect our business.

We are exposed to the economic, market and fiscal conditions in the markets in which we operate and our business is impacted by both positive and negative economic developments. While adverse economic conditions in the markets in which we operate may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for us to purchase and the amount of loans and other overdue receivables possessed by our debt collection clients, there can be no assurances that increases in the amount of debt available to us for purchase and to service will compensate for the adverse effects that a general economic downturn, including in connection with the current COVID-19 pandemic, may otherwise have on our business, results of operations and financial condition. See "*—The COVID-19 pandemic may adversely affect our business and exacerbate other risks discussed within this section*." Should the economic conditions in the markets in which we operate deteriorate, we may not be able to perform debt collection at levels consistent with our historic levels due to the inability of customers to make payments at the same levels or at all, as was the case during the 2008-2010 economic downturn. Adverse economic conditions may also reduce the propensity of debt originators to sell overdue receivables as sale prices may be unfavorable during such periods. Furthermore, a material and adverse economic downturn could result in increased unemployment rates or could materially impact interest rates and restrict the availability of credit, resulting in decreased demand for our payment services. In addition, should the level of inflation increase, the real-term carrying value of our portfolio investments may decrease.

There can be no assurances that economic conditions will improve in the markets in which we operate or that the net effect of any change in economic conditions will be positive. An improvement in the economic conditions in the markets in which we operate could impact our business and performance in various ways, including reducing the number of attractive portfolio opportunities available for purchase, increasing competition for those portfolios that are available to purchase at attractive prices and increasing competition for the provision of debt collection services. There can be no assurances that an improved economic environment will also result in positive developments in our business and results of operations. Accordingly, any of the above developments could have a material adverse effect on our business, results of operations and financial condition.

The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this* "*Risk Factors*" *section.

In March 2020, COVID-19 was declared a "pandemic" by the Word Health Organization. The global spread of COVID-19 has caused significant business disruption, significant volatility in international debt and equity markets and significant disruption to the global economy as well as the particular markets in which we operate. Our Strategic Markets segment, which focuses on late payments and collections in Italy, Spain and Greece, has been particularly impacted by the direct impact of COVID-19 as well as by local government initiatives to curb the spread the COVID-19, including, for example, the partial closure of court and legal systems and the reduction in consumer spending associated with limitations on freedom of movement and temporary closures of non-essential businesses, which may lead to reduced customer debt going forward, all of which have a negative impact on our revenues and profitability. Similar government initiatives in the other jurisdictions in

which we operate have also adversely impacted our results of operations in those jurisdictions. There is significant uncertainty globally, nationally and regionally around the breadth and duration of business disruptions related to COVID-19, as well as its impact on global and local economies and consumer confidence. The situation could deteriorate even further and the extent to which the COVID-19 pandemic impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including a new or second wave of infections in the regions in which we operate, new information which may emerge concerning the severity of COVID-19 and the actions taken or being continued to contain it or address its impact. The COVID-19 pandemic may also affect our business in ways which are difficult to predict. For example, in connection with COVID-19 or any governmental responses to COVID-19, we may experience, among other risks, increased currency and interest rate volatility, reduced access to external capital, increased cyber security threats as a result of phishing campaigns and targeted attacks and increased cyber security vulnerability and increased risk of data breaches due to remote working environments.

The COVID-19 pandemic could have further material adverse effects on our business, results of operations and financial condition if:

- the duration, scope and severity of the pandemic result in sustained deterioration in the economic environment in our regions and the amount of debt available to us for purchase and to service as a result does not compensate for the adverse effects;
- political, legal and regulatory actions and policies in response to the pandemic, such as governmental actions or proposed actions limiting debt collection efforts and encouraging or requiring extensions, modifications or forbearance with respect to certain loans and fees, prevent us from performing our collection activities, result in material increases in our costs to comply with such laws and regulations or result in fewer debt portfolios coming to market;
- disruptions to or closures of the court system and other disruptions due to the pandemic to or government restrictions on the legal process that hinder our ability to collect through the litigation process are prolonged or increased;
- as a result of unemployment or reduced income or increased costs ensuing from the pandemic, consumers respond by failing to pay amounts owed on receivables owned or managed by us;
- we are unable to maintain staffing at the levels necessary to operate our business due to the continued spread or increased virulence of COVID-19 or related coronavirus strains or resultant health complications, causing employees to be unable or unwilling to work;
- we are unable to purchase debt portfolios needed to operate our business because debt owners become unable or unwilling to sell their nonperforming loans consistent with recent levels at attractive prices or at all;
- adverse capital and credit market conditions increase our cost of capital or affect our ability to raise capital, and our cash generation is not sufficient for our needs;
- tax rates are increased to fund the cost of various government initiatives initiated in connection with the COVID-19 pandemic; or
- we suffer a cyber-security incident or data breach as a result of an increase in the number or severity of cyber-attacks, or increased vulnerability while a larger proportion of our employees work remotely.

Due to the current conditions surrounding the COVID-19 pandemic and the global impact it has had, we no longer consider the necessary conditions to be in place to meet our original goals for 2020. In the six months ended June 30, 2020, we wrote down our portfolio investment by net SEK 633 million, which is 2.3% of our portfolio investment carrying value as of June 30, 2020. If, among other factors, the adverse impacts stemming from the COVID-19 pandemic were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that additional impairment charges are required in order to reduce the carrying values of goodwill or other long-lived assets. For example, due to the current conditions surrounding the COVID-19 pandemic and the global impact it has had, we no longer consider the necessary conditions to be in place to meet our original goals for 2020. Any such future impairment charges could be significant. In addition to direct impacts of the COVID-19 pandemic on our results of operations and financial performance directly, the COVID-

19 pandemic may also have the effect of heightening other risks described in this ''*Risk Factors*'' section, including, but not limited to the risks described in "*—We operate in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across these jurisdictions. Changes to the regulatory or political environments in which we operate may negatively affect our business*," "*—There may be insufficient supply of debt available or debt available may not be appropriately priced for our needs or capacities. Any decrease in our ability to purchase debt portfolios or provide credit management services could materially and adversely affect our business*," "*—Any decrease in our ability to purchase debt portfolios or provide credit management services could materially and adversely affect our business*," "*—The economic conditions in the markets in which we operate affect our business*," "*—Unauthorized disclosure of data, whether through cyber security breaches, computer viruses or otherwise, or illegal storage or use of customer data by us could expose us to liability, protracted and costly litigation, affect our operations, reduce our competitive advantage and damage our reputation,*" "*—We operate in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across these jurisdictions. Changes to the regulatory or political environments in which we operate may negatively affect our business—Data Protection,*" and "*—Risks related to our financial profile—We will require a significant amount of cash to meet our obligations under our indebtedness, a substantial amount of which will mature prior to the Notes, and to sustain our operations, which we may not be able to generate or raise.*"

We operate in competitive markets and may be unable to successfully compete with businesses that may offer more attractive prices, benefit from less expensive funding, have greater funding resources or pursue lower return requirements than us.

The European credit management industry is fragmented and consists of several thousand companies with varying profiles. We face competition from new and existing debt collection providers, other purchasers of portfolios of overdue loans and other overdue receivables (including financial investors) and debt originators that manage their own portfolios rather than outsourcing or selling them. This competition includes, but is not limited to, competition on the basis of price. New market entrants and existing competitors may offer more attractive pricing levels for both debt collection contracts and debt portfolio purchases and may accept lower returns in order to gain or increase market share. There can be no assurances that this price competition will not result in us having to pay higher prices for portfolios that we purchase or charge less for our debt collection or other payment services than we have done historically or than we currently expect, each of which could decrease our margins and have a material adverse effect on our business, results of operations and financial condition.

We face bidding competition in our acquisition of debt portfolios. We believe that successful bids are awarded based on price as well as a range of other factors, including service, compliance, reputation and relationships with the sellers of debt portfolios. Some of our current and potential competitors may have more effective pricing and collection models, greater adaptability to changing market needs or more established relationships in our industry or geographic markets. Moreover, our competitors may elect to pay prices for debt portfolios that we determine are not economically sustainable and as a result our volume of debt portfolio purchases may be diminished. In addition to competition from traditional credit management companies, we face competition from financial investors with respect to purchases of debt portfolios. Our current and potential financial investor competitors, including financial investors, may have access to greater financial resources with which to undertake portfolio investments, less expensive funding and lower return requirements than we have. There can be no assurances that our existing or potential debt portfolio sources will continue to sell debt portfolios at historic levels, or at all, that we will continue to offer competitive bids for debt portfolios or that in the future we will have the financial resources to offer competitive bids for portfolio purchases and debt collection contracts. There can be no assurances that we will be able to develop, manage and expand our business or adapt to changing market needs as well as our current or future competitors. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

There may be insufficient supply of debt available for us to manage or purchase or debt available may not be appropriately priced for our needs or capacities. Any decrease in our ability to purchase debt portfolios or provide credit management services could materially and adversely affect our business.

The demand for our credit optimization, payment and collection services and the availability of debt portfolios at prices that allow us to generate profits depend on a number of factors, some of which are outside of our control, including:

- consumer spending levels, which have been impacted in the markets in which we operate by the COVID-19 pandemic (see "*—The COVID-19 pandemic may adversely affect our business and exacerbate other risks discussed within this section*");

- the availability of credit to consumers and consumers' borrowing appetite, which is driven by a number of factors including general economic conditions, interest rates, heightened regulation of the credit card and consumer lending industry, changing credit origination strategies, tighter lending criteria introduced by consumer credit providers and changing individual and cultural attitudes toward funding spending with borrowing;
- the level of non-performance on consumer debt portfolios and the proportion of such portfolios that are written off by originators, which may in turn affect the availability of credit to consumers identified above;
- sales of debt portfolios by originators, which could be adversely impacted by a change in accounting policies or practices, the consolidation of credit card issuers or increased sophistication in internal collection efforts;
- potential concerns that the value received for defaulted debt portfolios as a percentage of their total collectible value may not outweigh the potential reputational risks or required management attention associated with selling defaulted debt portfolios;
- negative publicity or a loss of trust in our industry due to our failure, or the failure of one or more of our competitors, to meet legal, regulatory or other obligations;
- increased government regulation of the circumstances in which originators, in particular regulated entities, have a right to collect on debt; and
- the macroeconomic environments of the countries in which we operate.

Originators may develop technological tools that could override the advantages we believe we currently possess in terms of tracing technology and customer profile development. If originators choose to perform more of their credit optimization in-house and to invoice and perform debt collections internally as a result of any data quality improvements, the demand for our credit management services and the volume of debt portfolio sales or the quality of underlying debt sold could decrease and, consequently, we may not be able to purchase receivables of the type, in the quantities or at prices consistent with our historical return targets. In addition, should industry shifts result in a reduction in the availability of debt portfolios sold early in the financial difficulty cycle and that have had little or no exposure to collections activity, there could be a corresponding increase in the total share of more mature debt, which is typically more challenging and expensive to collect when compared to "fresh" debt which typically has higher collection expectations as less work has been applied to the assets to obtain customer payments.

If we are unable to purchase portfolios from originators at appropriate prices, or at all, or if one or more originators stop or decrease their demand for our credit management services due to one of the factors listed above or any other factors, we would lose a source of income which could have a material adverse effect on our business, results of operations and financial condition.

A significant amount of our revenue is generated from clients active within the financial services industry.

We derive a significant portion of our revenue from clients active within the financial services industry. Concerns exist within the Eurozone with respect to individual macro fundamentals on a country by country basis. Adverse economic conditions and uncertainties, including any fines or penalties on European financial institutions and any potential resulting failures or consolidations of financial institutions, may adversely affect us by significantly reducing our client engagements. Additionally, adverse economic conditions could lead to a reduction in the propensity of financial institutions to lend to customers in the markets in which we operate as was the case during the global financial crisis (2008-2010). The above conditions may lead to a reduced supply of debt available for us to collect on or fewer opportunities for us to enter into forward flow agreements or value-added services, and may reduce our customers' disposable income levels or otherwise impair their ability to fulfil their payment obligations. We can provide no assurance that the ongoing adverse economic impact associated with the COVID-19 pandemic will not result in similar constrictions in credit availability, client engagements and customers' ability to comply with payment obligations. See "*—The COVID-19 pandemic may adversely affect our business and exacerbate other risks discussed within this section*." Any changes in the volume of business derived from clients active within the financial services industry could have a material adverse effect on our business, results of operations and financial condition.

The United Kingdom's exit from the EU may adversely impact our business, results of operations and financial condition.

On June 23, 2016 the United Kingdom held a public referendum on its membership within the EU, the result of which favored the exit of the United Kingdom from the EU ("**Brexit**"). The United Kingdom triggered Article 50 of the Treaty of Lisbon on March 29, 2017 and on January 31, 2020, the withdrawal of the United Kingdom from the EU became effective. The United Kingdom entered into a transition period from January 31, 2020 to December 31, 2020 during which the EU will treat the United Kingdom as if it were still a member of the EU. We cannot predict how negotiations during this transition period will proceed, whether the transition period will be extended or what the United Kingdom's relationship with the EU will be after the transition period ends.

If the United Kingdom and the EU are unable to negotiate acceptable withdrawal terms or if other EU Member States pursue withdrawal, barrier-free access between the United Kingdom and other EU Member States or among the European economic area overall could be diminished or eliminated. Depending on the final terms of Brexit, the United Kingdom may lose access to the single European Market, which could result, among other things, in the disruption of free movement of goods, services and people between the United Kingdom and the EU, undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the United Kingdom and the EU or other nations as the United Kingdom pursues independent trade relations.

The exit of the United Kingdom or any other member state from the EU, or the departure from the euro by one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, could lead to a reduction in market confidence and a weakening of European financial institutions. A deterioration in political and economic conditions in the United Kingdom or the EU could result in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings and a decline in the strength of national and local economies. In addition, Brexit may lead to an economic downturn in the United Kingdom and the EU generally. Any reduction in consumers' willingness or ability to pay their debts due to Brexit-related changes in the economic environment of the United Kingdom or the EU could materially affect our revenue and our ability to perform debt collection in a manner consistent with our past practice.

Any fundamental shift in the macroeconomic environment in the United Kingdom or other parts of Europe in which we operate could adversely affect the accuracy of our predictions regarding the expected returns from the debt portfolios we purchase and service. See "—*There may be insufficient supply of debt available or debt available may not be appropriately priced for our needs or capacities. Any decrease in our ability to purchase debt portfolios or provide credit management services could materially and adversely affect our business.*" Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which EU laws to replace or replicate following the transition period, including financial laws and regulations, data privacy and collection laws and regulations and tax and free trade agreements, may increase the costs associated with operating in either or both the United Kingdom or other EU jurisdictions, depress economic activity and restrict our access to capital. Additionally, any substantive change in the regulations applicable to our United Kingdom business could jeopardize our ability to continue to operate in a manner consistent with our past practice.

We operate in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across these jurisdictions. Changes to the regulatory or political environments in which we operate may negatively affect our business.

General

We are subject to regulations in the jurisdictions in which we operate, including laws and regulations regarding our listing on Nasdaq Stockholm, data protection, debt collection, debt purchasing, consumer credits, payment services, enhanced consumer protection and anti-money laundering and terrorist financing at the national and supranational level. See "**Regulatory Overview.**" As we increase our focus on certain business areas, such as secured loans or offering credit rescheduling agreements (installment plans), we become subject to additional regulatory requirements, including with respect to anti-money laundering and verifying ownership of underlying assets. There can be no assurances that our policies and procedures will prevent breaches of applicable laws and regulations or that our investigations will identify such breaches in a timely manner or at all. Any such delay or failure could have a material adverse effect on our business, results of operations and financial condition. Adverse regulatory developments under the laws and regulations to which we are subject could expose us to a number of risks. In addition, from time to time we identify weaknesses in our internal policies, procedures and controls. We cannot assure you that in the future we will identify such weaknesses or, where we do, remedy any such

weaknesses in a timely manner or at all. Any such delay or failure could have a material adverse effect on our business, results of operations and financial condition.

In a number of the markets in which we operate, including, in particular, the Czech Republic, Hungary, Italy, Greece, Norway, Poland, Slovakia, and the United Kingdom, the regulation of financial undertakings is in all material respects similar to the rules applicable for banks (including in respect of capital adequacy requirements). As a consequence, these financial undertakings may be subject to new or amended legislation from the EU or relevant jurisdictions applicable to banks, including new or amended capital requirements and liquidity requirements. Such new or amended legislation or interpretation could, under certain circumstances, have a material adverse effect on our business, results of operations and financial conditions.

Supervisory authorities in each country in which we operate may determine that we do not fully comply with, are currently in violation of or in the past have violated applicable rules, regulations or administrative guidelines. Any such determination could have a material adverse effect on our business, results of operations and financial condition.

Non-performing loan directive

In March 2018, the European Commission (the "**EC**") proposed a comprehensive package as part of the EU Action Plan to tackle NPLs. The EC believes one of the key areas for reducing risk in the European banking sector is to further decrease the number of NPLs on banks' balance sheets. The package put forward by the EC contains policy actions in four areas: (i) increased bank supervision and regulation, (ii) further reforms of national restructuring, insolvency and debt recovery frameworks, (iii) developing secondary markets for distressed assets and (iv) fostering, as appropriate and necessary, the restructuring of banks. Continued efforts by the EU to reduce the number of NPLs on the balance sheets of banks could lead to a reduction in the number of debt portfolios available for purchase and could increase competition for those portfolios which are available. The European Parliament's review of the package has been delayed due to the COVID-19 pandemic, but we believe it will resume in the near- to medium-term. There can be no assurance that the impact of these regulations or others like them enacted or imposed in other jurisdictions will not impede our ability to conduct our operations, result in further litigation or have a negative impact on our business.

Data protection

We are subject to various regulatory requirements regarding data protection in the jurisdictions in which we operate. Such regulatory requirements differ from country to country. In the past, regulatory authorities have imposed fines on certain of our subsidiaries for non-compliance with data protection regulations and we cannot assure you that similar fines will not be imposed in the future. The imposition of any such fines or any other sanctions by regulatory authorities may have negative consequences that could have a material adverse effect on our business, results of operations and financial condition. In particular, if it turns out that any business activity we conduct is non-compliant, we may be ordered to cease such business activity until the breach is cured. Changes to data protection laws and regulations or changes to their interpretation by data protection authorities and courts may reduce our operational flexibility and limit our ability to collect, retain or use our customer data to price portfolios and create efficient debt collection strategies. On April 27, 2016, the regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation, the "**GDPR**") was adopted by the European Parliament and the European Council. The GDPR became directly applicable in all EU Member States on May 25, 2018, and replaced Directive 95/46/EC and existing national data protection legislation and was also implemented in EEA countries and the United Kingdom with effect from the same date. The GDPR significantly changed the EU/EEA and United Kingdom data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines. The GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. The GDPR regime imposes a substantially higher compliance burden on the credit management industry, including on our operations. While we have put in place rules, policies and procedures aimed at achieving compliance with the GDPR there can be no assurance that such rules, policies and procedures will be successful in ensuring compliance with GDPR. Any failure to comply with the GDPR could result in sanctions, penalties or other negative consequences which could have a material adverse effect on our business, results of operations and financial condition. In addition, we could lose a competitive advantage and our business could be negatively affected if current governmental regulations were to change such that certain of the information or customer data that we use becomes public, the countries where we operate introduce measures that have the effect of facilitating the tracing of customers or allowing credit market participants direct access to credit

information before the purchase of portfolios or to prohibit us from using customer data in the manner or to the extent currently used.

Statutes of limitation

In most of the countries in which we currently have local operations, we are able to extend the statutes of limitation on historic debt claims by taking legal action, notifying the customer or otherwise interrupting the limitation period. Some of the countries in which we operate have in recent years changed the statutes of limitation for certain debt including by limiting the ability to extend or interrupt the limitation period, or have discussed such changes. There can be no assurances that we would be successful in adjusting our operations to these or other similar regulatory changes.

Consumer protection

The credit management industry could be subject to increased scrutiny due to local political factors and developments, which could in turn lead to changes in laws and regulations. The area of consumer credit has recently come under increased regulatory focus by national governments. For instance, caps on interest rate and penalties or sanctions for defaulted loans or total cost of credit have been introduced in several of the countries in which we operate. Such legislation may also be introduced in other jurisdictions and such restrictions can materially affect the consumer credit market as lenders derive a large portion of their profits from credit costs.

Stricter regulations regarding installment plans have also been or in the future may be enacted or imposed by court ruling in countries in which we operate. For example, a March 2019 ruling by the Court of Justice of the EU held, in a case originating from Spain, that certain accelerated repayment clauses of mortgages found to be unfair cannot be maintained in part, with those elements which make it unfair are removed, where removing those elements would amount to altering the substance of the clause. Further, the ruling empowers national courts of EU Member States or the United Kingdom to replace those terms found unfair with legislative provisions where their inclusion is necessary for the continued existence of the loan contract and annulment of such contract would make expose the consumer to unfavorable consequences. As a result of this ruling, increased uncertainty exists on our ability to enforce collection terms on business to consumer secured loans. There can be no assurance that the impact of these regulations or others like them enacted or imposed in other jurisdictions will not impede our ability to conduct our operations, result in further litigation or have a negative impact on our business.

Debt collection

Licensing requirements for debt collection services differ from market to market. Many markets have a licensing requirement and supervision of compliance. In December 2016, the European Court of Justice (Third Chamber) ruled that a debt collection agency which concludes a rescheduling agreement for an unpaid credit on behalf of a lender but which acts as a credit intermediary only in an ancillary capacity must be regarded as being a credit intermediary and is not subject to the obligation to provide the consumer with pre-contractual information. Following the ruling, some countries in the EU have required debt collection companies that offer installment plans to hold a consumer credit license so as to be bound by the relevant EU directive. Such license requirements have already been imposed in some countries in which we operate, including Slovakia and the Czech Republic. Although large incumbent credit management providers tend to be better placed to comply with a high regulatory burden, stricter regulations in general may increase our compliance burden and operating costs. Any temporary or permanent revocation of our debt collection licenses by the licensing authorities in the jurisdictions in which we operate may have a material adverse effect on our business, results of operations and financial condition. Many of the countries in which we operate have also implemented regulations providing limitations on costs for debt collection and duties of disclosure to consumer customers.

Customers may become subject to insolvency or debt reorganization proceedings which may delay or prevent the enforcement of the claims transferred to us. Collection of unsecured debt claims in the event of bankruptcy or insolvency is generally limited by means of the funds available for distribution from the insolvent estate. See "**Regulatory Overview.**"

A failure by the Company to comply with applicable laws, regulations, licenses and codes of practice or failure of any of our employees to comply with our internal policies and procedures may negatively affect our business.

From time to time we may receive inquiries from regulatory authorities and it is our practice to cooperate with such inquiries. We are also subject to regular audits by the regulatory authorities in various countries in which we operate. An adverse outcome of any such investigation or other inquiries from regulatory authorities may result in:

- the institution of administrative, civil or criminal proceedings;
- sanctions and the payment of administrative fines and penalties, including potential suspension or revocation of regulatory licenses depending on the severity and scale of any regulatory issues;
- changes in personnel, management or Board of Directors;
- our inability to conduct business due to the loss of our regulatory license or restrictions or conditions being placed on our activities;
- increased review and scrutiny of our services by our clients, regulatory authorities and others; and
- negative media publicity and reputational damage.

Individual employees may act against our policies or instructions and either inadvertently or deliberately violate applicable law and regulations, including competition, anti-corruption and anti-money-laundering laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors or breaching our internal policies. In addition, because we delegate a number of operational responsibilities to our subsidiaries and our local managers retain substantial autonomy regarding the management of our operations in their markets, we may face an increased likelihood of some or all of the risks described above occurring. Our internal governance policies and instructions may prove to be ineffective and, even if they are effective, there can be no assurance that we will not experience incidents of accounting or operating irregularities, accounting misstatements or any of the risks described above. Such actions have occurred in the past and if they were to occur in the future they may harm our reputation and, if we are held responsible, the resulting administrative fines and other sanctions (civil or criminal) could be substantial. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, any companies we seek to acquire in the future or the employees of such companies may not operate in accordance with the law, and there can be no assurance that we will be able to detect or remedy any such non-compliance before such acquisition is complete or thereafter. Acquiring other businesses is a core component of our business strategy and we have incurred expenses associated with investigating and remedying legal non-compliance among companies that we have acquired in the past. The foregoing risks are particularly relevant in the cases of acquisitions of companies, operations or employees in non-traditional and emerging markets and jurisdictions.

Compliance with the regulatory framework requires dedicated time and resources. Failure to comply with applicable laws, regulations and rules or with contractual compliance obligations could result in investigations and enforcement actions, requisite licenses being revoked, not being renewed or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of our ability to conduct collections. In addition, such failure to comply or revocation of a license, or other actions by the Company may damage the reputation of our clients. Damage to our reputation, whether because of a failure to comply with applicable laws, regulations or internal rules, or revocation of a license or any other regulatory action or our failure to comply with a contractual compliance obligation, could deter vendors, particularly large financial institutions, which represent a significant proportion of our clients and vendors, from choosing us as their debt purchasing provider. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Our operations in multiple markets expose us to local risks in a number of markets.

We have local operations in Austria, Belgium, Brazil, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, and the United Kingdom. Our business is subject to local market risks due to our operations in multiple European markets and Brazil, including risks relating to multiple national and local regulatory and compliance requirements, labor, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and terrorist financing and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. As and when we enter new markets, we may face additional risks, including incurring start-up losses for several years due to lower levels of business, ramp-up and training costs, the lack of expertise and loss of key employees in such markets, differences in business cultures and practices, the lack of adequate and available management teams to monitor and integrate these operations, unfavorable commercial terms and difficulties in maintaining uniform standards, control procedures and policies.

Any negative impact caused by the foregoing risks could have a material adverse effect on our business, results of operations and financial condition. In addition, as we expand into new jurisdictions, our business will be subject to applicable laws, regulations and licensing requirements in those new jurisdictions, which may be different or more stringent than the jurisdictions in which we currently operate. Moreover, our continued expansion of operations in Brazil, and any future expansion into other emerging markets, subjects us to additional risks, including political, economic and legal and compliance risks and conditions being generally less predictable or robust than in countries with more developed institutional structures.

Errors in our collection process or other operational matters or negative press relating to the credit management industry in general, or to us in particular, could have a negative effect on our business and reputation.

Our ability to accurately collect debt and treat customers fairly is critical to our business and our reputation. Our reputation is important to maintaining our relationships with current and potential clients, in particular financial institutions, and with regulators. The following events, among others, could have a negative effect on our reputation and financial results: (i) negative media publicity relating either to us or the wider credit management industry; (ii) allegations of unethical or improper behavior by us or any of the third parties we use in the collection process; (iii) inability to collect debts on an accurate and timely basis; (iv) failure to respect and treat customers fairly; (v) failures in our collection and data protection processes; (vi) the actions of third parties that we engage in the debt collection process; (vii) failure in our IT platform, in particular IT security; or (viii) other operational issues, litigation, regulatory restrictions, investigations, fines or enforcement actions.

The collection of debt, particularly historic debt, involves complex interpretations and calculations of contractual terms that may vary by client and country and which may impact the calculation of customers' resulting payment obligations and the collection strategies we employ. There can be no assurances that the inherent complexity of debt calculation and historical inaccuracies will not result in any errors in our calculations of customers' payment obligations in the future, which could generate negative press.

We are a party to a number of co-investment arrangements related to the purchase of debt portfolios with financial investors or other financial institutions and we may continue to enter such arrangements in the future. In certain cases the co-investor may retain a majority of the investment and, as a result, control over the investment venture. We may have limited insight into and control over the governance of such co-investments or joint ventures and are therefore subject to reputational and other risks related to actions of co-investors or co-venture partners that are beyond our control.

Any of the foregoing could result in financial liability or reputational damage which could jeopardize our relationships with our clients or ability to establish new client relationships, have a negative impact on our customers' willingness to pay debts owed to us or to our clients, diminish our attractiveness as a joint venture or co-investment counterparty or lead to increased regulations of the credit management industry, any of which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks associated with our contracts for debt collection services, including our ability to correctly assess pricing terms, early termination potential and reductions in the volume of claims we service.

The profitability of our debt collection services will generally depend on our ability to successfully calculate prices and manage day-to-day operations under these contracts. Under most of our debt collection contracts we are not paid until the customer begins paying on the claim and we may be unable to accurately predict the costs or identify the risks or complexity of services associated with these contracts, which may result in lower than expected margins, losses under the contracts or even the loss of clients. Our contracts for debt collection services also subject us to penalty clauses, benchmark clauses, extraordinary termination clauses and change of control provisions. If we are unable to satisfy the terms of our contracts, the contracts may be terminated and we may lose clients and revenue. A number of our long-term debt service agreements are subject to early termination rights on the part of the customer that, if exercised, could have a material adverse effect on our business, results of operations and financial condition. In addition, our contracts for debt collection may be terminated by the client for reasons unrelated to our performance (for example in the event of a change of control in its ownership or sale of the underlying portfolio, as occurred in Spain and Italy in 2018 and 2019). In such circumstances we may be entitled to compensation, but there can be no assurance that such compensation will fully reflect all losses suffered.

Many of our debt collection contracts have a stated term, typically one to two years, and, in some cases, termination clauses permitting the client to cancel the contract at the client's discretion following the expiration of an agreed notice period. There can be no assurances that our clients will not exercise their rights to terminate

their contracts prior to expiration or that we will be successful in negotiating new contracts with clients when such contracts expire. In addition, we are also exposed to unforeseen changes in the scope of existing contracts, including changes in prices or volumes due to changes in the general business or political landscape of our clients. Most of our debt collection contracts do not have volume commitments and a client can eliminate or reduce the volume of claims they outsource to us for debt collection without formally terminating the contract. We may have disputes or disagreements with our clients as to contract terms or the level of services we have agreed to provide. The potential impact of these risks may increase as we enter into larger contracts. If we are unable to fulfil our obligations under our contracts for any reason, we risk the loss of revenue and fees under that contract, the potential loss of a client and significant harm to our reputation. Any of our contracts could become more costly than initially anticipated and as a result we may experience significant increases in our operating costs or potential litigation. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

The value of our existing portfolios may deteriorate or we may not be able to collect sufficient amounts on our portfolios to take advantage of opportunities for portfolio purchases as they arise in the market.

As the length of time involved in collecting on our existing portfolios may be extensive and the factors affecting debt collection rates may be volatile and outside our control, we may be unable to identify or cope with adverse economic trends, prevent the negative effects of changes in legislation (including tax legislation) or make changes in our purchasing strategies in a timely manner. If the assumptions we use in our models are incorrect, the relevant portfolio could lose value and could result in subsequent negative revaluations in our statement of financial position and a continuing deterioration in value over time as actual collections may deviate significantly from the collection estimates produced by our pricing model at the time of purchase. Such assumptions include but are not limited to an assumption that claims are not time barred, that the age and balances of purchased claims are correctly stated by the sellers, that customers are alive, that claims are not a result of fraud, money laundering or financing of terrorist activities and that accounts in a portfolio will generally behave in line with our models. In the six months ended June 30, 2020, we wrote down our portfolio investment by net SEK 633 million, which is 2.3% of our portfolio investment carrying value as of June 30, 2020.

We purchase loans at significant discount to total collectible value on portfolio investments. These are typically loans that customers have failed to repay and, in many cases, that the client has deemed uncollectable. It is crucial for our business that we are able to identify portfolios that are of sufficient quality for us to determine that we are likely to collect on the claims. Clients generally make numerous attempts to recover on their overdue loans and other overdue receivables before selling them, often using a combination of in-house recovery efforts and third-party collection agencies. These overdue claims are difficult to collect and we may not collect a sufficient amount on the claims to cover the investment associated with purchasing the portfolios and the costs of running our business. There can be no assurances that any of the claims contained in our purchased portfolios will eventually be collected. Many of our claims are unsecured and an increase in bankruptcy filings involving customers could impact our ability to collect on those claims. Additionally, changes to bankruptcy, insolvency or other legislation in the markets in which we operate as a result of the COVID-19 pandemic or otherwise, including in the United Kingdom as a result of the Corporate Insolvency and Governance Bill and in the EU as a result of efforts to harmonize insolvency regimes across countries, could impact our ability to collect on claims. Further, contracts entered into with our clients for the purchase of debt portfolios may impose various restrictions on our realization of value from the portfolios and may restrict our flexibility in pursuing certain enforcement and collection activities. If the cash flows from our existing and future portfolios are less than anticipated, we may not have sufficient funds to purchase new portfolios, may have to pay a higher interest rate to finance the purchase of new portfolios or may have to accept lower returns on new portfolios. Any of the above could have a material adverse effect on our business, results of operations and financial condition. The statistical models and data analysis tools that we use in our business may prove to be inaccurate, preventing us from achieving anticipated levels of returns, and we may be unable to appropriately identify and address underperforming portfolios.

We use internally developed models and other data analysis tools extensively in our operations. For example, we use our experience-driven models to estimate collection curves in relation to potential portfolio purchases. However, these models and data analysis tools are subject to several limitations and may not be reliable. At the time of purchase, we are likely to have imperfect information about the precise age of the debt, the ability of the customer to pay, the time at which the customer is likely to pay and the cost required to service and collect on such debts. Moreover, our historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same client or within the same industry due to changes in business practices or economic developments. Further, the availability of relevant data varies from market to market. In addition, certain assets, such as secured loans, have different risk and collection profiles than the unsecured loans and receivables that have historically been our main focus. There is a significant amount of management judgment

and estimation involved in purchasing and valuing portfolios and there can be no assurances that management judgments and estimates will prove to be accurate. Furthermore, there can be no assurances that we will be able to appropriately identify and address underperforming portfolios.

In addition, our ability to properly price portfolios may be adversely affected if we have limited experience in purchasing the type of portfolio, operating in the particular region or dealing with the specific client involved. Lack of reliable information or incorrect assumptions can lead to mispricing of portfolios which may have an adverse effect on the financial return from the portfolios. Our statistical models and analysis tools assess information provided by third parties, such as credit information suppliers and other mainstream or public sources, or generated by software products. We have no control over the accuracy or sufficiency of information received from third parties. If such information is not accurate or sufficient, we could incorrectly price new portfolios or incorrectly value existing portfolios, set client prices or performance goals inaccurately or experience lower liquidation rates or larger operating expenses.

Similarly, due to the nature of our business, we are not able to independently verify the quality of all of the debt claims we purchase, in particular with regard to forward flow debt purchase agreements, and we rely on representations made by our debt purchase clients. Any inaccuracy in these representations, including in relation to the validity of the debt claims, may result in a loss of revenue and we may not be successful in recovering such losses from our customers.

There can be no assurances that any of the current or future loans contained in our portfolio investments will eventually be collected. If we are not able to achieve forecasted levels of collection, valuation impairments may be recognized, amortization may increase and revenue and returns on purchases of portfolios may be reduced. This may in turn impact our modeling for future collections, which is less reliable if we are not able to accurately predict the quantity and identity of customers who reduce their debt payments or the magnitude of such reductions. Furthermore, some of our contracts contain guaranteed solution rate commitments pursuant to which we guarantee a minimum level of collections to our clients. If we fail to reach these collection requirements, as has occurred in the past, we may have to make significant payments to such clients or such clients may reduce the amount of overdue loans and receivables that we are entitled to collect under these contracts. Any of the foregoing factors could have a material adverse effect on the competitive advantage we believe we have due to our data analytics capabilities and on our business, results of operations and financial condition.

The need to adapt to customers' changing circumstances or adverse circumstances impacting customers may result in increased collection activity costs, reduced cash flow or imprecise forecasts.

Adverse changes in the financial circumstances of our customers after we have acquired their accounts, including as a result of any reduction in customers' income or in government benefits received by customers or more indirectly as a result of further general deterioration in the macroeconomic environment, could lead to reduced collections, increased collection costs and reduced portfolio returns. Such reduced collections could negatively affect our ERC, while higher collection costs and lower portfolio returns would impact our results of operations and cash flows. Our forecast for future collections may be rendered less reliable if the quantity and identity of customers who may reduce their debt payments, or the amounts of such reductions, cannot be accurately predicted. If actual collections with respect to debt portfolios are significantly lower than our own projections when we purchased such portfolios, our business and results of operations could be materially and adversely affected. See "*—The economic conditions in the markets in which we operate affect our business*" and "*—The COVID-19 pandemic may adversely affect our business and exacerbate other risks discussed within this section.*"

We may not be able to purchase portfolios at appropriate prices or of sufficient quality.

Portfolios do not become available for purchase on a consistent basis throughout the year. The availability of portfolios at prices that generate an appropriate return depends on a number of factors both within and outside of our control, such as the levels of overdue loans and other receivables, volumes of portfolio sales by clients and competitive factors affecting potential purchasers and debt originators. Additionally, an increase in demand for portfolios among competitors, including financial investors, could result in portfolios being sold to competitors.

There can be no assurances that we will be able to identify a sufficient volume of portfolios at appropriate prices. If we are unable to identify portfolios at appropriate prices or of sufficient quality, we may have to purchase loans of asset types or in industries in which we have little or no experience, or in industries where it is more difficult to collect on overdue receivables due to secrecy requirements, for example in the healthcare or legal sector. Purchases of these asset types or in these industries may impair our ability to collect on these claims and

we may consequently fail to generate a profit on these purchases. A potential inconsistency in the availability of portfolios for purchase may mean that during certain financial reporting periods we may make few or no purchases of debt.

If we are unable to identify sufficient levels of attractive portfolios and generate an appropriate return on portfolio investments, we may experience difficulties covering such expenses and may, as a consequence, have to reduce the number of our collection personnel or take other measures to reduce costs. These developments could lead to disruptions in our operations, loss of efficiency, low employee morale and retention, fewer experienced employees and excess costs. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to procure sufficient funding at favorable terms to purchase further portfolios as they become available.

Historically, we have funded purchases of portfolios through borrowings, capital injections by our shareholders and cash generated by our operations and, in certain cases, through partnerships with co-investors. Our ability to obtain funding in the future from these sources will depend on our performance and prospects, as well as factors over which we do not exercise control. Such factors may include, among others, weak economic and capital market conditions during or prior to periods in which attractive portfolios are available for purchase, the ability and willingness of banks to lend to our industry generally or to us in particular and changes in fiscal, monetary and other government policies. There can be no assurances that the terms of our existing or future indebtedness will not limit our ability to incur additional indebtedness to fund such portfolio purchases.

Additionally, our ability to purchase portfolios of debt using cash generated by our debt collection operations is highly affected by seasonal factors, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, while our costs are more evenly spread out over the year, resulting in high variances of margins and profitability between quarters. Furthermore, our debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. The combination of seasonal collections and costs and uneven purchases may result in low cash flow at a time when attractive debt portfolios become available. There can be no assurances that in the future we will be able to obtain interim funding from our shareholders, by making other borrowings or by partnering with co-investors or co-venture partners at the time when attractive debt portfolios become available. A lack of cash flow could prevent us from purchasing otherwise desirable debt portfolios or prevent us from meeting our obligations under any forward flow agreements we may enter. An inability to procure sufficient funding or co-investments at favorable terms to purchase portfolios as they become available or meet our obligations under our forward flow agreements could have a material adverse effect on our business, results of operations and financial condition.

Failure to renew existing debt collection contracts or win new debt collection contracts may adversely affect our revenue.

We obtain many of our debt collection contracts through a competitive bidding process and the debt collection contracts that we expect to seek in the foreseeable future likely will be subject to a competitive bidding process. We may be required to compete to renew existing debt collection contracts that have in the past been awarded to us without competition or as to which we have historically been the incumbent provider of debt collection services. We may also be required to enter into debt collection contracts at price levels or with margins that are lower than we find acceptable. We may not be afforded the opportunity in the future to bid on debt collection contracts that are held by other companies and are scheduled to expire if the existing contract is extended. In addition, we cannot be certain that all of our existing customers will continue to use our debt collection services in the future, as occurred in our Spanish businesses in 2018 and 2019 and which had a material effect on CMS revenue in those jurisdictions. Our inability to renew contracts with existing customers or to find suitable replacements has in the past had and could in the future have a material adverse effect on our business, financial condition and results of operations.

Failure to replace terminated forward flow agreements or successfully manage our commitments under forward flow agreements may adversely affect our revenue.

For the year ended December 31, 2019, 19% of our aggregate debt purchased involved forward flow agreements. A forward flow agreement is an arrangement in which we agree to purchase claims based on specific parameters from a third-party supplier on a periodic basis and at a set price over a specified time period. We could lose a potential source of income if we are unable to renew or replace volumes represented by our forward flow

agreements upon their termination or expiration. We may be required to purchase debt under a forward flow agreement for an amount higher than we would otherwise have agreed at the time of purchase, which could result in reduced returns. In a more competitive environment, we could be faced with a decision to either decrease our purchasing volume or agree to forward flow agreements at increased prices or with less contractual protections, any of which could have a material and adverse effect on our results of operations. We generally contemplate future fluctuations in the value of the debt that we purchase through forward flow agreements, but such fluctuations in value may exceed our expectations. If the quality of debt purchased varies from our pricing assumptions, we may also price the contract improperly.

Forward flow agreements are typically not long-term contracts in nature and typically do not provide medium- to long-term assurance on purchasing levels. Commitments under forward flow contracts are typically not more than 12 months. However, depending upon the length of the contractual arrangements, forward flow agreements typically contain termination clauses that allow the arrangement to be terminated under specified circumstances. If we are unable to contractually terminate an agreement we may have to accept claims that are of a lower quality than what we intended to purchase, which could result in lower returns.

Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

As we increase our focus on certain business areas and move into new business areas, our operations will become increasingly complex.

In recent years we have increased our focus on certain business areas, such as SME loans, secured loans and RES, which involves the servicing, maintenance and sale of real estate on behalf of third-party clients or in relation to real estate that we own. We may also expand these operations into other jurisdictions. This will likely result in our operations becoming increasingly complex and we must maintain and increase our competence within these areas in order to remain competitive and profitable. For example, SME loans have different pricing and collection profiles, RES on behalf of third-party clients is connected with and exposed to real estate prices and secured loans have different risk and collection profiles than unsecured loans and receivables. Secured loans and RES on behalf of third-party clients require different competence and data capabilities in order to price, service and manage such portfolios efficiently. Our ability to properly price and collect on SME, secured and real estate loans and receivables may be adversely affected by our limited experience in these areas, when compared to our more in depth experience in unsecured loans and receivables, which could have a material adverse effect on our business, results of operations and financial condition.

Acquisitions or carve-out transactions may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively.

During the periods under review, we have made a number of substantial business acquisitions, including the Merger, the April 2018 agreement with Intesa to form a new joint venture, the December 2018 acquisition of properties from Ibercaja, which we hold with a co-investor, the April 2019 acquisition of Solvia from Banco Sabadell and the October 2019 acquisition of Piraeus Bank's Recovery Banking Unit, as well as carve-out transactions. The success of such acquisitions, strategic transactions and carve-out transactions is dependent upon, among others, appropriate due diligence, the negotiation of favorable terms and the eventual successful integration of the acquired businesses. It may take longer than anticipated to realize anticipated benefits from such acquisitions, carve-out transactions and other strategic transactions and there can be no assurances that we will be able to extract anticipated synergies or that such potential benefits will outweigh the associated costs. In addition, we may experience delays in integration processes. Further, acquisitions, carve-out transactions, and other strategic transactions may place additional constraints on our resources, including diverting the attention of our management from existing business operations to integration processes.

As part of the Merger, we were required by the EU Commission to divest certain of Lindorff and Intrum Justitia's businesses in Finland, Sweden, Denmark and Estonia and Norway respectively (the "**Divestment**"). As part of the sale of Lindorff's operations in Denmark, Estonia, Finland and Sweden as well as Intrum Justitia's historic operations in Norway (the "**Carve-out Business**") to the Lowell Group in March 2018 in accordance with the EU Commission's terms for permitting the Merger we were required to enter into three-year brand licensing agreements with the purchaser for the "**Lindorff**" brand in Finland, Sweden, Denmark and Estonia and the "**Intrum Justitia**" brand in Norway. Following the Divestment, we no longer control the use of such brands in the jurisdictions subject to the licensing agreements and cannot assure you that the licensee under such agreement will refrain from operating the Carve-out Business in a manner that would cause reputational damage to the Company. Any of the risks associated with our lack of control over such licensee, or their use of the Lindorff and

Intrum Justitia brands, could have a material adverse effect on our business, financial position and results of operations.

We have historically expanded through both external and organic growth and we may continue to grow by selectively identifying potential acquisitions of portfolios and businesses as well as carve-out opportunities with respect to collection units. If we do acquire other businesses or complete other carve-out transactions, we may not be able to successfully integrate these businesses and assets with our own and we may be unable to maintain our standards, controls and policies which may result in compliance issues, goodwill write-offs and damage to our reputation. For example, when integrating new businesses and collection units, we face costs and security risks due to the need to integrate the IT platform of the purchased company or carved-out operations into our existing IT platform. Additionally, if we purchase a large portfolio we may be unable to successfully integrate it into our existing operations, the successful integration of the portfolio may take longer than anticipated or the costs associated with successfully integrating it may be higher than anticipated. Further, we are subject to the risks associated with write-downs and impairments of goodwill in connection with acquisitions.

Our growth strategy includes opportunistically entering into new geographies or new business areas through selective acquisitions and carve-outs that we believe will complement and enhance our pan-European value proposition. For instance, in February 2017, we completed our acquisition of 1st Credit Limited and its subsidiaries, which we subsequently renamed Intrum UK Limited ("**Intrum UK**"), an acquisition which marked our re-establishment of operations in the United Kingdom market, in October 2017 we entered the Greek market by acquiring a debt portfolio from Eurobank and in July 2018 we expanded into Brazil when we acquired a majority shareholding position in the credit management company iPlatform. In addition, in October 2019, as part of the Piraeus Partnership, we acquired 80% of Piraeus Bank's Recovery Banking Unit in combination with a long-term non-performing exposures servicing agreement. Piraeus Bank owns the remaining 20% of the partnership company. Integrating recently acquired business and achieving the expected operational synergies will require the dedication of management resources that may temporarily divert attention from our day-to-day operations and we may face unforeseen challenges in operating within unfamiliar commercial, cultural and regulatory environments. For example, following the acquisition of the portfolio of receivables from Erste Bank Hungary, amendments to local legislation affected the process through which collections on assets may be achieved and we were required to adapt our expectations to account for this change accordingly. The failure to successfully integrate recently acquired business or to manage our entry into new geographies or business areas generally could have an adverse impact on our business, financial condition and results of operations.

There can be no assurances that we will be able to manage our growth effectively and that our infrastructure, facilities and personnel will be adequate to support our future operations or to effectively adapt to future growth. Any of these developments could lead to operational risks or have a material adverse effect on our business, results of operations and financial condition.

Joint ventures, business alliances or consortia arrangements present financial, legal, operational and/or compliance risks similar to those involved in acquisitions of control and may incur substantial indebtedness.

We are currently party to, and may in the future enter into further, joint ventures, business alliances or consortia to acquire assets or other types of investments (whether under instruments, participations or sub-participations, total return or pass-through contracts or any other similar arrangements) which could involve the same or similar risks and uncertainties as are involved in acquisitions of control. Moreover, to the extent we subsequently increase our level of participation in any of these joint ventures, business alliances or consortia, we may be required to pay deferred consideration. In connection with joint ventures, business alliances or consortia, we typically enter into partnerships or other forms of shareholder agreements that may restrict our ability to control or direct the actions of such joint ventures, business alliances or consortia. Any arrangement in which we do not fully control business operations has in the past presented, and may in the future present, greater financial, legal, operational and/or compliance risks. These arrangements may also impose restrictions on our ability to undertake certain activities that may compete with, or require us to offer the opportunity to undertake certain business activities to, such joint ventures, business alliances or consortia. In addition, certain of our existing joint ventures have, and any future joint ventures, business alliances or consortia may, incur substantial indebtedness which is only reflected on our balance sheet to the extent of our proportionate interest in such entity. As such, the Financial Statements do not, and in the future may not, present the full extent of such indebtedness as only net assets are reflected.

Certain of our joint venture arrangements and majority-owned subsidiaries include put options in favor of our joint venture partners and minority co-investors on pre-agreed terms. If such put options are exercised, we could be required to purchase joint venture partners' or minority co-investors' interests even if the value of the

interests is less than the purchase price. We may need to procure additional funding to meet such obligations and there can be no assurances that we will be able to incur such additional funding on favorable terms or at all.

Operational efficiency improvements from continued efficiency improvements programs may not materialize.

As part of our efforts to further increase our operational efficiency, and building on the successful completion of our Merger-related synergy program, we continue to identify and target strategic efficiency improvements and organizational transformation initiatives to positively impact our bottom-line earnings. These additional efficiency improvements may include activities such as prioritizing key IT projects, fully integrating newly acquired assets into our existing platform and streamlining daily operations and processes to ensure we benefit from the size and scale of our organization and deliver coordinated and seamless service to our clients. Our ability to realize operational efficiency improvements depends on a variety of factors including, among others, legal, regulatory and contractual restrictions. External factors beyond our control, such as systemic failures in our industry or the industry sectors of our clients and changes in fiscal and monetary policies, may impact our ability to realize such operational efficiency improvements. Estimates regarding the impact of our operational efficiency improvements are subject to a number of assumptions about the timing, execution and costs associated with realizing such operational efficiency improvements. There can be no assurance that such assumptions will turn out to be correct and, as a result, the amount and impact of operational efficiency improvements actually realized over time may differ significantly from any estimates. We may also incur significant costs in achieving such operational efficiency improvements, which may be higher than expected. In addition, to the extent we determine that actions required to be taken to achieve operational efficiency improvements could disrupt or otherwise harm the ongoing operation of our business, including by adversely impacting our revenues, or that the costs associated with realizing operational efficiency improvements outweigh the anticipated benefits, we may decide to take alternative actions or forego their achievement. Failure to achieve planned operational efficiency improvements may have a material adverse effect on our business, financial condition and results of operations.

Negative real estate market trends may have a negative impact on our business.

We have a number of real estate investments that are subject to real estate market terms that may impact both price and liquidity. The real estate market is cyclical and depends on a number of macroeconomic factors. In particular, market supply and demand are influenced by general conditions of the economy, interest rate variations, inflation trends, the tax and regulatory systems applicable and market liquidity. An imbalance in supply, such as the imbalance which occurred in Spain from 2008 to 2015, could have a significant impact on the fees we receive. In addition, conditions making it unfavorable for buyers to make REO purchases could result in lower recovery volumes and/or a prolonged period may pass before we are able to successfully recover loans. Purchasers of REOs are often dependent on financing and unfavorable market conditions may result in such financing becoming unavailable. In addition, certain of our clients have undertaken to extend credit to buyers of REOs from their portfolios, however, there is no guarantee that such financing will continue to be available to prospective buyers at acceptable terms, which could impede our ability to perform under our contracts. Any of the foregoing situations would delay and/or make it more difficult for us to recover debt or commercialize REOs and therefore may negatively affect this segment of our business operations.

We may not be able to successfully maintain, manage and develop our IT infrastructure platform or data analysis systems, anticipate, manage or adopt technological advances within our industry or prevent a breach or disruption of the security of our IT infrastructure platform and data analysis systems.

We rely on our IT infrastructure platform and data analysis systems. The importance of our IT infrastructure and data analytics to our business subjects us to inherent costs and risks associated with integrating, maintaining, upgrading, replacing and changing these systems, including impairment of our IT, substantial capital expenditures and demands on management time. For example, the purchase of existing collection operations through acquisitions or carve-out transactions in order to expand into a new country may force us to upgrade the IT platform and data analysis systems of the newly acquired operations to meet our standards, causing increased capital expenditures and demands on management time.

Information and telecommunications technologies are evolving rapidly and are characterized by short product life cycles. We may not be successful in anticipating, managing or adopting technological changes on a timely basis. We may not be successful in implementing improvements of our IT or data analysis systems, including reducing the number of our collection systems and improving operation efficiency through further IT development, which could result in additional costs. The cost of these improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of our business. We depend on having the capital resources necessary to invest in new technologies to purchase and service claims

and there can be no assurances that adequate capital resources will be available to us at the appropriate time. Furthermore, if we become unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions or any other reason, we may lose a significant competitive advantage.

Our operations could suffer from operational process capacity issues or other potential disruptions including, in particular, telecommunications or technology downtime or data center failures.

Our success depends on sophisticated telecommunications and computer equipment and software systems. In the normal course of business, we must record and process significant amounts of data quickly and accurately to access, maintain and expand the databases we use for our pricing and collection activities. We also use these systems to identify and contact large numbers of consumers and record results of our collection efforts. These systems could be interrupted by terrorist attacks, cyber-attacks or breaches, natural disasters, power losses, computer viruses or other similar events. Any failure of our systems, in particular failures which impact our backup and disaster recovery systems, would disrupt our operations and materially affect our business. Any temporary or permanent loss of our ability to use our telecommunications or computer equipment and software systems could disrupt our operations and have a material adverse effect on our financial condition, financial returns and results of operations.

Unauthorized disclosure of data, whether through cyber security breaches, computer viruses or otherwise, or illegal storage or use of customer data by us could expose us to liability, protracted and costly litigation, affect our operations, reduce our competitive advantage and damage our reputation.

We process sensitive personal consumer data and merchant customer data as part of our business and therefore must comply with strict data protection and privacy laws in the EU or other countries in which we operate or may operate. These laws and rules impose certain standards of protection and safeguarding on our ability to collect and use personal information relating to customers and end-consumers, and could make us liable in the event of a loss of control of such data or as a result of unauthorized third-party access. Instances of unauthorized data disclosure have occurred in the past and may continue to occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches and physical security breaches due to unauthorized personnel gaining physical access. We report instances of unauthorized data disclosure to the relevant authorities, as applicable, from time to time.

Any security breach in our IT infrastructure platform and data analysis systems or any temporary or permanent failure in these systems could cause significant disruptions to our operations. We may need to further enhance capabilities and resilience and we may be subject to future attempts to gain unauthorized access to confidential or sensitive information. Our websites could potentially suffer cyber-attacks that could disrupt our IT infrastructure platform, payment services platform and data analysis systems and impair our ability to provide online services. In addition, in the event of a catastrophic occurrence, our ability to protect our infrastructure and maintain ongoing operations could be significantly impaired. Our business continuity and disaster recovery plans may not be successful in mitigating the effects of a catastrophic occurrence, such as fire, flood, tornado, power loss or telecommunications failures for some or all of our IT infrastructure platform and data analysis systems. Any of these developments or any failure to remedy material weaknesses identified in our IT systems could hinder or prevent us from using our IT infrastructure platform or data analysis systems as part of our business and could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, any failure to adequately protect, monitor and control the use of our customer data could cause reputational harm and cause us to lose a competitive advantage. We rely on a combination of contractual provisions and confidentiality procedures to protect our customer data and our customer data is stored and protected in our IT infrastructure platform with access limitations. These measures afford only limited protection and competitors or others may gain access to our customer data. Our customer data could be subject to unauthorized use, misappropriation, or disclosure, despite having required our employees, consultants, debt collection partners and clients to enter into confidentiality agreements. There can be no assurances that such confidentiality agreements will not be breached or will be of sufficient duration and that adequate remedies will be available in the event of an unauthorized use or disclosure. Policing unauthorized use of such rights can be difficult and expensive and adequate remedies may not be available or available in an acceptable time frame. The loss of a competitive advantage due to competitors obtaining access to our customer data and any associated reputational harm from our failure to protect our customer data from unauthorized use could have a material adverse effect on our business, results of operations and financial condition.

Improper disclosure of our clients' sensitive data, customer data or a breach of data protection laws could negatively affect our business or reputation.

We collect, handle, process and retain large amounts of confidential or potentially sensitive information, including customers' names and account numbers, locations, contact information and other account specific data. Any security or privacy breaches of these databases could expose us to liability, increase our expenses relating to resolution of these breaches, harm our reputation and deter clients from conducting business with us. We rely on our data analysis system to record and process data quickly and accurately to access, maintain and expand the databases we use for our debt collection and for our analysis of potential debt purchases. Our ability to conduct our business, including our ability to price the purchase of portfolios, trace customers and develop tailored repayment plans, depends on our ability to use customer data in our data analysis system. Our ability to obtain, retain, share and otherwise process customer data is governed by data protection laws, privacy requirements and other regulatory restrictions, including, for example, laws requiring that personal data be collected only for specified, explicit and legitimate purposes and may only be processed in a manner consistent with these purposes. Further, the collected personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and processed and it must not be kept in a form that permits identification of customers for a period of time longer than necessary for the purpose of the collection.

It is possible that our security controls over personal customer data, training of employees and partners on data protection and other data protection practices may not prevent the improper collection, retention, disclosure or processing of such sensitive information or the breach of contract and applicable law, which may vary across the jurisdictions in which we operate. Any failure to collect, retain, use or process customer data in compliance with applicable law could result in the revocation of our license in the applicable jurisdiction, our licenses being made subject to more onerous or disadvantageous terms, monetary fines, criminal charges and breach of contractual arrangements.

The data protection laws in each of the countries in which we operate are extensive and our data collection systems may not be in compliance with such laws from time to time or we may not change or be able to change our data analysis systems to adapt to any changes in law in a timely manner. A significant violation of data protection laws could have a material adverse effect on our business, results of operations and financial condition.

We rely on publicly available data provided by third-party sources and an increase in the cost of, or a failure to receive, the available data could negatively affect our business.

We rely partly on publicly available data provided by multiple credit information suppliers and other sources in order to operate our business. Our business, along with the businesses of our competitors, could be negatively affected if any third-party sources were to stop providing this data for any reason, including a change in laws or regulations, or if they were to considerably raise the price of their services. Any of these developments could hinder or prevent us from using our data analysis as part of our business and could have a material adverse effect on our business, results of operations and financial condition.

Our senior management team is important to our continued success. Demand in our industry for personnel with the relevant capabilities and experience is high and the loss of, or negative publicity in connection with, one or more members of senior management could negatively affect our business.

Our future success partially depends on the skills, experience and efforts of our senior management and other key personnel and our ability to retain such members of the management team and other key employees. Our senior management possesses significant experience in the industry and our ability to retain their industry knowledge is a key driver of our success. The demand in our industry for personnel with the relevant capabilities and experience is high and our success in attracting and retaining employees is not guaranteed. There can be no assurances that we will be able to retain our executive officers and key personnel or attract additional qualified management in the future.

We are aware of an ongoing Danish criminal investigation regarding money laundering at Danske Bank's branch in Estonia which involves a large number of current and former employees at Danske Bank, including Mikael Ericson, our CEO. When our CEO took on the role as Head of International Banking at Danske Bank in March 2014, the problems regarding money laundering in Danske Bank's branch in Estonia were already known and his assignment included leading the closure of the related business in Estonia. The possible infringements involving our CEO do not entail money laundering, but rather are connected with possible shortcomings in the anti-money laundering screening routines during the time when the closure of Danske Bank's business in Estonia was ongoing. General shortcomings in the screening process are not punishable under Swedish criminal law. Our

CEO left Danske Bank in March 2016. Our CEO will continue to contribute to the criminal and regulatory investigations and be available to Danish and potentially Swedish authorities. Our board is fully aware of the ongoing investigation and has publicly confirmed our support of our CEO. While we do not currently anticipate any penalties will be imposed on him, there can, however, be no assurances that formal proceedings will not be brought in connection with this matter in Denmark, Estonia or elsewhere, including against our CEO. In addition, the investigation or any related proceedings may result in the diversion of our CEO's time.

The loss of the services of, or negative publicity in connection with, our senior management and other key personnel could seriously impair our ability to continue to purchase portfolios or collect on claims, to deliver on our strategies and to manage and expand our business, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to hire and retain enough sufficiently trained personnel to support our operations.

The debt collection industry is labor intensive and we compete for qualified personnel with companies in our industry and in other industries. There can be no assurances that we will be able to continue to hire, train and retain a sufficient number of qualified personnel or be flexible enough to react to changing market environments. Our growth requires that we continually hire and train new debt collectors. A higher turnover rate among our debt collectors would increase our recruiting and training costs and limit the number of experienced debt collection personnel available to service our and our clients' portfolios. If this were to occur, we would not be able to service such portfolios effectively and this would reduce our ability to continue our growth and to operate profitably. We also have a number of employees that possess critical knowledge about our IT infrastructure platform, data analysis systems and our debt purchasing operations and an inability to retain these employees could negatively impact our business. For example, if we were to lose the head of debt purchasing in any of the countries where we operate, we would need to shift resources from the Company-level to the applicable country-level and could experience a reduction in purchasing levels until we find a suitable, locally-based replacement. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Increases in labor costs, potential labor disputes and work stoppages could negatively affect our business.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. For the twelve months ended December 31, 2019, we had approximately 9,000 full-time employees including temporary employees. We currently have collective bargaining agreements in place with certain unions. If we are unable to maintain satisfactory employee relations, ensure the safety of our employees during the COVID-19 pandemic and maintain satisfactory labor agreements with our unionized employees and works councils, we could experience a disruption of our operations, which could impede our ability to provide services to our clients. In addition, an increased number of unionized employees could cause us to incur additional labor costs and increase the related risks we face. Any future labor disputes could disrupt our operations. Further, an increased demand for our employees from competitors could increase costs associated with employee compensation. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Litigation, investigations and proceedings may negatively affect our business.

We may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings now pending or that may be instituted in the future or from investigations by regulatory bodies or administrative agencies. Tax audits are regularly performed in most of the jurisdictions where we operate and we are currently party to a number of ordinary tax audits. Depending on the outcome of such tax litigations, audits and investigations, tax authorities may launch tax audits or investigations relating to subsequent periods. We may become subject to claims and a number of judicial and administrative proceedings considered normal in the course of our operations, including consumer credit disputes with customers, labor disputes, contract disputes, intellectual property disputes, government audits and proceedings, client disputes and tort claims. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures on our part and we may ultimately incur costs relating to these proceedings that exceed our present or future financial accruals or insurance coverage. Even if we or our directors, officers and employees, as applicable, are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage our reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on our business, results of operations and financial condition. For further details regarding material legal and administrative proceedings to which we are currently party, see "*Business—Legal and Administrative Proceedings*."

We depend on certain third parties as part of the supply chain to provide our services.

Our business is dependent on a number of key relationships with third parties as part of the supply chain to provide our services. We outsource certain IT functions, and the success of this depends on our ability to organize the outsourcing effectively and to share certain data with such third parties. We also rely on third-party partners to collect on claims located outside of the geographic markets in which we have local debt collection operations. The third parties that we engage to carry out such international debt collection services are subject to more limited supervision by us than our own local operations, which may make us subject to additional risks in relation to these services, such as potential non-compliance and business integrity issues which could significantly harm our reputation. We also contract field collectors to carry out debt collection on our behalf and some of our entities also outsource their amicable collection services to call centers, some of which are located in countries in which we do not otherwise have operations. Additionally, we typically utilize bailiffs to assist with seizure of property, garnishments and other court ordered solutions and to enforce certain successfully resolved legal claims. There can be no assurances that we will successfully eliminate the risk that a third party or bailiff may act outside of the applicable frameworks or our own policies and procedures. Our reputation and relationships with our clients could be adversely affected if these bailiffs do not act in accordance with applicable legal frameworks.

If any of these third-party providers do not meet the agreed service levels, or if there were to be any breach in the data protection of any of these third-party providers who may have access to the confidential information of our clients, this could adversely affect our reputation and our relationships with our clients. Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition or potentially lead to administrative fines or sanctions.

Our effective tax rate may increase.

As a multinational company, we are subject to taxation in numerous foreign jurisdictions. Our effective tax rate is subject to fluctuation from one period to the next because the income tax rates for each year are a function of many factors, including: (i) taxable income levels and the effects of a mix of profits (losses) earned by the Company in numerous tax jurisdictions with a broad range of income tax rates; (ii) our ability to utilize deferred tax assets; (iii) taxes, refunds, interest or penalties resulting from tax audits; (iv) the magnitude of various credits and deductions as a percentage of total taxable income; and (v) changes in tax laws, the interpretation of such tax laws or changes to national corporate income tax rates, including with respect to interest deductibility on intragroup loans. Changes in the mix of these items may cause our effective tax rate to fluctuate between periods, which could have a material adverse effect on our business, results of operations and financial condition.

Tax structuring within international groups has increasingly become a corporate social responsibility issue and there is currently strong political pressure to change the international tax environment. In 2015, the Organization for Economic Co-operation and Development (the "**OECD**") released various reports under its Base Erosion and Profit Shifting ("**BEPS**") action plan to reform international tax systems and prevent tax avoidance and aggressive tax planning. These actions aim to standardize and modernize global corporate tax policy, including cross-border taxes, transfer-pricing documentation rules and nexus-based tax incentive practices. The reports have a very broad scope including, but not limited to, neutralizing the effects of hybrid mismatch arrangements, limiting base erosion involving interest deductions and other financial payments, countering harmful tax practices, preventing the granting of treaty benefits in inappropriate circumstances and imposing mandatory disclosure rules. It is the responsibility of OECD members to consider how the BEPS recommendations should be reflected in their national legislation. In light of the BEPS action plan, launched by the OECD and supported by the EU, and its rapid development, there are indications that there is support for global tax coordination among jurisdictions which could have a significant impact on the international taxation landscape in which we operate.

Our tax expenses may increase due to ongoing and future tax audits and certain potential changes in current taxation rules.

We operate in 25 countries. The business, including the implementation of transactions between entities within the Group, is conducted in accordance with our interpretation and understanding of current tax legislation, tax treaties and other provisions, case law and claims from tax authorities. However, there is a risk that our interpretation and application of tax rules, treaties and other regulations and requirements have not been or will not continue to be completely accurate in all respects. There is also a risk that the tax authorities in the countries concerned will issue decisions that deviate from our interpretation. Changes in tax law or practice could result in financial losses or increased expenses for the Company.

In relation to corporate income tax, the Company, as a multinational group with several types of transactions occurring between legal entities in different jurisdictions, must comply with the OECD requirements regarding transfer pricing and transfer pricing documentation, as well as with new legislation being implemented as a result of the BEPS framework. BEPS refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. These rules may, in practice and under certain circumstances, result in double taxation of income or in costs being non-deductible.

In relation to value-added tax ("**VAT**"), the application of, exemption from, or refund of VAT varies according to both the jurisdiction in which the service is being provided and the nature of the service itself. Financial services, including the portfolio investments component of the Company's Portfolio Investments segment, are treated in many jurisdictions as tax-exempt or receive exceptional tax treatment. This may result in different interpretations regarding the possibility to recover input VAT charged to the Company by external and internal suppliers. The treatment of VAT claims included in receivables purchased from external parties also varies between the jurisdictions. For example, in the Netherlands, a VAT receivable may be included when purchasing overdue receivables. The VAT portion of the receivable can be recovered from the tax authorities if it is not collected from the customer. Similar regulations also apply for Norwegian VAT purposes. In Sweden, the Supreme Court issued a judgment in December 2016 regarding a claim against a private individual that had been acquired by a financial company. The claim had originally arisen through the sale of goods to a company that was subsequently declared bankrupt, and where the private individual liable for the claim had been a member of the board of directors. The Supreme Court held that the private individual was not liable for the portion of the claim relating to VAT, as the company that originally sold the goods had recovered the VAT from the Swedish Tax Agency. We are currently assessing the judgment to consider whether this could have any impact on our portfolio investments operations. Changes in fiscal regulations or the interpretation of tax laws, and any consequent VAT payments, particularly given that a systematic error could cause a rapid build-up of large amounts, may have a material adverse effect on our business.

Recent and future changes in Swedish tax legislation could affect our tax position.

Sweden has, like several other countries where we operate, rules relating to tax deduction of net interest costs. These rules contain, *inter alia*, a general limitation of interest deductions in the corporate sector where the cap for a deduction of net interest expenses is calculated as 30% of tax EBITDA, with certain exceptions. The rules apply to financial years beginning after December 31, 2018. If the Company or its Swedish subsidiaries' net interest expenses represent a substantial portion in relation to its tax EBITDA, or if any other additional restriction on the deductibility of interest expenses is introduced in Sweden, the Group's tax burden could increase, and this could have a material adverse effect on our business, results of operations and financial condition.

Sweden also has tax legislation regulating taxation of income from foreign controlled companies ("**CFC**") in low tax jurisdictions. On January 1, 2019 amended Swedish CFC-legislation entered into force, generally broadening the applicability of the rules. The amendments have been undertaken in order to comply with the EU anti-tax avoidance directive (EU 2016/1164). The new and stricter rules include, *inter alia*, a lowered threshold for the qualifying interest stake in companies covered by the CFC-legislation, and a wider scope of companies considered subject to CFC-taxation. Within the EU/EEA entities in several jurisdictions, including *inter alia* Malta and corporations acting within the banking, finance, and insurance industry in several member states may, as a result of the amended legislation, be subject to the Swedish CFC-legislation. If the Company directly or indirectly holds participations in foreign companies qualifying for CFC-taxation, the Group's tax burden could increase, and this could have a material adverse effect on our business, results of operations and financial condition.

Restrictions on limitations on interest, including due to recent changes in Norwegian tax law, could limit or prevent us from applying tax deductions arising from certain loans and future changes in tax law, regulations or their application may impact our tax liability, possibly with retroactive effect.

Most jurisdictions in which we operate also impose rules concerning limitations on interest which could imply limitations on the rights to deduct interest for our subsidiaries operating in those jurisdictions.

In Norway specifically, under the new rules introduced with effect on January 1, 2019, interest deductions on all loans are limited to 25% of a specifically defined profit ("**taxable EBITDA**") for companies with tax liability to Norway that are deemed part of a group. The right to deduct interest is, however, not limited if the total net interest costs of the group companies with tax liability to Norway (independently or combined) are NOK 25 million or lower. The borrower may nevertheless maintain a right to deduct all interest expenses if the equity ratio of the Norwegian borrower or alternatively the average of all Norwegian entities in the group

(provided that they deliver a consolidated balance that includes all group companies subject to Norwegian taxes), is equal to or higher than the equity ratio for the group globally (subject to a safety margin). The calculation of the equity ratio is based on the situation at the year-end prior to the income year, *i.e.* the equity ratio for 2020 is based on the balance sheet as of December 31, 2019.

For companies that are not deemed part of a group, limitation on interest deduction rules may apply with regard to loans granted from certain related parties if the net interest paid on such a loan exceeds NOK 5 million. Under the interest limitation rules, the intercompany lender (if taxable in Norway) will be taxed for its interest income even though the borrower's right to deduct interest costs will be limited under the rule. The interest limitation rules also contain provisions under which external loans may in this respect in certain situations be regarded as internal loans. For example, where a parent company has provided a guarantee for its subsidiary's debt. The subsidiary's external loan will then be reclassified as an internal loan subject to the rules concerning limitations on interest deductions.

Our loans to applicable Norwegian subsidiaries are limited and interest limitation rules therefore have a limited impact on our current structure.

The Norwegian Ministry of Finance issued a consultation paper regarding the introduction of new rules relating to withholding tax on interests and royalties on February 27, 2020. Pursuant to the proposal presented in the consultation paper, interests and royalties that are paid from an entity with full or limited tax liability to Norway to a recipient that is a tax resident outside of Norway, shall be subject to 15% withholding tax to the extent the recipient is a related party to the payor. A 50% ownership would be sufficient to constitute a related party relationship in this respect. Additionally, for this withholding tax to apply, the recipient must be a tax resident in a low-tax jurisdiction, which is defined as a jurisdiction that has an effective tax rate that is less than two thirds of the effective Norwegian tax rate on similar income.

Recipients that are genuinely established within the European Economic Area and conduct real economic activity there may elect an alternative net taxation method, implying that instead of withholding tax on the gross amount interest received, corporate income tax (currently at a rate of 22%) may be applied on the basis of the received amount less deduction of costs borne by the recipient which are directly associated with the current loan arrangement.

The new rules are proposed to come into effect from January 1, 2021.

Many tax treaties limit Norway's ability to impose withholding tax on interest. A withholding tax will however, if implemented, take full effect in relation to states which Norway does not have a tax treaty.

Spanish tax legislation may restrict the deductibility, for Spanish tax purposes, of all or a portion of the interest on our indebtedness, thus it may reduce the cash flow available to service our indebtedness.

Like many jurisdictions where we operate, Spanish Corporate Income Tax Law also contains a general limitation on the deductibility of certain net financial expenses incurred by a Spanish Corporate Income taxpayer (or by a Corporate Income Tax consolidated group to which such entity belongs) exceeding 30% of its annual operating profit (defined as EBITDA subject to certain adjustments), with €1 million being deductible in any case. Deductible interest after the application of the aforementioned limitations will be referred hereto as the "**Maximum Deductible Amount.**" The apportionment of non-deducted interest in a given fiscal year, may be deducted in the following fiscal years, subject to the Maximum Deductible Amount in each subsequent fiscal year. If the amount of net financial expenses in a given fiscal year is below the Maximum Deductible Amount, the difference between the net financial expenses deducted in that year and the Maximum Deductible Amount may increase such Maximum Deductible Amount in the immediate subsequent five years.

We have financed several acquisitions of companies and portfolios in Spain with internal group loans. In these situations the debt capacity is always considered and non-deductible interests costs from one year are typically carried forward and used in later years, if applicable.

The impact of the above rules on our ability to deduct interest paid on indebtedness could increase our tax burden and therefore negatively impact our cash-flows, financial condition and operating results and, potentially, our ability to serve our indebtedness.

We may experience volatility in our reported financial results due to the revaluation of our purchased portfolios and the timing of portfolio purchases during the financial year.

Our purchased portfolios are recorded at purchase cost at the time of their purchase and thereafter held at amortized cost through profit and loss. The performance of our portfolios is tested regularly. Any revaluation is charged through the profit and loss account as an adjustment to revenues. Accordingly, the value of our purchased portfolios as recorded on our statement of financial position and our revenues in our income statement may fluctuate each time we reassess forecasted cash flows.

Our forecasted cash flows are based on a number of assumptions. Forecasts are generated by applying historically observed decay rates to the actual gross collections achieved in recent months and also accounting for macroeconomic conditions and operational improvements, among other things. These historically observed decay rates are linked to the underlying collection fundamentals applicable at the time, including, among others, general economic conditions, the collections strategy, collections legislation and customer behavior. Any changes to these assumptions could result in revaluations which change the value of the portfolios on our consolidated statement of financial position and lead to the inclusion of a revaluation in our consolidated profit and loss account. While revaluations are non-cash movements, they are derived from the actual collections achieved in each individual portfolio and so affect revenue and cost of sales as a percentage of revenue. This subsequently impacts other profit and loss account line items, including gross profit, operating profit and the amount of tax on ordinary activities and can also impact our cash outflows for tax payments.

There is generally a gap between the point in time when we purchase a portfolio and the point in time when we begin earning returns on the purchased portfolio as we do not always have control over when an agreement to purchase a portfolio will come into force and we need to then locate customers, build a consolidated profile of each such customer's circumstances and formulate an appropriate repayment solution before we can start to collect on a purchased portfolio. As a result, we may experience uneven cash flows and delays in generating income from purchased portfolios. Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

We may be forced to sell portfolio investments at prices below those we initially paid for them.

We may be forced to sell our portfolio investments at prices lower than those we initially paid for them, for example, in order to provide short-term liquidity or other funding requirements or due to regulatory requirements. This may prevent us from reinvesting in portfolio investments that will provide sufficiently attractive returns to compensate for any shortfall, which could have a material adverse effect on our business, results of operations and financial condition.

Our collections may decrease or the timing of collections may be delayed if the number of consumers becoming subject to personal insolvency procedures increases.

We recover on claims that may become subject to insolvency procedures under applicable laws and we also purchase portfolios containing claims that are currently subject to insolvency proceedings. Various economic trends and potential changes to existing legislation, including as a result of the COVID-19 pandemic or general efforts to harmonize insolvency regimes across the EU and including in the United Kingdom as a result of the Corporate Insolvency and Governance Bill, may contribute to an increase in the number of consumers subject to personal insolvency procedures. Under some insolvency procedures, a person's assets may be sold to repay creditors. While we have recently increased our focus on secured NPLs so that we may be in a position to collect on such portfolios under insolvency procedures, the majority of portfolios that we service are unsecured which means that we are generally unable to collect on such portfolios under insolvency procedures involving the sale of a person's assets. Therefore, our ability to successfully collect on portfolios may decline or the timing on when we collect on portfolios may be delayed if there is an increase in personal insolvency procedures, which could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to obtain account documents for some of the portfolios that we purchase or we may purchase portfolios that contain accounts that are not eligible to be collected and this may affect our ability to operate the portfolio according to the business plan envisaged when purchasing the portfolio.

When we commence enforcement actions through legal proceedings, courts may require a copy of the account statements or applications to be attached to the pleadings in order to obtain a judgment against a particular customer. Where we are unable to produce account documents in response to a customer's request, that account would be legally unenforceable. Furthermore, if any of the account documents we do have were found to be legally

unenforceable, courts may deny our claims. Any changes to laws, regulations or rules that affect the manner in which we initiate enforcement proceedings, including rules affecting documentation, could result in increased administration costs or limit the availability of litigation as a collection tool, which could have a material adverse effect on our business and results of operations. Additionally, our ability to collect by means other than legal proceedings may be impacted by laws that require that certain types of account documentation be in our possession prior to the institution of any collection activities.

In the normal course of our debt portfolio purchases, and in the management of any forward flow agreements that we may enter into from time to time, some individual accounts may be included in the portfolios that fail to conform to the terms of the purchase contracts, or the legal existence of the debt may be in doubt due to lack of documentation either at the time the debt was incurred or at discharge. Accounts that would be eligible for recourse if discovered in a timely fashion, but that we do not discover in time for such recourse, are likely to yield no return.

If we purchase debt portfolios containing a sufficient number of accounts that do not conform to the terms of the purchase contracts or containing a sufficient number of accounts that are otherwise uncontrollable or unenforceable, we may be unable to recover an amount sufficient to make the portfolio purchase profitable or to recover anything at all. This could lead to adverse accounting and financial consequences, such as the need to make substantial provisions against the acquired assets or write down acquired assets.

Any of the foregoing could materially and adversely affect our financial condition, financial returns and results of operations.

We are exposed to the risk of currency fluctuations.

We have local operations in 25 countries. The results of operations and the financial position of our subsidiaries are reported in the relevant local currencies and then translated into Swedish kronor at the applicable exchange rates for inclusion in our consolidated financial statements, which are stated in Swedish kronor. For the year ended December 31, 2019, 94.1% of our revenue was reported by entities whose functional currencies were different than Swedish kronor, primarily the euro and Norwegian krone, which accounted for 61.1% and 9.9%, respectively, of our revenue in 2019. The exchange rates between some of these currencies and the Swedish kronor and the euro, respectively, in recent years have fluctuated significantly and our local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect our financial results in ways unrelated to our operations. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

We may not be successful in achieving our strategic plans and ambitions.

We may not be successful in developing and implementing our strategic plans and ambitions See "**Business—Our Strategies.**" If the development or implementation of such plans is not successful we may not produce the revenue, margins, earnings or synergies that we need to be successful and to offset the impact of adverse economic conditions that exist currently or may develop in the future. We may also face delays or difficulties in implementing process and system improvements, which could adversely affect our ability to successfully compete in the markets we serve. In addition, the costs associated with implementing such plans may exceed anticipated amounts and we may not have sufficient financial resources to fund all of the desired or necessary investments required in connection with our plans, including one-time costs associated with our business consolidation and operating improvement plans. These factors could prevent us or delay the achievement of our financial targets, including any deleveraging.

As part of our growth strategy, we seek acquisition opportunities and invest significant resources in making acquisition bids, which we may not win, or in entering into partnership agreements. Even if we do enter into binding acquisition or partnership agreements, the consummation of such acquisition or partnership agreements may be subject to various conditions, including regulatory approvals, which may not be achieved. We may not recover allocated resources, costs or expenses associated with failed bids, which could adversely impact our liquidity and cash flows. The existing and future execution of our strategic and operating plans will, to some extent, also be dependent on external factors that we cannot control such as legislative changes, systemic failures in our industry or the industry sectors of our clients and changes in fiscal and monetary policies. In addition, these strategic and operational plans need to be continually reassessed to meet the challenges and needs of our businesses in order for us to remain competitive. The failure to implement and execute our strategic and operating plans in a timely manner or at all, to realize the cost savings or other benefits or improvements associated with

such plans, to have the financial resources necessary to fund the costs associated with such plans or to incur costs in excess of anticipated amounts or to sufficiently assess and reassess these plans could have a material adverse effect on our business, results of operations and financial condition.

Our risk management procedures may fail to identify or anticipate future risks.

We continually review our risk management policies and procedures and will continue to do so in the future. Although we believe that our risk management procedures are adequate, many of our methods of managing risk and exposures are based upon observed historical market behavior and statistic-based historical models. As a result, these methods may not accurately predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, debt originators, debt collection agencies, customers or other matters that are publicly available or otherwise accessible to us. In certain countries, we rely on intermediaries such as debt collection agencies and we may be held liable for the acts of intermediaries if we cannot demonstrate that we have adequate procedures in place to prevent risks such as bribery. For example, debt originators typically require us to assume responsibility for the acts of their respective third-party intermediaries in relation to ongoing compliance matters. Further, we track employee misconduct and have policies and procedures in place to minimize its impact, but these procedures may not prove sufficient to prevent, for example, employee fraud among other adverse impacts. Failure to develop, implement, monitor and, when necessary, preemptively upgrade our risk management policies and procedures, or the perceived failure of any of the above, could give rise to reputational issues for both us and any associated debt originators and may result in breaches of contractual obligations for which we may incur substantial losses and face removal from debt originators' purchasing panels. Risks that we fail to anticipate or adequately address could have a material adverse effect on our business, prospects, results of operations and financial condition.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

Our consolidated total assets as of June 30, 2020 were SEK 84,837 million, of which SEK 39,330 million were intangible. Intangible assets primarily include IT systems, goodwill, customer relationships and trade names. While we believe that the carrying values of our intangible assets are recoverable, you should not assume that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business. Further, the Merger, other recent acquisitions and any future acquisitions expose us to the risks associated with write-downs and impairments to goodwill. We encourage you to read the Financial Statements carefully as they provide more detailed information about these intangible assets.

A material failure in banking systems could negatively affect our business.

We depend on banking systems to execute payment transactions in connection with our business. A systematic shutdown of the banking industry would impede our ability to process funds on behalf of clients and to collect on claims. As such, any material failure in banking systems could have a material adverse effect on our business, results of operations and financial condition.

Risks related to our financial profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes. We may incur more debt in the future, including debt in connection with future acquisitions, which may make it more difficult for us to service our debt, including the Notes, and impair our ability to operate our business.

After the consummation of the Transactions, we will have a significant amount of outstanding debt with substantial debt service requirements. As of June 30, 2020, and as adjusted to give effect to the Transactions and the 2020 MTN Redemption as if they had occurred on June 30, 2020, our total funded debt would have been SEK 52,175 million. See "*Capitalization***.**" In addition, the Revolving Credit Facility provides for borrowings up to an aggregate of €1,800 million, of which €921 million was available for drawing as of June 30, 2020. Under the Revolving Credit Facility, we are able to draw an amount equal to up to 35% of ERC for the previous 84 months. The Backstop Revolving Credit Facility provides for borrowings up to an aggregate of SEK 2,000 million (€191 million equivalent).

Our significant leverage could have important consequences for our business and operations and for holders of the Notes, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes and our other debts and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, including as a result of global economic and social instability in connection with COVID-19 or other global economic or social destabilizing events;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a disadvantage to our competitors to the extent that they are not as highly leveraged;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and
- making it difficult for us to comply with regulatory capital requirements.

In addition, we may incur additional debt in the future. Although the Indenture will contain restrictions on the incurrence of additional debt, these restrictions will be subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Some of the debt we may incur in the future could be structurally senior to the Notes or may be secured by collateral that does not secure the Notes. In addition, the Indenture will not prevent us from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

Moreover, subject to compliance with the restrictive debt covenant in the indenture, we may issue an unlimited amount of additional notes under the Indenture, including additional notes constituting a different series from the Notes. Such additional notes will be treated as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters that are not specifically distinguished for any applicable series which could dilute your ability to trigger an Event of Default or accelerate and your vote with respect to amendments requiring noteholder consent.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations including the Notes. Our ability to make payments on and refinance our debt and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. Therefore, we may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or to fund our future acquisitions or other working capital expenditures. For a discussion of our cash flows and liquidity after giving effect to the Transactions, see "*Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

Any inability to comply with the terms of our existing debt or to refinance existing debt as it comes due and payable or any increase in interest rate levels may have a negative effect on our financial condition.

As of June 30, 2020, as adjusted for the Transactions and the 2020 MTN Redemption as if they had occurred on June 30, 2020, our total funded debt under our various debt arrangements would have been SEK 52,175 million. Our various debt arrangements require us to dedicate a portion of our cash flow to service interest and to make principal repayments. Furthermore, we are subject to certain restrictive covenants under our debt arrangements, which may limit our ability to engage in other transactions or otherwise place us at a

competitive disadvantage to our competitors that have less debt or less restrictive covenants. In addition, non-compliance with the terms of our debt arrangements could have a negative effect on our business. Further, certain of our debt arrangements are subject to floating interest rates and our finance cost will accordingly be affected by an increase in interest rate levels. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. The restrictive debt covenants are subject to significant exceptions, including the ability to pay dividends and make share repurchases and investments.

The Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement, the Existing Notes Indentures and the Intercreditor Agreement restrict, and, the Indenture will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, redeem or repurchase our capital stock;
- make certain restricted payments (including dividends and distribution with respect to shares of the Issuer) and investments;
- prepay or redeem subordinated debt or equity;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or other payments to us;
- transfer, lease or sell assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- amend certain documents.

All of these limitations will be subject to significant exceptions and qualifications, including the ability to pay dividends, make share repurchases and investments and repay certain debt other than the Notes or make certain investments or expenditures with the proceeds of an asset sale. See "*Description of Other Indebtedness***.**" The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we are subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement. In particular, the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement require us to maintain a specified financial ratio. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of those covenants, ratios or restrictions could result in an event of default under the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Revolving Credit Facility and the Backstop Revolving Credit Facility and elect to declare all amounts outstanding under the Revolving Credit Facility and the Backstop Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Existing Notes Indenture and the Indenture. If our creditors, including the creditors under the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility Agreement, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable the Issuer to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

We will require a significant amount of cash to meet our obligations under our indebtedness agreements, a substantial amount of which will mature prior to the Notes, and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, a substantial amount of which will mature prior to the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors discussed in these "*Risk Factors*," many of which are beyond our control. As of June 30, 2020, we had SEK 52,577 million (€5,017 million equivalent) of third-party debt outstanding of which the Existing MTNs, the 2023 Private Placement Notes, the 2022 Notes, the 2024 Notes and the 2025 Notes will mature prior to the Notes. In addition, as of June 30, 2020, €921 million was available to be drawn under the Revolving Credit Facility and SEK 2,000 million (€191 million equivalent) under the Backstop Revolving Credit Facility. See "*Description of Other Indebtedness*." At the maturity of such indebtedness (including the Notes) or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance such indebtedness. Our ability to refinance our indebtedness on favorable terms, if at all, will depend in part on our financial condition at the time of any contemplated refinancing. To the extent we are unable to access the capital, we may be forced to modify our financing strategy or bear an unattractive additional cost of capital, including through higher interest rates or more onerous financial and other covenants than our current indebtedness which could decrease our profitability and reduce our financial and operational flexibility. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to sell assets or raise additional equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the then prevailing conditions in the financial markets. We cannot assure you that we will be able to refinance our indebtedness as it comes due on commercially acceptable terms, if at all, and in connection with the refinancing of our indebtedness, or otherwise, we may seek additional refinancing, dispose of certain assets, reduce or delay capital investments, or seek to raise additional capital. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of the agreements governing our existing indebtedness, including, among others, the Revolving Credit Facility Agreement the Backstop Revolving Credit Facility Agreement, the Existing Notes Indentures and the Indenture, may limit our ability to pursue any of these measures.

Certain of our debt instruments bear interest at floating rates that could rise significantly, increasing our interest expenses and reducing cash flows, and changes in any of the applicable IBOR calculation processes may adversely affect our finance cost.

A substantial portion of our indebtedness, including the Existing MTNs and borrowings under the Revolving Credit Facility and the Backstop Revolving Credit Facility Agreement, will bear interest at per annum rates equal to applicable IBOR, adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering the Issuer's ability to make payments on the Notes.

Following allegations of manipulation of LIBOR, STIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. Changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or STIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or STIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

Our hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

We are party to currency interest rate swaps and we may enter into additional interest hedging agreements to hedge our exposure to fluctuations in interest rates. We may also enter into foreign currency hedging arrangements to hedge our exposure to foreign currency fluctuations. Under any such agreements, we are exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss.

Risks related to the Notes

The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes.

The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. The Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. We intend to provide funds to the Issuer in order to meet the obligations on the Notes through a combination of dividends and interest payments on intercompany loans. The obligations under intercompany loans will be junior obligations and will be subordinated in right of payment to all existing and future indebtedness of the Issuer or the relevant subsidiary, including obligations under, or guarantees of obligations under, the Revolving Credit Facility and the Backstop Revolving Credit Facility.

The amounts of dividends and distributions available to the Issuer will depend on the profitability and cash flow of its subsidiaries and the ability of those subsidiaries to issue dividends under applicable law. The subsidiaries of the Issuer, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer to make payments in respect of its indebtedness, including the Notes. Various agreements governing our debt may restrict, and in some cases, may actually prevent the ability of the subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation.

Claims of the secured creditors of the Issuer, such as lenders under the Revolving Credit Facility, the Backstop Revolving Credit Facility, the 2023 Private Placement Notes and certain hedging agreements will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes will not be secured by any of the Issuer's or its subsidiaries' assets. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer at a time when it has secured obligations, holders of secured indebtedness, including lenders under the Revolving Credit Facility, the Backstop Revolving Credit Facility, the 2023 Private Placement Notes and certain hedging arrangements, will have priority claims to the assets of the Issuer that constitute their collateral (other than to the extent such assets in the future also secure the Notes on an equal and ratable or priority basis). The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer, and potentially with all its other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer. The claims of holders of the Notes and other unsecured creditors will also depend on whether there is any value left in the bankruptcy estate besides any secured assets. If any of the secured indebtedness of the Issuer becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, our assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness of the Issuer and may not be able to recover the full or any amount of their investment in the Notes. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

As of June 30, 2020, after giving *pro forma* effect to the Transactions and the 2020 MTN Redemption as if they had occurred on June 30, 2020, we would have had total funded debt of SEK 52,175 million outstanding, including SEK 9,226 million of secured indebtedness (representing amounts outstanding under the Revolving Credit Facility and the 2023 Private Placement Notes and excluding hedging obligations). In addition, an additional €921 million is available to be drawn under the Revolving Credit Facility and SEK 2,000 million (€191 million equivalent) under the Backstop Revolving Credit Facility. See "*Description of Other Indebtedness*" and "*Capitalization***.**"

The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Notes.

None of our subsidiaries will guarantee or have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, claims of creditors of a subsidiary, including lenders under the Revolving Credit Facility Agreement and the Backstop Revolving Credit Facility, certain hedge providers, trade creditors, and claims of preference shareholders, if any, of the subsidiary will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including, in the case of the Issuer, by holders of the Notes. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. The creditors of the Issuer, including the holders of the Notes, will have no right to proceed against the assets of such subsidiary. As such, the Notes will be structurally subordinated to the creditors, including trade creditors, and preference shareholders, if any, of our subsidiaries. The Indenture will provide that, in the event that the Existing MTNs and certain Eligible MTN Replacement Indebtedness shall have been repaid in full, then, subject to certain exceptions, the Issuer will be required to cause certain of its subsidiaries that guarantee indebtedness under the Revolving Credit Facility Agreement to guarantee the Notes; however, this covenant will be subject to a number of exceptions and limitations including, amongst others, if there are any existing contractual obligations that prohibit such guarantees. The 2023 Private Placement Notes and the Existing Commercial Paper Program currently prohibit the provision of such guarantees and therefore the Issuer will not be under an obligation to cause any of its subsidiaries to guarantee the Notes until such indebtedness is refinanced and such refinancing indebtedness does not include a similar restriction. Further, the Revolving Credit Facility Agreement provides that if the Existing MTNs and Eligible MTN Replacement Indebtedness shall have been repaid in full, then all of the guarantees provided under the Revolving Credit Facility Agreement (other than by the Issuer) will be terminated, making it even more unlikely that the Notes will benefit from any subsidiary guarantee in the future. As a result, there can be no assurance that such subsidiaries will guarantee the Notes in a timely manner after any such repayment, or at all, and you should not rely on such potential guarantees as a basis of your investment decision. In the event any subsidiaries of the Issuer guarantee the Notes in the future, such guarantee will be limited to the maximum amount that can be guaranteed by the relevant guarantor, without rendering the relevant guarantee voidable or otherwise ineffective under applicable law or without resulting in a breach of any applicable law, and enforcement of each guarantee would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. See "*Description of the Notes—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries; future guarantors.*"

The Intercreditor Agreement provides that in certain circumstances payments in respect of the Notes may be blocked.

The Intercreditor Agreement contains significant restrictions with respect to payments of the Notes. Subject to certain limitations, if there is a payment default under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility, senior debt documents or the Indenture, or if a senior payment stop notice is issued following a non-payment event of default under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility, senior debt documents or the Indenture, then payments under the Notes will not be permitted to be made unless the payment is funded directly or indirectly with amounts which have not been received from the Issuer or its restricted subsidiaries. In some circumstances, for instance where payments were received on the Notes in breach of the Intercreditor Agreement, holders would be required to turn over such payments to the Security Agent for redistribution. In addition, although the holders of the Notes are generally entitled to enforce their claims against the Issuer pursuant to the terms of the Indenture, nevertheless the Intercreditor Agreement places limits on enforcement to the extent it would prejudice the enforcement by senior creditors of their security granted by the Issuer. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

The insolvency laws of Sweden and other jurisdictions may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer is incorporated under the laws of Sweden. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Sweden or another relevant jurisdiction. The bankruptcy, insolvency, administrative and other laws of Sweden may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain

post-petition interest and duration of the proceeding. The application of Swedish laws or laws of another relevant jurisdiction, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes in those jurisdictions, limit any amounts that you may receive or otherwise result in a less favorable outcome.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a "change of control," the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement, the Existing Notes Indentures, the Intercreditor Agreement or our other existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, acceleration of, or an obligation to mandatorily prepay the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement and/or other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow them to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. If an event constituting a change of control occurs at a time when the Issuer is prohibited from repurchasing the Notes by the terms of its indebtedness (or the Issuer's subsidiaries are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes), we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained or such refinancing is not possible, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement, the Backstop Revolving Credit Facility Agreement, the Existing Notes Indentures and certain other indebtedness. See "*Description of the Notes—Change of control*."

In certain circumstances, a Change of Control Offer will not be required to be made.

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "**Change of Control**" as defined in the Indenture. Except as described under "*Description of the Notes—Change of control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "**Change of Control**" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's and its restricted subsidiaries' assets taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

In the event that the Notes are redeemed early in accordance with the optional redemption provisions contained in the Indenture and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes. See "*Description of the Notes—Optional Redemption.*"

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and we are not obliged to register the Notes under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. See "*Transfer Restrictions.*" We have not agreed to or otherwise undertaken to register the Notes and we do not have any intention to do so.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes are in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests, which may occur only in very limited circumstances, owners of book-entry interests will not be considered owners or holders of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the applicable Notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to Citibank, N.A., London Branch as principal paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment by the Principal Paying Agent to Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the relevant Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form.*"

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes, if at all.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you as a holder of the Notes regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

An application has been made for Notes to be listed on the Securities Official List of the Exchange, though we cannot assure you that Notes will remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the Notes being listed on the Securities Official List of the Exchange, failure to be approved for listing or the delisting, whether or not for an alternative admission to listing on another stock exchange, of the Notes from the Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the values of the currency of the applicable Notes relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the currency of the applicable Notes against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax Considerations—Certain United States federal income tax considerations.*"

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and its subsidiaries are organized outside the United States and our business is conducted entirely outside the United States. The directors, managers and/or executive officers of the Issuer are non-residents of the United States and substantially all of their assets are located outside the United States. Although the Issuer will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors, managers and executive officers. In addition, as substantially all of the assets of the Issuer and its subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the provisions of the federal securities laws of the United States. The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Sweden. There is, therefore, doubt as to the enforceability in Sweden of U.S. securities laws in an action to enforce a U.S. judgment in such jurisdictions. In addition, the enforcement in Sweden of any judgment obtained in a U.S. court, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Sweden would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdictions on the basis of U.S. securities laws violations. See "*Enforcement of Foreign Judgments and Service of Process.*"

Judgements entered against Swedish entities in the courts of a state which is not subject to the Brussels Regulations or the Lugano Convention may not be recognized or enforceable in Sweden.

A judgement entered against a company incorporated in Sweden, such as the Issuer, in the courts of a state which is not, under the terms of (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (the "**2012 Brussels Regulation**") or (ii) the Convention on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters made at Lugano on October 30, 2007 (the "**Lugano Convention**"), a Member State (as defined by the 2012 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention), would not be recognized or enforceable in Sweden as a matter of law without a retrial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of Sweden). As a result, as the United Kingdom has left the EU, an English court judgement entered against the Issuer in relation to the Notes may not be recognized or enforceable in Sweden (absent any replacement arrangements being put in place and disregarding that the United Kingdom during a transition period will continue being classified as a Member State for the purposes of the 2012 Brussels Regulation and a Contracting State for the purposes of the Lugano Convention).

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect our access to capital, the cost and terms and conditions of our financings and the value and trading of the Notes, which could have a material adverse effect on our business, financial condition and results of operations.

The Notes may be issued with original issue discount for U.S. federal income tax purposes.

The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the Notes are issued with OID for U.S. federal income tax purposes, U.S. investors in such Notes generally will be required to include amounts representing OID in their gross income as it accrues in advance of the receipt of cash payments attributable to such income using the constant yield method. See "*Tax Considerations—Certain United States federal income tax considerations.*"

USE OF PROCEEDS

The gross proceeds of the Offering will be approximately SEK 6,297 million (€600 million equivalent). We intend to use the gross proceeds from the Offering to fund the Redemption. See "*Summary—The Transactions*."

For descriptions of our anticipated indebtedness after giving effect to the Transactions, see "*Capitalization*."

The table below sets forth our estimated sources and uses of funds in connection with the Transactions. Actual amounts will vary from estimated amounts depending on several factors, including fluctuations in currency exchange rates. The table below does not include the Issuer's estimate of fees and expenses incurred in connection with the Transactions, including initial purchaser, legal, ratings and other fees and accrued and unpaid interest and redemption premium payable in connection with the Redemption, which are estimated to be SEK 116 million (€11 million equivalent).

	Sources of funds			**Uses of funds**	
	(SEK in millions)[1]	**(€ equivalent, in millions)[1]**		**(SEK in millions)[1]**	**(€ equivalent, in millions)[1]**
Notes offered hereby[2]	6,297	600	Partial redemption of the 2022 Notes[3]	6,297	600
Total sources	**6,297**	**600**	**Total uses**	**6,297**	**600**

(1) For presentational purposes only, certain amounts denominated in euro have been converted to SEK and certain amounts denominated in SEK have been converted to euro at an exchange rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020, and which differs from the convenience exchange rate used elsewhere in this Offering Memorandum and may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(2) Represents the SEK 6,297 million (€600 million equivalent) aggregate principal amount of Notes offered hereby.

(3) Represents the redemption of the €600 million (SEK 6,297 million equivalent) aggregate principal amount of 2022 Notes, excluding accrued and unpaid interest and any redemption premium payable.

CAPITALIZATION

The table below sets forth the cash and cash equivalents and capitalization as of June 30, 2020 of the Issuer, as adjusted to reflect the Transactions and the 2020 MTN Redemption as if they had occurred on June 30, 2020. The historical consolidated financial information has been derived from the Interim Financial Statements included elsewhere in this Offering Memorandum. Actual amounts may vary from estimated amounts, as described in "*Use of Proceeds.*" Except as disclosed in the notes hereto amounts shown do not include accrued interest.

This table should be read in conjunction with "*Use of Proceeds,*" "*Management Discussion and Analysis of Financial Condition and Results of Operations,*" "*Description of the Notes,*" "*Description of Other Indebtedness*" and the Financial Statements included elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the Issuer's capitalization since June 30, 2020.

		As of June 30, 2020		
	Actual	**Adjustments**	**As Adjusted**	
		(unaudited)		
		(SEK in millions)[1]		**(€ equivalent in millions)[1]**
Cash and cash equivalents[2]	2,879	(516)	2,363	225
Debt:				
Existing MTNs[3]	5,000	(1,000)	4,000	381
2023 Private Placement Notes[4]	1,677	0	1,677	160
Existing Commercial Paper Program[5]	1,252	0	1,252	119
2022 Notes[6]	7,871	(6,297)	1,574	150
2024 Notes[7]	9,445	0	9,445	900
2025 Notes[8]	787	0	787	75
2026 Notes[9]	8,396	0	8,396	800
2027 Notes[10]	8,921	0	8,921	850
Notes offered hereby[11]	–	6,297	6,297	600
Revolving Credit Facility[12]	9,226	600	9,826	936
Backstop Revolving Credit Facility[13]	0	0	0	0
Total Funded Debt[14]	52,577	(400)	52,175	4,972
Equity	22,215	0	22,215	2,117
Total *Capitalization*	74,792	(400)	74,390	7,088

(1) For presentational purposes only, certain amounts denominated in SEK have been converted to Euro at an exchange rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020, and which differs from the convenience exchange rate used elsewhere in this Offering Memorandum and may differ from the exchange rate as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(2) Represents cash and cash equivalents as of June 30, 2020. The as adjusted amount reflects the payment using cash on the balance sheet of (i) SEK 400 million (€38 million equivalent) to partially fund the 2020 MTN Redemption and (ii) SEK 116 million (€11 million equivalent) estimated fees and expenses incurred in connection with the Transactions, including initial purchaser, legal, ratings and other fees and accrued and unpaid interest and redemption premium payable in connection with the Redemption.

(3) The actual amount represents the outstanding indebtedness under the Existing MTNs as of June 30, 2020, comprising, SEK 1,000 million (€95 million equivalent) due July 6, 2020, SEK 1,100 million (€105 million equivalent) due November 22, 2021 and SEK 2,900 million (€276 million equivalent) of Existing MTNs due July 3, 2023. The as adjusted amount represents the outstanding indebtedness under the Existing MTNs following the 2020 MTN Redemption. The 2020 MTN Redemption was funded with cash drawings under the Revolving Credit Facility and cash on the balance sheet.

(4) Represents the €160 million (SEK 1,679 million equivalent) aggregate principal amount of outstanding 2023 Private Placement Notes as of June 30, 2020.

(5) Represents the SEK 1,252 million (€119 million equivalent) outstanding under the Existing Commercial Paper Program as of June 30, 2020.

(6) Represents the €750 million (SEK 7,871 million equivalent) aggregate principal amount of outstanding 2022 Notes. The as adjusted amount reflects the repayment of €600 million (SEK 6,297 million equivalent) aggregate principal amount of 2022 Notes with the proceeds of the Offering.

(7) Represents the €900 million (SEK 9,445 million equivalent) aggregate principal amount of outstanding 2024 Notes as of June 30, 2020.

(8) Represents the €75 million (SEK 787 million equivalent) aggregate principal amount of outstanding 2025 Notes as of June 30, 2020.

(9) Represents the €800 million (SEK 8,396 million equivalent) aggregate principal amount of outstanding 2026 Notes as of June 30, 2020.

(10) Represents the €850 million (SEK 8,921 million equivalent) aggregate principal amount of outstanding 2027 Notes as of June 30, 2020.

(11) Represents the €600 million (SEK 6,297 million equivalent) aggregate principal amount of Notes offered hereby.

(12) Represents the SEK 9,226 million (€879 million equivalent) outstanding under the Revolving Credit Facility as of June 30, 2020. The as adjusted amount reflects drawings under the Revolving Credit Facility of SEK 600 million (€57 million equivalent) to partially fund

the 2020 MTN Redemption. As of the date hereof, the aggregate principal amount drawn under the Revolving Credit Facility is SEK 10,699 million (€1,019 million equivalent).

(13) No amounts have been drawn under the Backstop Revolving Credit Facility Agreement as of the date hereof.

(14) Total Funded Debt excludes SEK 878 million of leasing liabilities recognized, as of June 30, 2020.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following section presents selected historical consolidated financial data of the Issuer as of the dates and for the periods indicated and should be read in conjunction with the sections entitled "Use of Proceeds," "Capitalization," "Summary Historical Consolidated Financial and Other Data," "Management Discussion and Analysis of Financial Condition and Results of Operations," as well as the Financial Statements.

In November 2017, in connection with the Divestment, the Issuer agreed to divest certain subsidiaries to a company in the Lowell Group. The Divestment completed on March 20, 2018. In the income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries being divested in accordance with the above have been reported as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In the balance sheet as of December 31, 2017 included as comparative information in the balance sheet as of December 31, 2018, these subsidiaries are reported as assets and liabilities in operations held for sale. For further information, see note 39 in the Issuer's audited financial statements as of and for the year ended December 31, 2018 and note 38 in the Issuer's audited financial statements as of and for the year ended December 31, 2019, each included elsewhere in this Offering Memorandum

We adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 and IFRS 16 Leases from January 1, 2019. The comparative information as of and for the year ended December 31, 2017 included in the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2018 has not been restated to reflect the retrospective adoption of IFRS 15. None of the Audited Financial Statements for the year ended December 31, 2018, financial information for the year ended December 31, 2018 included in the audited financial statements for the year ended December 31, 2019 and financial information for the six months ended June 30, 2018 included in the unaudited financial statements for the six months ended June 30, 2019 has been restated to reflect the retrospective adoption of IFRS 16. For further information, see "Presentation of Financial and Other Information," "Management Discussion and Analysis of Financial Condition" and note 1 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

Summary consolidated income statement data

	For the year ended December 31,			For the six months ended June 30,	
	2017[1]	2018[1]	2019[1]	2019[1]	2020[1][2]
				(unaudited)	
	(SEK in millions)				
Income from customers	5,041	7,240	9,368	4,315	4,654
Income from portfolio investments in accordance with the effective interest method	4,394	6,114	6,589	3,203	3,197
Positive revaluations of portfolio investment	334	795	920	414	43
Negative revaluations of portfolio investments	(335)	(707)	(892)	(396)	(676)
Total revenues	**9,434**	**13,442**	**15,985**	**7,536**	**7,218**
Cost of sales	(5,049)	(7,369)	(9,807)	(4,189)	(4,636)
Gross earnings	**4,385**	**6,073**	**6,178**	**3,347**	**2,583**
Sales, marketing and administrative expenses	(1,646)	(2,170)	(2,553)	(1,200)	(959)
Goodwill impairment	–	–	(2,700)		
Provisions for credit losses on accounts receivable[3]	(21)	(31)	(44)	–	–
Participations in earnings of joint ventures	10	106	1,179	675	183
Operating earnings (EBIT)	**2,728**	**3,978**	**2,060**	**2,822**	**1,807**
Financial income	17	60	63	22	30
Financial expenses	(990)	(1,423)	(1,984)	(770)	(1,013)
Net financial items	**(973)**	**(1,363)**	**(1921)**	**(748)**	**(983)**
Profit/(loss) before tax	**1,755**	**2,615**	**139**	**2,074**	**824**
Taxes	(389)	(599)	(424)	(456)	(185)
Net earnings for the year from continuing operations	**1,366**	**2,016**	**(285)**	**1,618**	**638**
Earnings for the period from discontinued operations after tax	137	(73)	(0)	–	–
Net earnings for the year	**1,503**	**1,943**	**(285)**	**1,618**	**638**
Of which attributable to:					
Parent Company's shareholders	1,501	1,936	(362)	1,547	628
Non-controlling interests	2	7	77	71	10
Net earnings for the year	**1,503**	**1,943**	**(285)**	**1,618**	**638**

(1) Data is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements for the six months ended June 30, 2020 and 2019, as applicable.

(2) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information*" *and* "*Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies.*"

(3) Provisions for credit losses on accounts receivable are included in Sales, marketing and administrative expense for the six months ended June 30, 2020 and 2019.

Summary consolidated balance sheet data

	As of December 31,			As of June 30,	
	2017[1]	**2018[1]**	**2019[1]**	**2019[1]**	**2020[1]**
				(unaudited)	
			(SEK in millions)		
Fixed assets					
Intangible fixed assets					
Goodwill	29,565	33,055	33,358	35,036	32,809
Capitalized expenditure for IT development	341	393	611	1,079	834
Client relationships	2,703	3,670	6,079	4,398	5,687
Other intangible fixed assets[2]	81	63	191	–	–
Total intangible fixed assets[2]	**32,690**	**37,181**	**40,239**	**40,513**	**39,330**
Tangible fixed assets					
Right-of use assets	–	–	888	676	840
Property investments	0	256	0	2	11
Computer hardware[3]	58	56	53	–	–
Other tangible fixed assets[3]	187	181	159	236	199
Total tangible fixed assets	**245**	**493**	**1,100**	**914**	**1,050**
Other fixed assets					
Shares and participations in joint ventures	0	4,746	6,539	5,815	6,507
Other shares and participations	3	1	0	5	1
Portfolio investments	21,149	24,830	28,508	26,228	28,032
Deferred tax assets	692	620	1,300	585	1,326
Other long-term receivables	36	33	183	196	151
Total other fixed assets	**21,880**	**30,230**	**36,530**	**32,829**	**36,017**
Total fixed assets	**54,815**	**67,904**	**77,869**	**74,256**	**76,397**
Current assets					
Accounts receivable	755	719	1,860	1,647	1 288
Property holdings	93	2,429	382	332	395
Client funds	902	917	1,060	1,161	1,039
Tax assets	347	273	382	242	339
Other receivables	931	1,553	1,334	1,918	1,292
Prepaid expenses and accrued income	737	890	1,343	1,091	1,208
Liquid assets	881	1,348	1,906	1,237	2,879
Total current assets	**4,646**	**8,129**	**8,267**	**7,628**	**8,440**
Assets in operations held for sale	8,314	0	0		
Total assets	**67,775**	**76,033**	**86,136**	**81,884**	**84,837**

(1) Data is extracted from the audited financial statements as of December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements as of June 30, 2020 and 2019, as applicable.

(2) Other intangible fixed assets is included in Capitalized expenditure for IT development and other intangibles as of June 30, 2020 and 2019.

(3) Computer hardware is included in Other tangible fixed assets as of June 30, 2020 and2019.

	As of December 31,			As of June 30,	
	2017[1]	2018[1]	2019[1]	2019[1]	2020[1]
				(unaudited)	
	(SEK in millions)				
Shareholders' equity					
Shareholders' equity attributable to the parent company's shareholders					
Total shareholders' equity attributable to the parent company's shareholders	**22,436**	**23,666**	**22,014**	**26,814**	**19,313**
Shareholders' equity attributable to non-controlling interests	3	2,006	2,879	2,381	2,902
Total shareholders' equity	**22,439**	**25,672**	**24,893**	**26,814**	**22,215**
Long-term liabilities					
Liabilities to credit institutions	2,703	6,534	6,186	9,393	9,101
Bond loans	32,052	33,254	40,644	34,065	40,840
Long-term leasing liabilities	–	–	474	492	650
Other long-term liabilities	374	395	1,303	1,025	669
Provisions for pensions	175	263	387	268	402
Other long-term provisions	9	5	19	45	18
Deferred tax liabilities	1,206	1,729	1,938	1,981	1,388
Total long-term liabilities	**36,519**	**42,180**	**50,951**	**47,269**	**53,068**
Current liabilities					
Liabilities to credit institutions	0	296	0	3	0
Bond loan	1,000	1,000	1,000	0	1,000
Commercial papers	2,269	2,123	2,794	2,480	1,252
Client funds payable	902	917	1,060	1,161	1,036
Accounts payable	572	488	512	419	487
Income tax liabilities	364	241	422	430	943
Advances from client	64	59	88	95	75
Short-term leasing liabilities	–	–	443	199	228
Other current liabilities	541	852	810	744	1,491
Accrued expenses and prepaid income	1,794	2,056	3,014	2,256	3,000
Other short-term provisions	143	149	149	14	42
Total current liabilities	**7,649**	**8,181**	**10,292**	**7,801**	**9,554**
Liabilities in operations held for sale	1,168	0	0	0	0
Total shareholders' equity and liabilities	**67,775**	**76,033**	**86,136**	**81,884**	**84,837**

(1) Data is extracted from the audited financial statements as of December 31, 2019 and 2018 (including comparative information as of December 31, 2017), as applicable, and the unaudited interim financial statements as of June 30, 2020 and 2019, as applicable.

Summary **consolidated cash flow statement data**

	As at December 31,			As at June 30,	
	2017[1]	**2018[1]**	**2019[1]**	**2019[1]**	**2020[1]**
				(unaudited)	
			(SEK in millions)		
Cash flow from continuing operations					
Operating activities					
Operating earnings (EBIT)	2,728	3,978	2,060	2,822	1,807
Not included in cash flow:					
Amortization/depreciation and impairment	436	900	4,284	599	709
Amortization/revaluation of portfolio investments	2,787	3,854	4,146	2,046	2,755
Other adjustments for items not included in cash flow	(23)	(351)	(1,059)	(670)	(292)
Interest received	17	60	62	22	30
Interest paid	(359)	(1,244)	(1,454)	(708)	(598)
Payments for other financial expenses	(360)	(42)	(474)	(35)	(80)
Income tax paid	(453)	(590)	(802)	(213)	(211)
Cash flow from operating activities before changes in working capital	**4,773**	**6,565**	**6,763**	**3,863**	**4,119**
Changes in factoring receivables	(62)	(67)	(47)	(71)	23
Other changes in working capital	(176)	(344)	(324)	(543)	1,025
Cash flow from operating activities	**4,535**	**6,154**	**6,392**	**3,249**	**5,167**
Investing activities					
Purchases of tangible and intangible fixed assets	(172)	(306)	(699)	(349)	(315)
Portfolio investments in receivables and property holdings	(7,175)	(6,872)	(7,323)	(2,925)	(2,981)
Purchases of shares in subsidiaries and associated companies	(1,506)	(8,587)	(5,135)	(1,958)	(6)
Cash and cash equivalents in acquired and divested subsidiaries	1,038	(400)	384	344	0
Divestments of shares in subsidiaries and associated companies	236	7,511	1,199	1,488	0
Other cash flow from investing activities	32	729	(72)	(18)	293
Cash flow from investing activities	**(7547)**	**(7925)**	**(11,646)**	**(3,418)**	**(3,009)**
Financing activities					
Borrowings and repayment of loans	4,452	3,533	7,229	1,385	1,525
Own share repurchases	0	(56)	(86)	(86)	(1,250)
Share dividend to Parent Company's shareholders	(651)	(1,250)	(1,247)	(1,247)	(1,332)
Share dividend to non-controlling interests	–	–	(58)	–	–
Cash flow from financing activities	**3,801**	**2,227**	**5,838**	**52**	**(1,057)**
Cash flows from continuing operations	789	456	584	(117)	1,101
Cash flows from discontinued operations	77	(372)	0	–	–
Change in liquid assets	866	84	584	(117)	1,101
Opening balance of liquid assets	**396**	**1,253**	**1,348**	**1,348**	**1,906**
Exchange rate differences in cash and cash equivalents	(9)	11	(26)	6	(128)
Closing balance of liquid assets	**1,253**	**1,348**	**(1,906)**	**1,237**	**2,879**
Of which cash and cash equivalents in discontinued operations	**372**	**–**	**–**	**–**	**–**
Discontinued operations					
Cash flow from operating activities	459	13	0	0	0
Cash flow from investing activities	(607)	(589)	0	0	0
Cash flow from financing activities	225	204	0	0	0
Group total					
Cash flow from operating activities	4,994	6,167	6,392	3,249	5,167
Cash flow from investing activities	(8,154)	(8,514)	(11,646)	(3,418)	(3,009)
Cash flow from financing activities	4,026	2,431	5,838	52	(1,057)

(1) Data is extracted from the audited financial statements for the years ended December 31, 2019 and 2018 (including comparative information for the year ended December 31, 2017), as applicable, and the unaudited interim financial statements for the six months ended June 30, 2020 and 2019, as applicable.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of operations and financial condition of the Issuer. The discussion and analysis is based on the Issuer's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2020 and 2019 and its audited consolidated financial statements as of and for the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), in each case, prepared in accordance with IFRS.

In November 2017, in connection with the Divestment, the Issuer agreed to divest certain subsidiaries to a company in the Lowell Group. The Divestment completed on March 20, 2018. In the income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries being divested as part of the Divestment have been reported as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In the balance sheet as of December 31, 2017 included as comparative information in the balance sheet as of December 31, 2018, these subsidiaries are reported as assets and liabilities in operations held for sale. For further information, see note 38 in the Issuer's audited financial statements as of and for the year ended December 31, 2019 and note 39 in the Issuer's audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

We adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 and IFRS 16 Leases from January 1, 2019. The comparative information as of and for the year ended December 31, 2017 included in the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2018 have not been restated to reflect the retrospective adoption of IFRS 15. None of the Audited Financial Statements for the year ended December 31, 2018, financial information for the year ended December 31, 2018 included in the audited financial statements for the year ended December 31, 2019 and financial information for the six months ended June 30, 2018 included in the unaudited financial statements for the six months ended June 30, 2019 has been restated to reflect the retrospective adoption of IFRS 16. For further information, see "*Presentation of Financial and Other Information,*" "*Management Discussion and Analysis of Financial Condition*" *and note 1 to the Issuer's Audited Financial Statements included elsewhere in this Offering Memorandum.*

This section includes certain LTM Information for the twelve months ended June 30, 2020 and 2019. This LTM Information has been calculated by adding the Issuer's historical results for the six months ended June 30, 2020 and 2019, respectively, to the Issuer's historical results for the year ended December 31, 2019 and 2018, respectively, and subtracting the Issuer's historical results for the six months ended June, 2019 and 2018, respectively. The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting, has not been audited or reviewed and the LTM Information for the twelve months ended June 30, 2019 does not reflect the application of IFRS 16 over the entire period. It is for illustrative purposes only and is not necessarily representative of the Issuer's results of operations for any future period or its financial condition at any future date.

You should read this discussion in conjunction with the Financial Statements included elsewhere in this Offering Memorandum. A summary of the critical accounting estimates that have been applied to the Issuer's consolidated financial statements is set forth below in "*—Significant factors affecting comparability—Significant Accounting Policies.*" *You should also review the information in the section* "*Presentation of Financial and Other Information.*" *This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties we face as a result of various factors, see* "*Forward-Looking Statements*" *and* "*Risk Factors.*"

Overview

We are the largest full-service European credit management company by revenue, Cash EBITDA and ERC, with operations in 25 countries and, based on internal estimates, we hold a leading position in a majority of those countries. We provide clients with a complete value proposition across the entire CMS value chain, built on our longstanding commitment to fair and ethical collection. We leverage our economies of scale, digitization and large information databases to increase efficiency while also driving growth through strategic transactions. Strategic transactions in recent periods include the Piraeus Partnership, completed in October 2019, in which we acquired 80% of the bank's service platform for managing overdue receivables and, by leveraging our collections expertise and working in partnership with Piraeus Bank, we have created the first independent leading credit management platform in Greece. In April 2018, we entered into the Intesa Partnership, which established us in

2018 as a leading player in late payments in Italy, one of Europe's most attractive late payments markets. In December 2018 we purchased a real estate portfolio from Ibercaja, which we hold with a co-investor, and in April 2019 we completed the acquisition of Solvia, which cemented our leading position in Spain in servicing loans and providing RES. For additional information on the structure of our partnerships and joint ventures, see "*—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*" and "*—Description of key consolidated income statement line items—Participations in joint ventures*."

From January 1, 2020, we operate our business, and present our financial information, on the basis of three segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. As described below, our three segments allow us to offer a full range of services covering a client's entire CMS value chain, with each segment also working complementarily to drive business and improve data and expertise in other segments. Prior to January 1, 2020, we operated our business with two service lines, our Credit Management Services service line and our Portfolio Investments service line, and with a focus on four geographic regions. Our financial information for the years ended December 31, 2019, 2018 and 2017 is presented on the basis of two service lines and four geographic regions. Our financial information for the six months ended June 30, 2020 and 2019 (and in this Offering Memorandum, certain financial information for the year ended December 31, 2019 and for the twelve months ended June 30, 2020), and going forward our financial information will be, presented in line with our current three segment organization. For the twelve months ended June 30, 2020, our revenue was SEK 15,668 million (€1,470 million equivalent) and *Pro Forma* Adjusted Cash EBITDA was SEK 11,246 million (€1,055 million equivalent). See "*Summary Historical Consolidated Financial and Other Data.*"

- ***Credit Management Services segment.*** Through our Credit Management Services segment, we employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function, other than in the countries included in our Strategic Markets segment. In addition to, and generally in combination with, collection services, we provide capabilities in alternative solutions and offer clients a wide range of value-added services prior to loans and receivables becoming overdue. Our value-added service offering includes credit information and analysis on individuals and companies to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, our RES offering and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services. For the twelve months ended June 30, 2020, our Credit Management Services segment generated revenue of SEK 4,559 million (€428 million equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Strategic Markets segment.*** As of January 1, 2020, we simplified our organizational structure, transitioning away from two service lines that focused on four geographic regions and establishing Strategic Markets as our third segment alongside our Credit Management Services segment and Portfolio Investments segment. The establishment of the Strategic Markets segment reflects our strategic growth in recent years. Our Strategic Markets segment focuses on providing CMS in our Brazilian, Greek, Italian and Spanish operations, with the Greek, Italian and Spanish markets in particular being large and important markets in which we have similar operations based on partnerships with major financial institutions, including our Piraeus Partnership in Greece and our Intesa Partnership in Italy. For the twelve months ended June 30, 2020, our Strategic Markets segment generated revenue of SEK 4,819 million (€452 million equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Portfolio Investments segment.*** Through our Portfolio Investments segment, we offer a range of portfolio investment financial services, including our REO offering. Our portfolio investment financial services focuses on the purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of their nominal value, which we generally then service using our in-house debt collection function. Upon purchase of defaulted receivables, we put in place long-term debt collection measures aimed at helping customers become debt-free as we work together to reduce their debt. In line with our core values, which are based on an empathetic and ethical approach to helping indebted customers become debt free in a respectful manner, we interact with every customer to craft solutions on the basis of their individual circumstances, for example through instalment plans that take account of each consumer's payment capacity. As part of our Portfolio Investments segment, we also provide factoring, payment guarantees and e-commerce services. Our Portfolio Investments segment also houses our REO offering (including our REO

offering in Brazil, Greece, Italy and Spain), which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. We arrange for the sale of such real estate using internal and external resources and networks. Our real estate exposure within our Portfolio Investment segment is concentrated in Italy, Hungary, Portugal and Spain. Properties are either wholly owned or held by joint ventures in which we participate along with our co-investors. Our properties, including both wholly owned properties and properties held by joint ventures in which we participate along with our co-investors, total to approximately 5,816 properties. The book value of real estate assets in our consolidated balance sheet together with our joint ventures' book value related to properties as of June 30, 2020 was SEK 765 million. For the twelve months ended June 30, 2020, we generated revenue of SEK 6,297 million (€591 million equivalent) from our Portfolio Investments segment. As of June 30, 2020, the ERC of our portfolios of loans and overdue receivables was SEK 64,674 million (€6,162 million equivalent).

We believe that the combination of our debt collection services, portfolio investments expertise and strategic financial institution partnerships has been and will continue to be key to our success. Our complete range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to more accurately price portfolios. Operating across Europe with an integrated and balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to pursue the opportunities that we find most attractive. Our breadth of service and geographic diversification also increases our resilience to economic disruptions (such as that caused by the COVID-19 pandemic). The diversified nature of our business allows us to effectively mitigate some of the resulting negative impact.

Significant factors affecting results of operations

Our business and results of operations, as well as the key operating metrics discussed below, have been and are expected to continue to be, affected by certain key factors including (i) the volume of clients outsourcing their credit optimization and collection requirements and the level of debt available for purchase; (ii) our ability to purchase debt portfolios at the right price; (iii) competition and pricing in the markets in which we operate; (iv) our gross collection levels; (v) our collection costs and operational efficiency; (vi) cost saving measures that we have implemented or may implement; (vii) seasonality; (viii) acquisitions and geographic expansion; (ix) economic conditions; (x) foreign currency effects and (xi) tax effects. Each of these factors is discussed in more detail below.

Volume of clients outsourcing their credit optimization and collection requirements and the level of debt available for purchase

Providing an integrated service offering throughout the CMS chain is key to attracting and retaining clients. We believe that onboarding clients at the outset of their transaction processes by providing them with credit optimization and collection services has been crucial to our success. Our results of operations are linked to the volume of companies seeking to outsource their credit-related offerings and to the overall level of loans and other overdue receivables available for purchase and third-party collection in the markets and industry sectors in which we operate. During the periods under review, the volume of credit management services that we have provided and the volume of loans and other overdue receivables available for purchase has generally increased. We believe that this trend will continue due to three main factors: (i) an increasing consumer expectation that businesses will offer alternatives to direct, one-off payments and as a result an increasing number of businesses seeking to offer alternative payment methods in order to remain competitive in their respective markets; (ii) businesses increasingly choosing to sell NPLs and other overdue receivables as a result of regulatory pressure to deleverage and businesses' desire for improved and predictable cash flows; and (iii) an increase in the number of businesses outsourcing credit optimization and collection services or selling overdue receivables in order to focus on their core operations, creating a growing sophistication gap in debt collection capabilities when compared to credit management providers. During the periods under review, we benefited from these trends and were able to expand operations and improve our results of operations. In the first half of 2020, primarily as a result of the ongoing COVID-19 pandemic, we have observed a short-term reduction in the supply of new NPL portfolios that we believe is the result of elevated uncertainty on pricing and quality and the provision of temporary reliefs on balance sheet management which may have made financial institutions less likely to sell their non-performing exposures. Ultimately, however, the evolution of NPL stock depends on the macroeconomic situations of the countries in question. For example, in a favorable macroeconomic environment, NPL generation is more muted,

as evidenced by NPL levels over the last few years. In a downturn, such as is currently being experienced on a global level in connection with the COVID-19 pandemic, we would expect eventually to see an increase in the generation of new NPLs. For further discussion of key NPL supply drivers, see "*Industry Overview—Key Drivers of the Credit Management Industry.*" Separately, moratoriums on certain debt related legal proceedings, which have been introduced in some of the jurisdictions in which we operate have caused temporary delay in the business volumes that we service on behalf of clients. COVID-19-related reduced activity in the legal systems in certain jurisdictions has also resulted in collections and cash flow delays in our operations in certain countries.

Making portfolio investments at the right price

Our ability to purchase portfolios of loans and other overdue receivables at the right price has been and will continue to be a key driver of our results of operations. Our portfolio investments consist primarily of portfolios of loans, real estate portfolios and other overdue receivables purchased at prices significantly below the nominal total collectible value on the portfolios and recognized at amortized cost. We expect to achieve collections in excess of the portfolio purchase price. As of June 30, 2020 our ERC was 1.85 times the book value of our portfolio investments and our book value of portfolio investments together with the book value of our joint ventures and real estate assets, but not including co-investor book value, was SEK 35 billion.

When purchasing portfolios, we engage in an extensive valuation of the portfolio in order to determine the optimal price to offer the client. See "*Business—Operations and service offerings—Portfolio Investments segment—Purchase of overdue receivables.*" Our investment criteria for real estate portfolios differs from our investment criteria for our loan and overdue receivables portfolios due to the unique aspects of the real estate market, including valuations of the underlying assets and collateral, our risk exposure to price and value fluctuations in applicable real estate markets and the unique legislative and enforcement regimes applicable to real property. Our performance is dependent on our ability to purchase portfolios of loans, real estate portfolios and other overdue receivables that meet our investment criteria and that generate an appropriate return on our portfolio investments.

After purchasing a portfolio, our performance is further dependent on our ability to generate gross collection levels at or in excess of expectations for the specific portfolio. For the years ended December 31, 2019, 2018 and 2017, our average collection of forecast was 108%, 112% and 109%, respectively. For the six months ended June 30, 2020 and 2019, our average collection of forecast was 107% and 107%, respectively. For the twelve months ended June 30, 2020 and 2019, our average collection of forecast was 108% and 108%, respectively. During the periods under review, we also expanded the scope of our investments within new asset classes, primarily in secured claims and REOs. In December 2018, we reached an agreement to purchase 6,400 REOs in Spain from Ibercaja Banco SA, holding the REOs in a new company of which we were initially an 80% shareholder and from which in the first quarter of 2019 we divested half of our shares in the holding company to a co-investor. In the second quarter of 2019, we also acquired Solvia, which offers real estate management services in the Spanish market, and, in the fourth quarter of 2019, we acquired our interest in Intrum Hellas REO Solutions SA , which, among other services, offers real estate management services in the Greek market. Secured claims entail additional complexity with respect to pricing and forecasting due to different risk and collection profiles when compared to the unsecured loans and receivables that have historically been our main focus. As of June 30, 2020, 7% of the book value of our portfolio investments (excluding joint ventures and real estate) consisted of secured loans.

In 2008 and 2009, the global financial crisis reduced the propensity of debt originators to sell overdue receivables as prices decreased and also made it more difficult for debt purchasers to obtain funding for portfolio investments. During this period, collection levels on certain portfolios decreased in some countries thereby reducing overall portfolio performance. This impacted not only the pricing of new portfolios, but also the valuation of existing portfolios. We were partly shielded from these challenging market conditions due to our integrated offering, in particular our debt collection services. Our full-service business model allowed us to adapt our business mix and meet client demands. In contrast, pure debt purchasers that lacked in-house debt collection operations were unable to adapt in this manner. Similarly, when the global market started to recover in 2010 and pricing levels became increasingly attractive for sellers, we were able to respond rapidly by increasing our portfolio purchases. We believe that our integrated business model allows us to adapt to changing market environments and to fluctuations in supply and demand across our client offering.

During the twelve months ended June 30, 2020, we invested SEK 7,528 million in the purchase of portfolios of loans and other overdue receivables, including deliveries under forward flow agreements, with an aggregate total collectible value of SEK 77,625 million. As of December 31, 2019 and June 30, 2020, we had ERC of SEK 64,995 million and SEK 64,674 million, respectively. As of December 31, 2019 and June 30, 2020,

the portfolio investments book value in our consolidated statement of financial position, together with the book value of our joint ventures and real estate assets, but not including co-investor book value, was SEK 35,429 million and SEK 34,945 million, respectively.

The majority of portfolios for sale are offered to the market through competitive tender processes. There are two principal models for purchasing portfolios of loans and other overdue receivables: (i) one-off agreements and (ii) forward flow agreements. In a one-off agreement, we purchase a portfolio of claims in a single standalone transaction. In a forward flow agreement, we buy claims from a client on an ongoing basis at a pre-defined price or price range for a given volume and quality. We typically enter into forward flow agreements with partners with whom we have established relationships, which gives us confidence around quality and volume, and based on past experience we expect that many of these contracts will be renewed. Forward flow agreements are beneficial to our business because they offer a predictable and certain flow of claims though they are typically not long-term contracts and so do not provide long-term assurance on purchasing levels. For the years ended December 31, 2019 and 2018, we invested SEK 1,369 million and SEK 1,736 million, respectively, in forward flow agreements and for the six months ended June 30, 2020 and 2019, we invested SEK 852 million and SEK 772 million, respectively, in forward flow agreements.

Our ability to make portfolio investments is dependent on our internally generated funding resources and access to adequate and attractive financing at the time portfolios become available for purchase. We currently fund purchases of portfolios, working capital needs and other expenditures with cash generated from operating activities, borrowings under the Revolving Credit Facility or additional bank or capital markets debt. In certain cases, we also partner with co-investors to purchase portfolios, which reduces our funding requirements proportionately to our economic interest in the given portfolios and, in some cases, adds additional off-balance sheet leverage. Revenue and earnings derived from co-investments are recognized based on proportionate participations in co-investment structures. See "*—Liquidity and Capital Resources—Off balance sheet arrangements*." We believe that we will continue to be able to generate funding resources and obtain financing subject to market conditions. See "*—Liquidity and capital resources*" for additional information on funding of our portfolio purchases and "*—Significant factors affecting results of operations—Economic conditions*" for additional information on the effects of economic conditions on our business and results of operations.

Competition and pricing

Competition and pricing levels in the markets in which we operate affect our ability to successfully and profitably offer credit optimization, payment, collection and financial services. The European credit management market is fragmented and consists of several thousand companies with varied profiles. The pricing element of portfolio investment and debt collection services is highly competitive across all markets, resulting in increased pricing levels for purchases and decreased pricing levels for the provision of debt collection services during the periods under review. We believe that in recent years there has been a trend towards increased concentration of the credit management industry with large, incumbent credit management companies expanding in scale as core clients, in particular financial institutions, have placed increasing value on high-quality data assets acquired over an extended period of time, robust compliance frameworks, multinational presence and long-term relationships with credit management companies. In addition, reputation and ethical behavior are important competitive advantages in order to maintain relationships with current and potential clients, particularly financial institutions.

The 2008 global financial crisis led to unattractive pricing levels for purchases of portfolios in 2008 and 2009, primarily as a result of the reduced ability of customers to repay their debt, lower supply as debt originators became reluctant to sell overdue receivables at the lower valuations and difficulties in obtaining financing for the purchase of portfolios. Pricing levels have generally become more advantageous during the periods under review. Unlike competitors that may not offer debt collection services, our integrated and balanced operations provide an efficient tool in competitive landscapes. We are able to generate steady revenue and cash flow from our credit optimization, payment and collection services and as a result we can be selective about which portfolios we bid for as we do not need to purchase portfolios that do not offer an attractive risk adjusted return simply to ensure sufficient cash flow for our operations. See "*Risk Factors—Risks related to our industry and business—We are active in competitive markets and may be unable to continue to successfully compete with businesses that may offer more attractive prices or benefit from less expensive funding or pursue lower return requirements than us.*"

Gross collection levels

We have a large and diverse collection of portfolios that have delivered consistent and stable revenue over time. We primarily generate revenue from: (i) fees received for credit information and payment services; (ii) fees and commissions received from claims on which we perform debt collection services pursuant to contracts that

typically contain "no cure no pay" payment terms (meaning that we are paid only if we are able to successfully collect on a claim); and (iii) payments received from customers linked to claims in our portfolio investments. The ability and willingness of a customer to pay depends on several factors, including employment status, the availability of funds and asset ownership. We believe that our business benefits from both the quality of the data that we build about a customer's circumstances as well as the analysis we are able to perform on customer data to assess ability and willingness to pay and, ultimately, to determine the best collections strategy for each customer. During the ongoing COVID-19 pandemic, downward pressure on gross collection has been partially offset by the high level of online and automated payments available across our network. In the year ended December 31, 2019, 85% of our total collections for our own portfolios came from automated or online channel. Additionally, in the six months ended June 30, 2020, more than 80% of the collected amounts on our loan portfolios were generated from automated and online payments.

Gross collection levels in our Credit Management Services segment and Strategic Markets segment

The volume of loans and other overdue receivables that clients outsource to us and, consequently, our revenue from debt collection services, is linked to our relationships with our debt collection clients and our ability to demonstrate strong gross collection levels. Different types of asset classes and different jurisdictions have different collection profiles and contract types. We offer flexible pricing arrangements to our debt collection clients that are tailored to the client's specific circumstances and business needs as well as to the relevant claims. The strength of our Credit Management Services segment and Strategic Markets segment pricing and claims collection capabilities is evidenced by the master servicing agreements pursuant to which we provide collection services on client loans and other overdue receivables. We believe that the benefits of our claims collection strategy are evident through our many long-standing client relationships in which we are seen as a trusted, important and strategic business partner. For more information about our debt collection services, see "*—Key operating metrics for Credit Management Services segment and Strategic Markets segment.*"

Gross collection levels on portfolio investments

We purchase debt portfolios at significant discount to the total collectible value on portfolio investments and typically collect multiples of the purchase price. After we purchase a portfolio, we typically manage collection on that portfolio in-house. Revenue generated from claims in our purchased portfolios is directly impacted by the gross collection levels that we are able to achieve. As we keep all funds collected on purchased portfolios, we are able to strategically allocate additional resources and costs to optimize collection and increase collection levels on a given portfolio until it reaches the stage when the resources and costs required exceed expected revenue, at which stage we assign the portfolio to our debt surveillance department. We believe that our ability to convert non-paying claims into paying claims illustrates the high degree of accuracy of our data assets and analytic capabilities and the effectiveness of our scalable, multi-channel collections approach. We further believe that we operate our forecasts with an appropriate balance between prudent pricing and strong collection performance. From January 1, 2017 through June 30, 2020, on a quarterly basis we collected 103% – 115% of our cash flow forecasts. For a description of how we manage and track the performance of our portfolios, see "*—Revaluation of portfolio investments*."

Collection costs and operational efficiency

Optimizing customer contact at each stage of the collection life cycle is key to our debt collection strategy and success. Much of our debt collection process is standardized and automated in order to maximize the total amount collected over the life of the debt through sustainable payment plans or affordable settlements achieved through an amicable and solution-oriented collection approach rather than exploiting short-term collection potential. In our Portfolio Investments segment, we benefit from additional revenue resulting from additional resources allocated to the collection on a portfolio. In our Credit Management Services segment and Strategic Markets segment, our clients may need to agree to our receiving a higher commission in order for us to allocate additional resources to the collection. Debt purchasing does not require the client to take this risk, but the client can realize some of the benefit by receiving an attractive price level.

The tables below set forth our earnings by segment or service line, as applicable, and collection cost ratio for the Portfolio Investment segment or service line, as applicable, for the periods under review.

	For the year ended December 31,		
	2017	2018	2019
		(unaudited)	
		(SEK in millions)	
Credit Management Services service line [(1)]			

Total operating revenue[2]	6,700	9,480	11,450
of which: Internal revenue	(1,782)	(2,432)	(2,534)
Segment costs[2]	(4,996)	(7,047)	(11,865)
Segment earnings	1,704	2,433	(415)
Segment earnings margin (%)	25%	26%	-4%
Common costs	(1,432)	(2,055)	(2,486)
Portfolio Investments service line [2]			
Gross collections	7,198	10,056	10,763
Amortization of portfolio investments	(2,785)	(3,942)	(4,174)
Revaluation of portfolio investments	(3)	88	28
Other revenues from portfolio investments	106	192	452
Total revenue from portfolio investments	4,516	6,394	7,069
Participation in JVs	10	106	1,179
Segment costs[3]	(2,070)	(2,900)	(3,287)
Segment earnings	2,456	3,600	4,961
Cost to collect ratio (%)[4]	29%	29%	31%
Segment earnings margin (%)	54%	56%	70%
Segment earnings margin excluding participation in JVs (%)	54%	55%	54%
Operating earnings (EBIT)	2,728	3,978	2,060
EBIT Margin (%)[2]	29%	30%	13%
EBIT Margin excluding participation in JVs (%)	29%	29%	16%

(1) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(2) Includes intergroup commissions.

(3) Direct production costs and other operating costs to collect on the Portfolio Investments segment and the Credit Management Services segment. For the Portfolio Investment segment, costs include the carrying value of disposed properties in the period.

(4) Cost to collect based on segment costs relative to gross collections for the Portfolio Investments segment.

	For the six months ended June 30,	
	2019	**2020**
	(unaudited)	
Credit Management Services segment[1]		
Total operating revenue[2]	3,457	3,295
of which: Internal revenue	1,084	1,108
Segment costs[3]	(2,613)	(2,492)
Segment earnings	844	803
Segment earnings margin (%)	24%	24%
Strategic Markets segment[1]		
Total operating revenue	1,809	2,459
of which: Internal revenue	138	149
Segment costs[3]	(1,234)	(2,012)
Segment earnings	575	447
Segment earnings margin (%)	32%	18%
Common costs	(1,117)	(849)
Portfolio Investments segment[1]		
Gross collections	5,267	5,320
Amortization of portfolio investments	(2,064)	(2,123)
Revaluation of portfolio investments	18	(633)
Other revenues from portfolio investments	271	155
Total revenue from portfolio investments	3,492	2,720
Participation in JVs	675	183
Segment costs[3]	(1,647)	(1,496)
Segment earnings	2,520	1,406
Cost to collect ratio (%)[4]	31%	27%
Segment earnings margin (%)	72%	52%
Segment earnings margin excluding participation in JVs (%)	53%	45%
Operating earnings (EBIT)	2,822	1,807
EBIT Margin (%)[2]	37%	25%
EBIT Margin excluding participation in JVs (%)	28%	22%

(1) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. The financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is

presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(2) Includes intergroup commissions.

(3) Direct production costs and other operating costs to collect on the Portfolio Investments segment, the Credit Management Services segment and the Strategic Markets segment, respectively. For the Portfolio Investment segment, costs include the carrying value of disposed properties in the period.

(4) Cost to collect based on segment costs relative to gross collections for the Portfolio Investments segment

We have historically undertaken a range of initiatives that have improved our collections and margins and that we believe will continue to improve our resilience and long-term business performance. See "*Summary—Our Strengths.*" Margins in our Credit Management Services segment remained stable in the first half of 2020 due to savings from the efficiency improvements program and tighter cost control, that offset lower revenues as a result of COVID-19. Temporarily, some countries experienced lower business volumes and easing of payment terms for their customers, adversely impacting revenues. Margins in our Strategic Markets segment decreased in the first half of 2020 due to COVID-19 significantly impacting southern Europe, which led to country-wide lockdowns and reduced activity in the legal systems for periods of time resulting in delays in cash flows. The savings from the efficiency improvements program and the Piraeus Partnership completed in October 2019 supported the margin. The collection cost ratios in our Portfolio Investments segment for the years ended December 31, 2019 and 2018 were 31% and 29%, respectively. The collection cost ratios in our Portfolio Investments segment for the six months ended June 30, 2020 and 2019 were 27% and 31%, respectively. The decrease was primarily due to tighter cost control and the temporary full consolidation of the REO portfolio acquired from Ibercaja in December 2018, during which the acquisition cost of real estate disposed of in the period was recognized in the service line cost for the six months ended June 30, 2019. Collection cost ratio is also impacted by the varying characteristics of the portfolios we purchase and the timing of portfolio purchases throughout the year. Specifically, we believe that trends in our collection cost ratio in the Portfolio Investments segment during the period under review have been primarily due to lower average blended ages of portfolios associated with large uptakes in portfolio investments. Costs are typically highest when portfolios are new as the higher initial collection costs exert upward pressure on costs to collect without immediate accompanying increases in gross collections. In addition, a large portion of recent portfolio purchases have come from financial institutions and have higher average collectible values, meaning that the total amount of cash collected per case increases even if the margin is slightly lower.

The group EBIT-margin decreased from 33% in the twelve months ended June 30, 2019 to 7% in the twelve months ended June 30, 2020, positively impacted by the contribution from participation in JVs. Excluding such contribution, the EBIT-margin declined from 27% to 2%, negatively impacted by the impairment of goodwill, negative portfolio revaluations and the efficiency improvements program costs.

Operational efficiency is key to our business model and a primary advantage of our business compared to competitors as well as financial institutions and other clients who handle their debt collection in-house. In the initial stages of the debt collection process, we estimate the creditworthiness of a group of consumers based on historical data and anticipate their payment habits and behaviors, a process that we refer to as "**Scoring.**" Scoring allows us to predict the likelihood that a customer will pay its debts and to tailor our debt collection strategies in order to efficiently collect final payments from end-customers. The process is tailored to account for specific circumstances and behaviors and also to minimize the impact on the customer relationship. For more information on our Scoring process, see "*Business—Operations and service offerings—Credit Management Services—Collection services.*" We thereafter determine which collection method to use for the specific claim, including calls, letters, text messages, emails or personal visits by agents, depending on various factors including the geographic market, claim size, client on whose behalf we are acting, applicable laws and regulations, reputational concerns and the individual customer. We believe that our large scale and automated processes, complemented by our data assets and analytic capabilities, allows us to optimize collection costs and uniquely tailor debt collection strategies based on past experience. As a result, we believe that we are able to optimize collection efficiency over the lifetime of the claim.

Seasonality

The timing of our purchases of portfolios of loans and other overdue receivables is likely to be uneven throughout a financial year and from year to year due to fluctuating supply and demand within the market, which

has an impact on leverage and earnings. Measured by purchase price, we have generally purchased more portfolios in the fourth quarter when debt originators in general, and financial institutions in particular, often seek to sell assets. In the years ended December 31, 2019, 2018 and 2017, 52%, 46% and 39%, respectively, of the portfolios that we purchased were purchased in the fourth quarter. However, there may be exceptions to this trend. Our interim results may also be impacted by the timing of the closing of a specific portfolio purchase and/or seasonal factors, such as whether Easter occurs in the first or second quarter of the year. The seasonality described above impacts the returns generated through debt collections on our purchased portfolios, and the amortization of such portfolios, and are recognized in our consolidated income statement as described in more detail in "—*Recognition of purchased portfolios, revenue recognition, estimation of cash flow forecasts and revaluation of purchased portfolios*."

Our debt collection is also affected by seasonal factors relating to customers, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Collections within specific portfolios may have high seasonal variances while our costs are more evenly spread out over the year, which may result in high variances of margins and profitability between quarters. Our servicing margins are generally lower in the first quarter, whereas collections are generally higher in the second and fourth quarters, also due to customers' receipt of tax refunds, holiday bonus payments and other factors.

Acquisitions, geographic expansion and divestments

We have a strong track record of expanding both organically and through acquisitions. We have been able to successfully integrate new businesses into our existing operations, achieve strategic plans, capitalize on synergies and leverage our strong client relationships to acquire assets from some of the largest telecommunications, utilities, banking and retail companies in Europe. These acquisitions have allowed us to enhance our business intelligence capabilities, collection related local knowledge and generate steady streams of revenue.

From January 1, 2017 to June 30, 2020, our significant acquisitions include:

- In October 2019, as part of the Piraeus Partnership, we acquired 80% of Piraeus Bank's Recovery Banking Unit in combination with a long-term non-performing exposures servicing agreement. Piraeus Bank owns the remaining 20% of the partnership company. The purchase price corresponding to the acquisition of 80% of the shares in the partnership company was €328 million, of which €296 million was paid in cash on closing of the transaction with the remainder planned after year end 2022.

- In April 2019, we acquired 80% of Banco Sabadell's wholly owned subsidiary Solvia Servicios Inmobilarios, which offers real estate management services in the Spanish market, for a purchase price of €241 million, with approximately €190 million paid upon closing and the remainder planned to be paid in 2022. The consideration paid in cash upon closing was accounted for at SEK 1,937 million at the acquisition date.

- In December 2018, we entered into the Intesa Partnership with Intesa, pursuant to which Intesa contributed its service platform for overdue receivables, consisting of a collection department with a labor force of 600, and we contributed all of our Italian operations at the time other than Cross Factor SpA and the holding company Lindorff Italy Srl. As a result of the partnership agreement, we own a 51% interest in the shared Italian collection business, Intrum Italy SpA ("**Intrum Italy**"), and therefore consolidate its results of operations, with the minority share attributable to Intesa reported as a non-controlling interest. Intrum Italy also entered into a 10-year exclusive servicing agreement with Intesa for the vast majority of Intesa's new NPL inflow during this period. As part of the partnership agreement, Intesa contributed a portfolio of overdue receivables consisting primarily of covered loans to Penelope SPV S.R.L ("**Penelope**"), a jointly-owned platform. Along with CarVal Investors, our co-investment partner, we own 51% of Penelope. We are subject to a shared controlling influence agreement with CarVal Investors, and therefore report our interest in the jointly owned platform as a participation in a joint venture. See "—*Description of key consolidated income statement line items—Participations in joint ventures—Ithaca Investment DAC*."

- In December 2017, we acquired the Italian company CAF SpA ("**CAF**"), the third-largest credit management company for impaired unsecured receivables in Italy. In connection with the

acquisition of CAF, we acquired from the sellers a large, diversified receivables portfolio of secured and unsecured consumer and SME debt, the collection on which is performed by CAF. The total purchase consideration for CAF and the portfolio was €200 million, on a cash and debt-free basis.

- In June 2017, we completed the Merger to become the largest full-service European credit management company by revenue, EBITDA and ERC. For further discussion of the divestment of assets as required by the EC in connection with the Merger, see "—*Divestments*."

- In April 2017, we acquired Top Factoring, one of the leading portfolio investment companies in Romania. Top Factoring is primarily active in the bank and telecommunications sectors, with several strong customer relationships generating recurring investment opportunities in portfolio investments. The acquisition price was €25.7 million, the majority of which was attributed to a portfolio of overdue receivables held by Top Factoring SRL's parent company.

- In February 2017, we acquired 1st Credit Limited, a medium sized British company with operations in debt purchasing. The name of 1st Credit Limited was subsequently changed to Intrum UK Ltd. The purchase price on a cash and debt free basis was £130 million, attributable to a diversified portfolio of receivables deriving from investments from several sellers in the financial industry.

Divestments

In March 2018, we completed the Divestment, which comprised the sale to the Lowell Group of Lindorff's operations in Denmark, Estonia, Finland and Sweden as well as our historic operations in Norway. The Divestment was a condition for the EC's approval of the Merger. The companies were sold for a purchase consideration of SEK 7,511 million. In connection with the Divestment, we entered into three-year brand licensing agreements with Lowell for the "Lindorff" brand in Finland, Sweden, Denmark and Estonia and the "Intrum Justitia" brand in Norway. In the consolidated income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries that were divested were reported as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 38 in the Issuer's Audited Financial Statements as of and for the year ended December 31, 2019 and note 39 in the Issuer's Audited Financial Statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum.

In November 2017, we divested our shares in Arvada AB, formerly a joint venture between Intrum and TF Bank, to TF Bank.

In October 2017, we sold the Dutch subsidiary Buckaroo BV to BlackFin Capital Partners.

Economic conditions

The economic and market conditions in the countries in which we operate can have various effects on our operations. For example, adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which may positively impact our ability to purchase portfolios with attractive returns by increasing the stock of portfolios available for purchase. Similarly, negative economic developments may increase the amount of loans and other overdue receivables held by our debt collection clients, which may increase the number of claims that clients want to outsource to us for collection. If adverse economic conditions materially reduce the ability of customers to enter into transactions or repay their debts, our revenue from credit optimization services, debt collection services and debt purchasing could decrease. Adverse economic conditions could also reduce some debt originators' willingness to sell overdue receivables at prevailing market prices, which could decrease the overall volume of portfolios of loans and other overdue receivables available for us to purchase or could alternatively pressure some debt originators to sell portfolios in order to free up capital, which may increase the overall volume of loans and other overdue receivables available for us to purchase. Following the 2008 global financial crisis, for example, the industry experienced dramatic slowdowns in purchases of portfolios followed by increases in the sale of portfolios during subsequent periods as debt originators sought to free up capital. Unfavorable economic conditions may also impact our ability to obtain financing to purchase portfolios.

The COVID-19 pandemic has created significant uncertainties and risk, adversely affecting economies on a global basis as well as on a specific basis in the markets in which we are active. Our business has been affected by the COVID-19 pandemic. The spread of COVID-19 has impacted our segmental and regional operations in different ways, with Strategic Markets being the most adversely affected, Credit Management Services maintaining a flat operating margin and Portfolio Investments being impacted primarily as a result of

extending our collection forecasts. Financial performance in the Strategic Markets segment for the three months ended June 30, 2020 improved significantly when compared to the three months ended March 31, 2020 financial performance due in part to the reopening of the court systems in Greece, Italy and Spain in May as well as by our strict internal cost control measures. Overall, for the six months ended June 30, 2020 operating income and operating margin in our Strategic Markets segment decreased to SEK 447 million (€43 million equivalent) and 18% for the six months ended June 30, 2020 compared to SEK 575 million (€55 million equivalent) and 32% for the six months ended June 30, 2019. Decreases of the year were largely driven by government measures taken in Italy and Spain to limit the spread of COVID-19, including restrictions on movement, shop closures and, in particular, reduced activity in the legal systems, which resulted in collections and cash flow delays in our operations. Operating income and operating margin in our Credit Management Services segment decreased from SEK 803 million (€77 million equivalent) and 24% for the six months ended June 30, 2020 compared to SEK 844 million (€79 million equivalent) and 24% for the six months ended June 30, 2019. Financial Performance in our Credit Management Services segment declined in the three months ended June 30, 2020 when compared to the three months ended March 31, 2020, in part due to lower business volume flows as some clients have temporarily eased payment terms for their customers. Operating income and operating margin in our Portfolio Investments segment were SEK 1,406 million (€134 million equivalent) and 52% for the six months ended June 30, 2020 compared to SEK 2,520 million (€239 million equivalent) and 72% for the six months ended June 30, 2019, with the decrease primarily due to underperformance in overdue receivables collections by our Italian SPV. We extended our collection forecasts in the three months ended March 31, 2020, pushing back our expected collection timing. However, overall collections in the three months ended June 30, 2020 exceeded these revised collection forecasts, with amounts collected in Greece, Italy and Spain slightly under the revised forecast and amounts collected in the remaining countries significantly above the revised forecast. In the three months ended June 30, 2020, we also experienced marginally higher earnings from joint ventures and underwriting return levels that were materially higher than levels prior to COVID-19. We also believe that our pipeline of debt collection cases remains at a good level and, additionally, that our broad geographical presence and wide variety of client solutions gives us a high degree of diversification, which, together with our underlying cash flow generation, helps to mitigate some of the adverse effects of the COVID-19 pandemic on our results of operations. As a result of the COVID-19 pandemic, as previously disclosed, we have also revised our business plan for 2020 and are reconsidering our short- and mid-term financial targets as we no longer consider that conditions are in place to meet our original goals for 2020. Our financial results during the first six months of 2020 were positively impacted the efficiency program implemented in 2019 but were also adversely impacted by the COVID-19 pandemic. Despite this negative impact, we continue to target a leverage ratio of 2.5-3.5x by year end 2022. See "*Presentation of Financial Information—Financial Targets*." We have also decided to temporarily reduce our rate of investment and increase the yield requirements on new portfolio investments in order to increase cash flow in the business. The health and safety of our employees is of paramount importance. The majority of our employees have been working from home since mid-March, demonstrating the commitment of our workforce and our ability to manage our business volumes remotely. To ensure that our core values remain the foundation of our operations, we have also strengthened our internal guidelines to ensure we are interacting with customers uniquely affected by COVID-19 on the basis of their individual circumstances and with an empathetic and ethical approach. In this way, we can continue to contribute to a financially sustainable balance between those who provide and receive credit, respectively. The ongoing economic downturn associated with the COVID-19 pandemic may continue to have an adverse impact on business volumes and our ability to collect on claims which could also potentially impact our profitability.

Improved economic conditions are likely to lower default rates on loans, which could negatively impact the growth of the stock of portfolios available for us to purchase. Improved economic conditions could also decrease the amount of loans and other overdue receivables held by our debt collection clients, which could negatively impact revenue generated through out debt collection services. Conversely, improved economic conditions and decreased levels of unemployment: (i) imply that consumers will have higher income and a corresponding increased ability to pay debt due on a timely basis, which could result in our experiencing lower costs to collect and (ii) are likely to drive higher consumption and encourage clients to offer deferred payment to customers which would likely improve demand for our credit optimization services.

On January 31, 2020, the withdrawal of the United Kingdom from the EU became effective and the United Kingdom entered into a transition period from January 31, 2020 to December 31, 2020 during which the EU will treat the United Kingdom as if it were still a member of the EU. If the United Kingdom and the EU are unable to negotiate an ongoing or a favorable agreement governing trade in goods and services, movement of individuals and political cooperation by the end of this period, both the general and economic conditions in the United Kingdom and the EU and the specific and individual economic circumstances of our clients and customers may be adversely affected to varying degrees. The withdrawal process has also created substantial political

uncertainty within the EU and the United Kingdom, uncertainty in international financial markets and reduced economic growth. The resulting political and economic uncertainty could also lead to a departure, or heighten the risk of departure, from the Economic and Monetary Union of the EU by one or more Eurozone countries, the abandonment of the euro as a currency or the imposition of significant restrictions to, or the elimination of, barrier-free access amongst EU Member States or within the EEA overall. This heightened uncertainty, and the consequences of a withdrawal, in particular if an acceptable agreement is not arrived at, could have a significant negative effect on consumer and market confidence. In light of the exposure that we have to the EU and the euro through our euro-denominated borrowings, derivative instruments and cash flows, and to the United Kingdom and the British pound sterling given our Intrum UK Limited operations, any events adversely affecting the stability of the Eurozone or the United Kingdom or the euro or the British pound sterling could have a material adverse impact on our business, financial condition and results of operations. See "*Risk Factors—Risks related to our industry and business—The United Kingdom's exit from the EU may adversely impact our business, results of operations and financial condition.*"

Foreign currency effects

We currently have local operations in Austria, Belgium, Brazil, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Romania, Switzerland, Slovakia, Spain, Sweden and the United Kingdom. Most of our subsidiaries transact business and report their financial results in currencies other than SEK, our consolidated reporting currency. In addition, our existing indebtedness is primarily denominated in euro and SEK but the amounts incurred in euro and SEK do not necessarily match the cash flows generated from operations in such currencies. Accordingly, our results of operations are subject to currency effects, primarily currency translation exposure. We have historically hedged against part of our translation exposure through currency hedging via external loans in foreign currency and derivatives. The total net value of our balance sheet hedge instruments amounted to SEK 19 million as of June 30, 2020.

The table below sets forth our actual revenue distribution by currency for the years ended December 31, 2019, 2018 and 2017 and the six months ended June 30, 2020, expressed in millions of SEK equivalent.

	For the year ended December 31,			For the six months ended June 30,
	2017	2018	2019	2020
	(SEK in millions)			
Swedish krona	878	882	936	461
Euro	5,282	7,791	9,766	4,408
Swiss franc	732	802	804	432
Hungarian forint	780	1,197	1,434	456
Norwegian krone	763	1,587	1,575	710
Other currencies	999	1,183	1,470	752
Total	**9,434**	**13,442**	**15,985**	**7,218**

Tax effects

The statutory corporate tax rate in Sweden for the years ended December 31, 2019, 2018 and 2017 was 21.4%, 22% and 22% respectively. Our effective tax rate for the years ended December 31, 2019, 2018 and 2017 was 306%, 23% and 22%, respectively, with fluctuations primarily due to variations in the mix of taxable income among our subsidiaries in jurisdictions with different tax rates. The high effective tax rate in the year ended December 31, 2019 was primarily due to non-deductible impairment of goodwill. For additional information regarding income tax expense, see note 8 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

Significant factors affecting comparability

New segment presentation

The Issuer includes segmental results in its financial statements with the segments defined in accordance with IFRS 8 Operating Segments. For the years ended December 31, 2019 and 2018 (including comparative information as of and for the year ended December 31, 2017), the Issuer's operating segments were comprised of four geographical regions in which its clients were located: (i) Northern Europe (including Denmark, Estonia, Latvia, Lithuania, Finland, Norway and Sweden), (ii) Central and Eastern Europe (including Greece, Poland, Romania, Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria), (iii) Western and Southern

Europe (including Belgium, France, Ireland, Italy, the Netherlands and the United Kingdom) and (iv) Iberian Peninsula and Latin America (including Spain, Portugal and Brazil). Central and common expenses were spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. In addition, the Issuer also reported certain results by service offering, which were divided into two service lines: (i) the Credit Management Services service line, which focused on late payments and collection, collection services, credit information services and payment services and RES for Intrum-owned or third-party portfolios; and (ii) the Portfolio Investments service line, which focused on the acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collected the receivables on its own behalf, and our REO offering, which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. See note 2 to the Issuer's audited financial statements for the years ended December 31, 2019 and 2018 included elsewhere in this Offering Memorandum.

From January 1, 2020 onward, the Issuer's operating segments comprise three segments: (i) the Credit Management Services segment, which focuses on providing the spectrum of CMS, including late payments and collection, collection services, credit information services, payment services and RES, in the countries in which Intrum operates other than Brazil, Greece, Italy and Spain, (ii) the Strategic Markets segment, which focuses on providing CMS in Intrum's Brazilian, Greek, Italian and Spanish operations, and (iii) the Portfolio Investments segment, which focuses on the acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collects the receivables on its own behalf, and REOs. Our results of operations for the six months ended June 30, 2020 (including the comparative information for the six months ended June 30, 2019) included in this Offering Memorandum are based on our new three segment organization. The financial information previously presented under the service line of Credit Management Services for our results of operations for the years ended December 31, 2019, 2018 and 2017 is divided and presented in the two segments of Credit Management Services and Strategic Markets in our new three segment organization for our results of operations for the six months ended June 30, 2020.

As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. In this Offering Memorandum, for ease of comparability, we also present certain financial information for the year ended December 31, 2019 and for the twelve months ended June 30, 2020 on the basis of our three new segment organization. For additional discussion of the new segment presentation, see "*Other information—new segmentation as of 2020*" in the Issuer's unaudited interim financial statements for the six months ended June 30, 2020, included elsewhere in this Offering Memorandum.

Recent developments

COVID-19

Our business has been affected by the COVID-19 pandemic. For a discussion of the impact of COVID-19 on our business and results of operations, see "*—Significant factors affecting results of operations—Economic conditions*" and "*Risk Factors—Risks related to our industry and business—The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this "Risk Factors" section*."

MTN program

On May 22, 2020, we published and the Swedish Financial Supervisory Authority approved and registered an updated MTN prospectus, increasing the aggregate nominal amount for the Existing MTN Program from SEK 5 billion to SEK 10 billion.

On July 6, 2020, we redeemed in full SEK 1,000 million of our Existing MTNs that were issued on July 2, 2018 and that matured on July 6, 2020 (the "**2020 MTN Redemption**"). The 2020 MTN Redemption was funded with drawings under the existing Revolving Credit Facility and cash on the balance sheet. Following the 2020 MTN Redemption, our outstanding aggregate amount of Existing MTNs includes SEK 1,100 million (€105 million equivalent) of Existing MTNs due November 22, 2021 and SEK 2,900 million (€276 million equivalent) of Existing MTNs due July 3, 2023. See "*Description of Other Indebtedness—Existing MTNs.*"

The Merger and the Divestment

The Merger completed on June 27, 2017. As a result, the Financial Statements do not give effect to the Merger until such date. The Divestment completed on March 20, 2018. In the income statement for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), the subsidiaries being divested in accordance with the Divestment have been reported in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as discontinued operations. In the balance sheet as of December 31, 2017 included as comparative information in the balance sheet as of December 31, 2018, these subsidiaries are reported as assets and liabilities in operations held for sale. See "*Presentation of Financial and Other Information.*" For a summary of certain other acquisitions and divestments during the periods under review, see "*—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*."

Significant accounting policies

We adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 and IFRS 16 Leases from January 1, 2019. Our consolidated financial statements as of and for the year ended December 31, 2017 included as comparative information in the audited financial statements as of and for the year ended December 31, 2018 have not been restated to reflect the retrospective adoption of IFRS 15. Our audited consolidated financial statements as of and for the year ended December 31, 2018 (including comparative information as of and for the year ended December 31, 2017), have not been restated to reflect the retrospective adoption of IFRS 16. The introduction of IFRS 15 has not had a material impact on our earnings or financial position. The principal effects of the application of IFRS 16 on Intrum's accounting were that (i) the Group's total assets increased by SEK 709 million as of January 1, 2019, with both an asset and a liability being reported for leases in effect, and (ii) operating earnings improved by SEK 43 million for the period ended December 31, 2019 through the implicit lease interest expense being reported in net financial items rather than in operating earnings. See "*Presentation of Financial and Other Information*" and note 1 to the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2019 and 2018 included elsewhere in this Offering Memorandum.

Recognition of purchased portfolios, revenue recognition, accounting treatment of joint ventures, estimation of cash flow forecasts and revaluation of purchased portfolios

The following sections describe how the IFRS accounting under the amortized cost methodology recognizes the portfolio investments book value in our consolidated statement of financial position and the returns generated through debt collections on such portfolios in our consolidated income statement. These IFRS measures are derived from a number of other measures that are not defined in IFRS and which involve a higher degree of judgment or complexity, including EIR and ERC, and these are areas where assumptions and estimates are significant to the Issuer's Audited Financial Statements.

Recognition of portfolio investments

Portfolio investments consist of portfolios of delinquent consumer debt purchased at prices significantly below the nominal receivable. With effect from January 1, 2018, in accordance with the rules for loans and receivables under IFRS 9, which replaced IAS 39 (or, for any annual periods prior to January 1, 2018, according to IAS 39), portfolio investments are recognized at amortized cost according to the effective interest rate model. The new rules for portfolio investments require that we continue to report these according to an EIR model, with minor adjustments in application. The primary change is that, in accordance with IFRS 9, acquired credit-impaired receivables can be reported at a higher recognized value than cost if our estimates of future cash flows change, which differs from our application of the corresponding rules under IAS 39. The effect of this change is that earnings brought forward in the opening balance for the year ended December 31, 2018 increased by SEK 50 million after tax. Comparative figures for previous years have not been recalculated.

Income from portfolio investments is recognized in the income statement as the collected amount less amortization. The collection is often performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the Credit Management Services segment and Strategic Markets segment. The cost of collection is debited internally at market price and expensed in the income statement for the Portfolio Investments segment as a cost of services.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial EIR determined on the date the portfolio was acquired, based on the relation between purchase price cost and the projected future cash flows on the acquisition date. Changes in the portfolio investments book value are recognized as amortization for the period

and included in the income statement on the revenue line. Compensation received from debt originators due to rejected cases and price adjustments made to purchased portfolios are recorded as an adjustment to the acquisition cost.

In connection with the purchase of each portfolio of receivables, a projection for a period of 180 months is made of the portfolio's cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection costs. With this forecast and the purchase price (including transaction costs) as a basis, each portfolio is assigned an initial EIR that is then used to discount cash flows through the life of the portfolio. Cash flow actual performance is compared against projections and monitored on a monthly basis for all portfolios, although adjustments to projections are only made after the first year. Projections are updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information. 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 EIR, a new carrying value for the portfolio is calculated in the closing accounts.

We are currently reassessing the methodology by which we adjust EIR. We expect to complete the assessment and implement the new methodology by December 31, 2020.

The effects of changes in cash flow forecasts are referred to as revaluations and treated symmetrically, *i.e.*, both increases and decreases in forecast flows affect a given portfolio's portfolio investments book value and, as a result, earnings. Prior to January 1, 2018, portfolios were not recognized at higher than cost. Effective January 1, 2018, we have applied IFRS 9 with the result that portfolios may be recognized at higher than cost if future cash flow forecasts change. Although selling portfolios of portfolio investments is not a part of our 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 collected from the debtors. The entire remaining carrying values of the portfolios are then recognized as amortization.

From time to time, we also purchase portfolios on a forward flow basis. In a forward flow agreement, we agree to buy claims from a client on an ongoing basis at a pre-defined price or price range for a given volume and quality. Claims under forward flow agreements can be delivered on weekly, monthly or quarterly basis and the EIR of these claims is calculated per batch delivered. Each delivery under a forward flow agreement is treated as an individual portfolio purchase, using our own purchase cost and our own EIR calculation.

Recognition of revenue from portfolio investments

Revenue on a portfolio investment is calculated as the total of the actual achieved gross collected amounts of the portfolio during each month, less portfolio investment amortization and adjusted for positive or negative portfolio investment revaluations. As a result of this methodology, revenue for a portfolio will correspond closely to its carrying value multiplied by the EIR that would have been determined if the calculation had been based on gross collections, adjusted for over- or under-performance and for revaluations.

The table below sets forth an illustrative example of portfolio revenue recognition and changes in portfolio investments book value according our methodology under IFRS.

Invested amount	1,000
Gross collection	2,000
Internal Rate of Return based on net collections (%)[1]	15
Collection cost	20

Year	1	2	3	4	5	6	7	8	9	10	Total
Cash flow distribution											
Gross collection	500	400	250	200	150	100	100	100	100	100	2,000
Collection cost	(100)	(80)	(50)	(40)	(30)	(20)	(20)	(20)	(20)	(20)	(400)
Net collection	400	320	200	160	120	80	80	80	80	80	1,600
Open carrying amount[2]	1,000	752	547	430	336	267	227	182	130	69	1,000
Closing carrying amount	752	547	430	336	267	227	182	130	69	0	0
Amortization based on net collections[3]	(248)	(205)	(117)	(94)	(69)	(39)	(45)	(52)	(60)	(69)	(1,000)
Revenues (gross collection less amortization)	252	195	133	106	81	61	55	48	40	31	1,000
Cost	(100)	(80)	(50)	(40)	(30)	(20)	(20)	(20)	(20)	(20)	(400)
Segment earnings	152	115	83	66	51	41	35	28	20	11	600

(1) The discount rate that would discount the expected future net collections to the invested amount.

(2) Estimated remaining future net collections discounted at the internal rate of return.

(3) Movement in the carrying amount.

The tables below set forth a reconciliation of cash collections on portfolio investments revenue to total revenue.

	For the six months ended June 30,	
	2019	2020
	(unaudited) (SEK in millions)	
Collections on portfolio investments	5,267	5,320
Amortization of portfolio investments	(2,064)	(2,123)
Revaluation of portfolio investments	18	(633)
Revenue from portfolio investments	**3,221**	**2,720**
Other revenues from the Portfolio Investments segment other than revenues from portfolio investments[1]	271	155
Credit Management Services segment revenue[2][3]	3,457	3,295
Strategic Markets segment revenue [3][4]	1,809	2,459
Elimination of internal revenue[5]	(1,222)	(1,256)
Total revenue	**7,536**	**7,218**

(1) Includes revenues from factoring and payment guarantee services.

(2) Revenue generating activities include collection fees, commissions, debtor fees and subscription income derived from collection services and other CMS activities provided to third party clients, as well as internal commission charged to the Portfolio Investments segment. For further discussion, see note 3 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

(3) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(4) The Strategic Markets segment was established on January 1, 2020. Revenue generating activities include collection fees, commissions, debtor fees and subscription income derived from collection services and other CMS activities provided to third party clients in our Brazilian, Greek, Italian and Spanish operations, as well as internal commission charged to the Portfolio Investments segment.

(5) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

	For the year ended December 31,	
	2018[1]	2019[1]
	(audited) (SEK in millions)	
Collections on portfolio investments	10,056	10,763
Amortization of portfolio investments	(3,942)	(4,174)
Revaluation of portfolio investments	88	28
Revenue from portfolio investments	**6,202**	**6,617**
Other revenues from the Portfolio Investments service line other than revenues from portfolio investments[2]	192	452
Credit Management Services service line revenue[3][4]	9,480	11,450
Elimination of internal revenue[5]	(2,432)	(2,534)
Total revenue	**13,442**	**15,985**

(1) Data is extracted from the audited financial statements as of and for the years ended December 31, 2019 and 2018, as applicable.

(2) Includes revenues from factoring and payment guarantee services.

(3) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a

segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(4) Revenue generating activities include collection fees, commissions, debtor fees and subscription income derived from collection services and other CMS activities provided to third party clients, as well as internal commission charged to the Portfolio Investments service line. For further discussion, see note 3 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

(5) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

Joint ventures

In accordance with IFRS 11 Joint arrangements, we recognize our participations in joint ventures, in which we and other part-owners manage operations jointly in accordance with a shareholder agreement, in accordance with the equity method from the date on which joint control arises and such that we are entitled to net assets rather than having a direct entitlement to assets and responsibility for liabilities. Joint ventures are recognized at cost and subsequently adjusted for our share of net assets. In our consolidated income statement, our share of joint venture earnings is reported under Participations in the earnings of joint ventures. We do not recognize dividends received from joint ventures in the income statement, but instead reduce the carrying value of the investment. Shared operations are joint arrangements in which we 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 under which each party to a joint venture reports its share of assets, liabilities, income and expenses.

Estimation of cash flow forecasts from portfolio investments

The estimation of cash flow forecasts (*i.e.*, ERC) is a key uncertainty within our policies on revenue recognition of portfolio investments. We establish estimates of cash flows that determine the EIR for each purchased portfolio. The estimates are based on our collection history with respect to portfolios comprising similar attributes and characteristics, such as date of purchase, debt originator, type of receivable, customer payment histories, customer location and the time since the original charge-off, as well as on our experience and the existing schedule of repayment plans on the particular portfolio for which we are determining EIR.

Revaluation of portfolio investments

Prior to the end of each quarterly reporting period, we evaluate portfolio forecasts to assess whether there is objective evidence that a portfolio should be subject to revaluation. Indications of positive or negative revaluation primarily include any significant deviation against the currently active forecast for the portfolio, but also take into account an assessment of groups of customers experiencing financial difficulty, default of interest or principal payments, the probability that customers will enter into bankruptcy, debt restructuring or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Conversely, there can also be a positive revaluation in the event that a portfolio displays objective evidence of expected cash flows above the currently active forecast.

In practice, a number of portfolios are identified each quarter for potential revaluation. Generally, portfolios will be selected for potential revaluation only where (i) we have owned such portfolio for at least 12 months, (ii) net collections in the past 12 months, or since the latest revaluation within the past 12 months, for such portfolio have deviated more than 20% positively or negatively against the active forecast, (iii) net collections in the past 12 months for such portfolio have exceeded €100,000 or deviation in the last 12 months exceeds €250,000, and (iv) the current carrying value of such portfolio exceeds €10,000. Portfolios that do not fulfill all four of these criteria are not considered for revaluation unless a special request is made by country or regional management. Portfolios which fulfill all four criteria are considered as candidates for a potential revaluation and are analyzed by our staff at group and local levels to determine if the deviation in the past indicates a need to revise the forecast for the future. New forecasts may be generated using agreed-upon statistical methods. All changes in active collection forecasts are then signed off and agreed by our revaluation committee. A change in the collection forecast may be coupled with an adjustment of the applied EIR for portfolios within a certain range, whereby the carrying value remains unchanged for portfolios still performing within predefined limits.

In the first half of 2020 our collection performance has been impacted by the economic downturn and closure of certain legal functions in certain of our key markets caused by the COVID-19 pandemic. We have reflected this impact through our book value revaluations processes. In the six months ended June 30, 2020, we wrote down our portfolio investment by net SEK 633 million, which is 2.3% of our portfolio investment carrying

value as of June 30, 2020. The revaluations were done on a market level to reflect the conditions present in the market at the time of the revaluation.

Key segment operating metrics

Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. The financial information previously presented under the service line of Credit Management Services for our results of operations for the years ended December 31, 2019, 2018 and 2017 is divided and presented in the two segments of Credit Management Services and Strategic Markets in our new three segment organization for our results of operations for the six months ended June 30, 2020. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

Portfolio Investments

During the periods under review, we experienced significant growth in our asset base and cash flow generation, which we believe is the result of: (i) the growing volume of our portfolios of loans and other overdue receivables; (ii) our pricing discipline; (iii) the efficiency and sophistication of our debt collection operations; and (iv) the successful implementation of our strategy regarding the selection, acquisition and integration of certain credit management businesses, including the Merger.

The table below sets forth an overview of our total holdings of portfolio investments as of the periods indicated. The portfolio investments book value below only relates to overdue receivables where we generate gross cash collections.

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the twelve months ended June 30,	
	2017	2018	2019	2019	2020	2019	2020
	(SEK in millions, unless stated otherwise)						
ERC	44,603	57,382	64,995	60,896	64,674	60,896	64,674
Portfolio investments book value	21,149	24,830	28,508	26,228	28,032	26,228	28,032
Portfolio investments	7,223	11,854	7,324	2,713	2,917	10,809	7,528
Return on portfolio investments (%)	16	15	15	15	8	15	11
Average Collection of Forecasts (%)	112	109	108	107	107	108	108

Portfolio investments book value

The table below sets forth the portfolio investments book value per sector as a percentage of our total portfolio investments book value as of the dates indicated.

Sector	As of December 31, 2019	As of June 30,2020
	(% of total)	(% of total)
Telecommunications companies	5	5
Banking sector	63	66
Credit card receivables	11	11
Other financing operations	15	13
Other sectors	6	5
Total	**100**	**100**

The table below sets forth the movement in our portfolio investments book value for the periods indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(SEK in millions)			
Acquisition cost, opening balance	20,611	35,775	44,216	52,619
Effect before tax of amended accounting principle in accordance with IFRS 9	–	56	0	–
Discontinued operations	(519)	0	0	0
Portfolio investments	7,130	6,882	7,323	2,917
Sales of portfolios	14	(65)	0	0
Purchased via acquisition	7,826	0	0	0
Reclassifications	0	0	0	3,276
Exchange rate differences	713	1,568	1,080	(834)
Accumulated acquisition cost, closing balance	35,775	44,216	52,619	57,978
Opening amortizations and revaluations for the year	(11,878)	(14,626)	(19,386)	(24,111)
Discontinued operations	391	0	0	0
Amortizations and revaluations for the year	(2,788)	(3,854)	(4,146)	(2,755)
Sales of portfolios	15	(12)	0	0
Reclassifications	–	(83)	(24)	(3,277)
Exchange rate difference	(366)	(811)	(555)	197
Accumulated amortizations and revaluations, closing balance	**(14,626)**	**(19,386)**	**(24,111)**	**(29,946)**
Portfolio investments book value at the end of the period	**21,149**	**24,830**	**28,508**	**28,032**

The table below sets forth our ERC by vintage and by year as of June 30, 2020.

ERC by Portfolio Vintage		ERC by Year	
Vintage(1)	ERC	Year	ERC
	(SEK in millions)		(SEK in millions)
2010 and before	2,346	June 30, 2020	64,674
2011	1,119	2021	53,490
2012	1,790	2022	41,445
2013	2,069	2023	32,248
2014	2,898	2024	25,222
2015	4,203	2025	19,829
2016	5,280	2026	15,632
2017	8,163	2027	12,294
2018	18,179	2028	9,423
2019	12,938	2029	7,036
June 30, 2020	5,689	2030	4,956
		2031	3,178
		2032	1,684
		2033	677
		2034	174
Total	**64,674**		

(1) Vintage corresponds to the year we acquired a portfolio of loans and other overdue receivables. Vintages of portfolios of loans and other overdue receivables acquired as part of business acquisitions correspond to the year we acquired such business.

The tables below present our ERC by asset class, geography, investment type and industry, for the periods indicated.

	As of the six months ended June 30, 2020
ERC by asset class	
Real estate	1%
Secured	18%
Unsecured	81%
Total	**100%**

	As of the six months ended June 30, 2020
ERC by geography	
Strategic Markets	34%
Nordics(1)	22%
DACH(2) and UK	21%
Other markets	23%
Total	**100%**

(1) The Nordics include Denmark, Norway, Finland and Sweden

(2) DACH includes Germany, Austria and Switzerland.

	As of the six months ended June 30, 2020
ERC by investment type	
Forward flow	14%
One-off investments	86%

Total	**100%**

	As of the six months ended June 30, 2020
ERC by industry	
Bank loans	67%
Finance	10%
Credit cards	9%
Telecom	5%
Real estate	3%
Other	6%
Total	**100%**

ERC growth over time is primarily due to portfolio purchases. As we collect on existing portfolios, the ERC on these portfolios will decline. During the periods under review, there have not been any material changes in forecast expectations at the overall portfolio level. In the six months ended June 30, 2020, our ERC was revalued positively by SEK 43 million and negatively by SEK 676 million. Our ERC on purchased portfolios grew from SEK 44,603 million as of December 31, 2017 to SEK 60,896 million as of June 30, 2020. The table below sets forth ERC on purchased portfolios as of the periods indicated.

	As of December 31,			As of June 30,	
	2017	2018	2019	2019	2020
	(SEK in millions)				
ERC	44,603	57,382	64,995	60,896	60,896

Returns on portfolio investments

While returns achieved on an individual portfolio can vary, we have a consistent record of unlevered returns on our aggregate portfolio investments and have experienced increased gross cash-on-cash multiples as portfolios mature. The table below sets forth certain data related to our portfolio investments by vintage, such as purchase price, collections, ERC and gross cash-on-cash multiple as of December 31, 2019, which demonstrates our ability to continue to extract value from our portfolio investments over a long period of time.

Vintage[(1)]	Purchase Price[(2)]	Collections to Date	ERC	Total Estimated Collection[(3)]	Gross Cash-on-Cash Multiple[(4)]
	(SEK in millions, unless otherwise indicated)				
2010 and before	10,643	25,378	2,398	27,777	2.61
2011	2,660	5,528	1,280	6,808	2.56
2012	3,670	7,289	2,023	9,312	2.54
2013	3,532	6,449	2,366	8,815	2.50
2014	3,812	6,487	3,294	9,781	2.57
2015	5,158	6,109	4,635	10,745	2.08
2016	5,240	5,902	5,934	11,836	2.26
2017	8,024	5,856	9,188	15,044	1.87
2018	7,084	3,022	10,304	13,326	1.88
2019	7,647	1,004	14,437	15,441	2.02
Total	**57,470**	**73,025**	**55,681**	**128,885**	**2.24**

(1) Vintage corresponds to the year we acquired a portfolio of loans and other overdue receivables. Vintages of portfolios of loans and other overdue receivables acquired as part of business acquisitions correspond to the year we acquired such business.

(2) The purchase price of portfolios of loans and other overdue receivables acquired as part of business acquisitions represents the fair value of such portfolios allocated as part of the purchase price accounting of such acquisition.

(3) Total Estimated Collection means the collections to date plus ERC.

(4) Gross Cash on Cash Multiple means the actual gross collections before collection costs received on a portfolio of loans and other overdue receivables to the date that the multiple is measured, plus the ERC before collection costs of the same date, divided by the total amount paid for the portfolio at the date of purchase.

The table below sets forth our return on portfolio investments for our Portfolio Investments segment.

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2017	2018	2019	2019	2020
	(SEK in millions, unless otherwise indicated)				
Segment/service line earnings for Portfolio Investments[(1)(2)]	2,456	3,600	4,961	2,520	1,406
Portfolio investments book value at the beginning of the period[(3)]	8,733	21,149	24,830	24,830	28,508

Portfolio investments book value at the end of the period	21,149	24,830	28,508	26,228	28,032
Return on portfolio investments (%)	16	14	15	15	8

(1) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(2) Calculated as the actual operating earnings of the Portfolio Investments segment, excluding shared expenses for sales, marketing and administration.

(3) Portfolio investments book value at the beginning of the period is presented as of January 1 of the relevant period.

Credit Management Services

Both our Credit Management Services segment and our Strategic Markets segment provide third party debt collection services, with our Strategic Markets segment focusing on operations in Greece, Italy and Spain including our strategic Piraeus Partnership and Intesa Partnership.

The table below sets forth the total volume of our third-party debt collection services within our Credit Management Services service line, as of December 31, 2019 on basis of our organizational structure as of that date.

	As of December 31, 2019
Number of debt collection claims in stock at end of period (thousands)	16,358
Total collectible value on third-party debt (SEK in millions)	916,787

The table below sets forth the total volume of our third-party debt collection services within our Credit Management Services segment as of the periods indicated on the basis of the organizational structure as June 30, 2020 and currently in effect.

	As of June 30,	
	2019	**2020**
Number of debt collection claims in stock at end of period (thousands)	14,629	15,254
Total collectible value on third-party debt (SEK in millions)	199,322	205,345

Strategic Markets

Both our Credit Management Services segment and our Strategic Markets segment provide third party debt collection services, with our Strategic Markets segment focusing on operations in Greece, Italy and Spain including our strategic Piraeus Partnership and Intesa Partnership.

The table below sets forth the total volume of our third-party debt collection services within our Strategic Markets segment as of the periods indicated on the basis of the organizational structure as June 30, 2020 and currently in effect.

	As of June 30,	
	2019	**2020**
Number of debt collection claims in stock at end of period (thousands)	2,436	2,365
Total collectible value on third-party debt (SEK in millions)	815,898	913,144

Description of principal consolidated statement of financial position line items

The following is a discussion of our key consolidated statement of financial position line items.

Portfolio investments

Portfolio investments consist primarily of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on the portfolios and which are recognized at amortized cost using the effective interest method. The carrying value of each portfolio corresponds to the present value of estimated future cash flows discounted by an EIR. The initial EIR is based on the relation between purchase cost and the projected future cash flows on the date of purchase. See "*—Significant factors affecting our results of operations—Recognition of portfolio investments, revenue recognition, estimation of cash flow forecasts and revaluation of portfolio investments*."

Description of key consolidated income statement line items

The following is a discussion of our key income statement line items.

Total revenue

Consolidated total revenue includes external CMS income (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), income from portfolio investments in accordance with the effective interest method where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial EIR determined on the date the portfolio was acquired and positive revaluations of portfolio investments less negative revaluations of portfolio investments. We apply internal application rules which means that the initial effective interest rate can be adjusted in certain cases for minor projection adjustments within a predetermined interval without a change in the carrying value of the portfolio.

Cost of sales

Cost of sales are cost of services, including (i) production expenses including all costs directly incurred in order to establish the reported total revenues, (ii) sales expense associated with existing clients including costs associated with the maintenance of existing clients and adding value to the relationship, such as complaints management and (iii) related IT expenses including the running and maintenance costs for IT infrastructure. Cost of sales also include costs for personnel, postage, purchase of external information, legal and bailiff costs, bank charges for client funds bank accounts, apportioned rent and office costs as well as depreciation on related fixed assets.

Sales, marketing and administrative expenses

Sales, marketing and administrative expenses include (i) sales expense associated with new clients including costs associated with selling activities, preparation of customer contracts, writing of order specifications, sales promotion, administration of order filling and billing, (ii) marketing expenses including advertising, promotion, marketing staff costs, market analyses, planning of market strategy, sponsoring and (iii) invoicing and administrative expenses including group, regional and local level costs for finance and human resource departments as well as board of directors and group and local management. Sales, marketing and administrative expenses also include staff costs, consultancies, audit fees, costs for IT support, apportioned rent and office costs, depreciation on related fixed assets.

Participations in joint ventures

Refers to our share of profit or loss in joint ventures recognized in accordance with IAS 28. For further information, see "*—Recognition of purchased portfolios, revenue recognition, accounting treatment of joint ventures, estimation of cash flow forecasts and revaluation of purchased portfolios—Joint ventures*" and Notes 1, 5 and 13 in the Audited Financial Statements included elsewhere in this Offering Memorandum. We are currently party to the following joint venture arrangements.

Ithaca Investment DAC

In April 2018, we entered into a partnership agreement with Intesa pertaining to the establishment of a shared Italian collection business and the securitization of non-performing loans originated by Intesa. In the context of the Intesa Partnership:

- we acquired a majority 51% holding in a Italian collection business, Intrum Italy, to which Intesa contributed its service platform for overdue receivables, and Intrum contributed all of its Italian

operations at the time (other than Cross Factor SpA and the holding company Lindorff Italy Srl). Intesa retains a 49% holding in Intrum Italy. In connection with this, Intrum Italy also entered into a 10-year exclusive servicing agreement with Intesa for the vast majority of Intesa's new NPL inflow during this period. Intesa retains a 49% holding in Intrum Italy, and we therefore consolidate Intrum Italy's results of operations. At the same time Intrum together with CarVal Investors acquired 51% of a portfolio of overdue receivables from Intesa, which is held by Penelope, an Italian special purpose vehicle, as described below.

- through a new joint company, Ithaca Investment DAC (the "**Intesa JV**"), we own profit participating corresponding to 80% of the capital of the Intesa JV. The Intesa JV is subject, by agreement, to controlling influence shared by Intrum and CarVal Investors and we therefore report our interest in the jointly owned platform as a participation in a joint venture. The Intesa JV has invested in junior notes and mezzanine loans issued by Penelope. Penelope has invested in overdue receivables acquired from Intesa. Penelope also controls the property company, Savoy Reoco S.R.L., which assumes control of seized collateral in the form of properties. See "—*Acquisitions, geographic expansion and divestments*."

Ibercaja Banco SA

In December 2018, we reached an agreement to purchase 6,400 properties in Spain from Ibercaja Banco SA. The properties were transferred to a new company, Global Zappa SL, of which initially we were an 80% shareholder and a subsidiary of Ibercaja Banco SA was a 20% shareholder (the "**Ibercaja JV**"). In February 2019, we divested 50% of our shares in the Ibercaja JV to a co-investor.

Net financial items

Consists of the net of our interest income, interest expenses, exchange rate differences, amortization and impairment of capitalized borrowing costs and other financial expenses. Other financial expenses are primarily attributable to credit rating, bank fees and borrowing costs allocated to the period.

Taxes

Income taxes consist of current and deferred tax. Current tax is tax that is to be paid or received for the period in question applying the tax rates applicable on the balance sheet date and includes adjustments 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.

Results of operations

Consolidated income statement for the six months ended June 30, 2020 compared to the six months ended June 30, 2019

The table below sets forth our results of operations and the period on period percentage of change for the periods indicated.

	For the six months ended June 30,		
	2019	**2020**	**Change in %**
	(SEK in millions)		
Total revenue	7,536	7,218	-4
Cost of sales	(4,189)	(4,636)	11
Gross earnings	**3,347**	**2,583**	-23
Sales, marketing and administrative expenses	(1,200)	(959)	-20
Participations in joint ventures	675	183	-73
Operating earnings (EBIT)	**2,822**	**1,807**	-36
Net financial items	(748)	(983)	31
Earnings before tax	**2,074**	**824**	-60
Taxes	(456)	(185)	-59
Net earnings for the period	**1,618**	**638**	-61

Total revenue

Our total revenue decreased by SEK 318 million, or 4%, from SEK 7,536 million in the six months ended June 30, 2019 to SEK 7,218 million in the six months ended June 30, 2020, with organic growth accounting for

negative 9%, acquisitions for positive 14% (including Solvia and the Piraeus Partnership), portfolio revaluations for negative 9% and currency effects for 0%. This decrease in organic growth was primarily due to a non-recurring compensation for a customer contract that was terminated in the corresponding period of 2019 of SEK 177 million, and the direct and indirect effect from government authorities' initiatives to curb the spread of COVID-19, which particularly affected our operations in southern Europe.

The table below sets forth our total revenue by segment and as a percentage of consolidated total revenue for the periods indicated and the percentage increase or decrease in total revenue by segment from period to period. For a discussion of our segment reporting, see "*—Results of operations on a segment basis.*"

	For the six months ended June 30,				
	2019		2020		
	(SEK in millions)	(in % of total revenue)	(SEK in millions)	(in % of total revenue	Change in %
Credit Management Services segment[1]	3,457	46	3,295	46	-5
Strategic Markets segment[1]	1,809	24	2,459	34	36
Portfolio Investments segment[1]	3,492	46	2,720	38	-22
Elimination of internal total revenue[2]	(1,222)	-16	(1,256)	-17	3
Total	**7,536**	**100**	**7,218**	**100**	**-4**

(1) Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focused on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 included in this Offering Memorandum is presented on the basis of the two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three operating segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of our three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

(2) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

Cost of sales

Our cost of sales increased by SEK 447 million, or 11%, from SEK 4,189 million in the six months ended June 30, 2019 to SEK 4,636 million in the six months ended June 30, 2020. The increase was primarily due to the Piraeus Partnership completed in October 2019, partially offset by strict cost control and lower productivity as a result of COVID-19. As a percentage of total revenue, cost of sales increased from 56% for the six months ended June 30, 2019 to 64% for the six months ended June 30, 2020.

Sales, marketing and administrative expenses

Our sales, marketing and administrative expenses decreased by SEK 241 million, or 20%, from SEK 1,200 million in the six months ended June 30, 2019 to SEK 959 million in the six months ended June 30, 2020. The decrease was primarily due to items affecting comparability of negative SEK 212 million for the six months ended June 30, 2019 compared to no items affecting comparability reported for the six months ended June 30, 2020. As a percentage of total revenue, sales, marketing and administrative expenses remained relatively stable, moving from 16% for the six months ended June 30, 2019 to 13% for the six months ended June 30, 2020.

Participations in joint ventures

Our income from participations in joint ventures decreased from SEK 675 million in the six months ended June 30, 2019 to SEK 183 million in the six months ended June 30, 2020. The decrease was primarily due to lower earnings from the Intesa JV and impact from the country lockdown due to COVID-19.

Operating earnings

Our operating earnings decreased by SEK 1,015 million, or 36%, from SEK 2,822 million in the six months ended June 30, 2019 to SEK 1,807 million in the six months ended June 30, 2020. Operating earnings include items affecting comparability of negative SEK 633 million for the six months ended June 30, 2020 compared to negative SEK 89 million for the six months ended June 30, 2019. The increase was primarily due to revaluations of portfolio investments as a result of COVID-19.

Net financial items

Our net financial items increased by SEK 235 million, or 31%, from negative SEK 748 million in the six months ended June 30, 2019 to negative SEK 983 million in the six months ended June 30, 2020. The increase was primarily due to increased drawings under our Revolving Credit Facility in 2020 and costs associated with refinancing a portion of our Existing Notes and the issuance of the 2025 Notes.

Tax expense

Our tax expense increased by SEK 271 million, or 59%, from SEK 456 million in the six months ended June 30, 2019 to SEK 185 million in the six months ended June 30, 2020. The decrease was primarily due to lower earnings before tax. Tax expense as a percentage of earnings before tax was 23% for the six months ended June 30, 2020 and 22% for the six months ended June 30, 2019.

Net earnings for the period

Net earnings decreased by SEK 980 million, or 61%, from SEK 1,618 million in the six months ended June 30, 2019 to SEK 638 million in the six months ended June 30, 2020.

Consolidated income statement for the year ended December 31, 2019 compared to the consolidated income statement for the year ended December 31, 2018

The tables below sets forth our results of operations and the period on period percentage of change for the periods indicated.

	For the year ended December 31, 2018[(1)]	For the year ended December 31, 2019[(1)]	Change in %
	(SEK in millions)		
Total revenue	13,442	15,985	19
Cost of sales	(7,369)	(9,807)	33
Gross earnings	**6,073**	**6,178**	**2**
Sales, marketing and administrative expenses	(2,170)	(2,553)	18
Goodwill impairment	–	(2,700)	–
Provisions for credit losses on accounts receivable	(31)	(44)	42
Participations in joint ventures	106	1,179	1,012
Operating earnings (EBIT)	**3,978**	**2,060**	**(48)**
Financial income	60	63	5
Financial expenses	(1,423)	(1,984)	39
Net financial items	**(1,363)**	**(1,921)**	**41**
Earnings before tax	2,615	139	(95)
Taxes	(599)	(424)	(29)
Net earnings for the year from continuing operations	2,016	(285)	(114)
Net earnings for the year from discontinued operations	(73)	0	(100)
Net earnings for the year	**1,943**	**(285)**	**(115)**

(1) We adopted IFRS 16 on January 1, 2019. See "*Presentation of Financial and Other Information" and "Management Discussion and Analysis of Financial Condition and Results of Operations—Significant factors affecting comparability—Significant Accounting Policies*."

Total revenue

Our total revenue increased by SEK 2,543 million, or 19%, from SEK 13,442 million in the year ended December 31, 2018 to SEK 15,985 million in the year ended December 31, 2019 with organic growth accounting for -2%, acquisitions for 18% (including Solvia, the Intesa partnership and the Piraeus partnership), portfolio revaluations for 0% and currency effects for 3%. This decrease in organic growth was primarily due to the loss of maturing high margin business process outsourcing contracts in Spain. Growth in total revenue was primarily due to acquisitions and our Intesa Partnership. Growth in our Portfolio Investments segment was primarily due to a full-year contribution from the Intesa JV that completed in December 2018, and favorable underlying growth in the other portfolio operations. For the year ended December 31, 2019, investments in portfolio investments amounted to SEK 7,324 million compared to investments of SEK 11,854 million in the year ended December 31, 2018, which contributed to an increase in book value for purchased receivables of 15% over the period. The decrease in portfolio investments was primarily due to joint venture portfolio acquired in December 2018.

The table below sets forth our total revenue by segment, each segment 's operating total revenue as a percentage of consolidated total revenue and the associated percentage increase or decrease for the periods indicated. For a discussion of our segment reporting, see "—*Results of operations on a segment basis.*"

	For the year ended December 31,		For the year ended December 31,		Change in %
	2018		2019		2019/2018
	(SEK in millions)	(% of total revenue)	(SEK in millions)	(% of total revenue)	
Credit Management Services segment	9,480	71	11,450	72	21
Portfolio Investments segment	6,394	48	7,069	44	11
Elimination of internal total revenue(1)	(2,432)	(18)	(2,534)	(16)	4
Total	**13,442**	**100**	**15,985**	**100**	**19**

(1) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

Cost of sales

Our cost of sales increased by SEK 2,438 million, or 33%, from SEK 7,369 million in the year ended December 31, 2018 to SEK 9,807 million in the year ended December 31, 2019. The increase was primarily driven by a greater volume of demand, both organically and due to acquisitions, for our CMS services, which has a direct corresponding impact on collections related costs, including employee-related costs, expensed legal outlays and sending letters. Cost of sales includes items affecting comparability that increased to negative SEK 819 million for the year ended December 31, 2019 compared to negative SEK 60 million in the year ended December 31, 2018, which increase primarily related to costs associated with our efficiency program. As a percentage of total revenue, cost of sales increased from 55% in the year ended December 31, 2018 to 61% in the year ended December 31, 2019.

Sales, marketing and administrative expenses

Our sales, marketing and administrative expenses increased by SEK 383 million, or 18%, from SEK 2,170 million in the year ended December 31, 2018 to SEK 2,553 million in the year ended December 31, 2019. The increase was primarily due to acquisitions and costs corresponding with increased volume of services being provided, and items affecting comparability of negative SEK 834 million for the year ended December 31, 2019 compared to negative SEK 773 million for the year ended December 31, 2018. As a percentage of total revenue, sales, marketing and administrative expenses remained relatively stable from 16% in the year ended December 31, 2018 to 16% in the year ended December 31, 2019.

Provisions for credit losses on accounts receivable

Our provisions from credit losses on accounts receivable increased by SEK 13 million, or 42%, from negative SEK 31 million in the year ended December 31, 2018 to negative SEK 44 million in the year ended December 31, 2019. This increase was primarily due to increased sales revenues in Southern Europe.

Participations in joint ventures

Our income from participations in joint ventures increased by SEK 1,073 million, or 1,012%, from SEK 106 million in the year ended December 31, 2018 to SEK 1,179 million in the year ended December 31, 2019. The increase was due to a full-year's contribution from the Intesa JV completed in December 2018.

Operating earnings

Our operating earnings decreased by SEK 1,918 million, or 48%, from SEK 3,978 million in the year ended December 31, 2018 to SEK 2,060 million in the year ended December 31, 2019. The decrease was primarily due to goodwill impairment in our Iberian Peninsula and Latin America cash generating unit to reflect the underlying servicing business in Spain developing below expectations. In addition, costs related to our efficiency program also impacted earnings adversely. This was partially offset by a full year's contribution from the Intesa JV that completed in December 2018 and the Intesa Partnership, as well as three-month's contribution from the acquisition of our interest in Intrum Hellas and strategic partnership with Piraeus Bank. Earnings include items affecting comparability of negative SEK 4,148 million, of which negative SEK 2,700 million relates to goodwill impairment and SEK 28 million relates to revaluations, in the year ended December 31, 2019 compared to negative SEK 522 million in the year ended December 31, 2018. Accordingly, operating earnings excluding non-

recurring items, items affecting comparability and revaluations increased to SEK 6,208 million in the year ended December 31, 2019 from SEK 4,500 million in the year ended December 31, 2018.

Net financial items

Our net financial items increased by SEK 558 million, or 44%, from negative SEK 1,363 million in the year ended December 31, 2018 to negative SEK 1,921 million in the year ended December 31, 2019. Financial cost increased primarily due to increase in financial expenses. The increase in financial expense was SEK 561 million primarily due to increase in net debt and non-recurring early redemption cost of debt securities during 2019. Exchange rate differences had a positive impact of SEK 18 million on net financial items for the year ended December 31, 2019, compared to SEK 19 million for the year ended December 31, 2018.

Tax expense

Our tax expense decreased by SEK 175 million, or 29%, from SEK 599 million in the year ended December 31, 2018 to SEK 424 million in the year ended December 31, 2019, correlating with the decrease in earnings before tax. Tax expense as a percentage of earnings before tax increased to 306% for the year ended December 31, 2019 compared to 23% for the year ended December 31, 2018 primarily due to a non-deductible impairment of goodwill in 2019.

Net earnings for the period

Net earnings for the period decreased by SEK 2,228 million, or 115%, from SEK 1,943 million in the year ended December 31, 2018 to negative SEK 285 million in the year ended December 31, 2019.

Consolidated income statement for the year ended December 31, 2018 compared to the consolidated income statement for the year ended December 31, 2017

The tables below sets forth our results of operations and the period on period percentage of change for the periods indicated.

	For the year ended December 31, 2017	For the year ended December 31, 2018	Change in %
		(SEK in millions)	
Total revenue	9,434	13,442	42
Cost of sales	(5,049)	(7,369)	46
Gross earnings	**4,385**	**6,073**	**38**
Sales, marketing and administrative expenses	(1,646)	(2,170)	30
Provisions for credit losses on accounts receivable	(21)	(31)	48
Participations in joint ventures	10	106	960
Operating earnings (EBIT)	**2,728**	**3,978**	**46**
Financial income	17	60	252
Financial expenses	(990)	(1,423)	44
Net financial items	**(973)**	**(1,363)**	**40**
Earnings before tax	1,755	2615	49
Taxes	(389)	(599)	54
Net earnings for the year from continuing operations	1,366	2,016	48
Net earnings for the year from discontinued operations	137	(73)	153
Net earnings for the year	**1,503**	**1,943**	**29**

Total revenue

Our total revenue increased by SEK 4,008 million, or 42%, from SEK 9,434 million in the year ended December 31, 2017 to SEK 13,442 million in the year ended December 31, 2018. Growth in total revenue was primarily due to the full year effects of the Merger as well as an increase in organic growth due to increased total revenues from the Portfolio Investments service line in which total revenues, excluding foreign currency effects, rose by 36%. Growth in our Portfolio Investments service line was primarily due to both the Merger and increased portfolio investments. For the year ended December 31, 2018, investments in portfolio investments amounted to SEK 11,854 million compared to investments of SEK 7,223 million in the year ended December 31, 2017, which contributed to an increase in book value for purchased receivables of 48% over the period. The increase in portfolio investments was primarily due to the Merger as well as diverse portfolio acquisitions across the regions in which we operate.

The table below sets forth our total revenue by service line, each service line's operating total revenue as a percentage of consolidated total revenue and the associated percentage increase or decrease for the periods indicated. For a discussion of our service line reporting, see "*—Results of operations on a service line basis.*"

	For the year ended December 31,		**For the year ended December 31,**		**Change in %**
	2017		**2018**		**2018/2017**
	(SEK in millions)	**(% of total revenue)**	**(SEK in millions)**	**(% of total revenue)**	
Credit Management Services service line	6,700	71	9,480	71	42
Portfolio Investments service line	4,516	48	6,394	48	41
Elimination of internal revenue[1]	(1,782)	(19)	(2,432)	(18)	36
Total	**9,434**	**100**	**13,442**	**100**	**42**

(1) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

Cost of sales

Our cost of sales increased by SEK 2,320 million, or 46%, from SEK 5,049 million in the year ended December 31, 2017 to SEK 7,369 million in the year ended December 31, 2018. The increase was primarily due to a greater volume of demand for our Credit Management Services service line, primarily due to servicing requirements for our own debt as a result of the Merger which has a direct corresponding impact on collection-related costs such as expensed legal outlays and sending letters. As a percentage of total revenue, cost of sales remained relatively stable, increasing from 54% in the year ended December 31, 2017 to 55% in the year ended December 31, 2018.

Sales, marketing and administrative expenses

Our sales, marketing and administrative expenses increased by SEK 524 million, or 32%, from SEK 1,646 million in the year ended December 31, 2017 to SEK 2,170 million in the year ended December 31, 2018. The increase was primarily due to completion of the Merger as well as costs corresponding with increased volume of services being provided. As a percentage of total revenue, sales, marketing and administrative expenses remained relatively stable, decreasing from 17% in the year ended December 31, 2018 to 16% in the year ended December 31, 2018.

Provisions for credit losses on accounts receivable

Our provisions from credit losses on accounts receivable increased by SEK 10 million, or 48%, from negative SEK 21 million in the year ended December 31, 2017 to negative SEK 31 million in the year ended December 31, 2018. This increase was primarily due to increased sales revenues in Southern Europe.

Participations in joint ventures

Our participations in joint ventures increased by SEK 96 million, or 960%, from SEK 10 million in the year ended December 31, 2017 to SEK 106 million in the year ended December 31, 2018. The increase was due to the Intesa JV which was completed in December 2018.

Operating earnings

Our operating earnings increased by SEK 1,250 million, or 46%, from SEK 2,728 million in the year ended December 31, 2017 to SEK 3,978 million in the year ended December 31, 2018. The increase was primarily due to the Merger and increased revenues due to organic growth. Operating earnings include NRIs of a negative SEK 742 million, items affecting comparability of SEK 132 million and revaluations of SEK 88 million. Accordingly, operating earnings excluding non-recurring items, items affecting comparability and revaluations increased to SEK 4,500 million in the year ended December 31, 2018 from SEK 3,128 million in the year ended December 31, 2017.

Net financial items

Our net financial items increased by SEK 390 million, or 40%, from negative SEK 973 million in the year ended December 31, 2017 to negative SEK 1,363 million in the year ended December 31, 2018. Financial cost increased primarily due to a full, rather than half, year of interest expense associated with the June 2017

Notes. The increase in financial expense was itself partly offset by lower non-recurring other financial items in 2018 (compared to SEK 316 million for the year ended December 31, 2017) as a result of fees and expenses related to the June 2017 Notes incurred in 2017. Exchange rate differences had a positive impact as SEK 19 million on net financial items for the year ended December 31, 2018, compared to SEK 38 million for the year ended December 31, 2017.

Tax expense

Our tax expense increased by SEK 210 million, or 54%, from SEK 389 million in the year ended December 31, 2017 to SEK 599 million in the year ended December 31, 2018. The tax expense increased primarily due to the increased earnings before tax, particularly in connection with the Merger, whereas the tax expense as a percentage of earnings before tax was relatively stable at 23% for the year ended December 31, 2018 compared to 22% for the year ended December 31, 2017.

Net earnings for the period

Net earnings for the period increased by SEK 440 million, or 29%, from SEK 1,503 million in the year ended December 31, 2017 to SEK 1,943 million in the year ended December 31, 2018.

Results of operations on a segment basis

Prior to January 1, 2020, we operated our business and presented our financial information on the basis of two services lines: (i) the Credit Management Services service line and (ii) the Portfolio Investments service line, and focusing on four geographic segments. Unless otherwise specified, the financial information as of and for the years ended December 31, 2019, 2018 and 2017 presents our financial information on the basis of two service lines. From January 1, 2020, we have operated our business and presented our financial information on the basis of three segments: (i) our Credit Management Services segment; (ii) our Strategic Markets segment; and (iii) our Portfolio Investments segment. Our financial information for the six months ended June 30, 2020 and 2019 is presented on the basis of such three segments. As a result of the change in segment reporting as described above, the results of operations on a service line basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. The financial information previously presented under the service line of Credit Management Services for our results of operations for the years ended December 31, 2019, 2018 and 2017 is divided and presented in the two segments of Credit Management Services and Strategic Markets in our new three segment organization for our results of operations for the six months ended June 30, 2020. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments.

Consolidated income statement for the six months ended June 30, 2020 compared to the six months ended June 30, 2019

The table below sets forth our total revenue and operating earnings by segment for the periods indicated on the basis of the organizational structure as June 30, 2020 and currently in effect.

	For the six months ended June 30, 2019				For the six months ended June 30, 2020				
	Credit Manage-ment Services	Strategic Markets	Portfolio Invest-ments	Total	Credit Manage-ment Services	Strategic Markets	Portfolio Invest-ments	Total	Total % Change
	(SEK in millions)								
Segment total revenue	3,457	1,809	3,492	8,758	3,295	2,459	2,720	8,474	–3
Elimination of internal total revenue[1]	(1,084)	(138)	–	(1,222)	(1,108)	(149)	–	(1,256)	3
Total revenue from external customers	**2,373**	**1,671**	**3,492**	**7,536**	**2,187**	**2,311**	**2,720**	**7,218**	**–4**
Segment earnings	844	575	2,520	3,939	803	447	1,406	2,656	–33
Common costs[2]				(1,117)				(849)	–24
Total operating earnings				**2,822**				**1,807**	**–36**
Segment earnings margin (%)	36	34	72	37	37	19	52	25	–33

(1) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

(2) Common costs are costs that are not attributed to one segment, primarily consisting of shared expenses for sales, marketing and administration.

Segment total revenue

An analysis of our total revenue by segment is set forth below:

Credit Management Services segment*:* total revenue of our Credit Management Services segment decreased by SEK 162 million, or 5%, from SEK 3,457 million in the six months ended June 30, 2019 to SEK 3,295 million in the six months ended June 30, 2020. Excluding foreign currency effect, total revenue of our Credit Management Services segment decreased by 4% in the six months ended June 30, 2020. The decrease was primarily due to the negative impact from COVID-19 temporarily causing lower inflow of cases, although certain countries are gradually approaching to normalized levels of commercial activity at different rates dependent on local easing of country lockdowns.

Strategic Markets segment: total revenue of our Strategic Markets segment increased by SEK 650 million, or 36%, from SEK 1,809 million in the six months ended June 30, 2019 to SEK 2,459 million in the six months ended June 30, 2020. Excluding foreign currency effect, total revenue of our Strategic Markets segment increased by 35% in the six months ended June 30, 2020. The increase was primarily due to the Piraeus Partnership that completed in October 2019.

Portfolio Investments segment: total revenue of our Portfolio Investments segment decreased by SEK 772 million, or 22%, from SEK 3,492 million in the six months ended June 30, 2019 to SEK 2,720 million in the six months ended June 30, 2020. Excluding foreign currency effect, adjusted revenue of our Portfolio Investments segment decreased by 3% in the six months ended June 30, 2020. The decrease was primarily due to weaker collections due to the negative impact from COVID-19.

Segment earnings

An analysis of our operating earnings by segment is set forth below:

Credit Management Services segment: operating earnings of our Credit Management Services segment decreased by SEK 41 million, or 5%, from SEK 844 million in the six months ended June 30, 2019 to SEK 803 million in the six months ended June 30, 2020. Excluding non-recurring items and foreign currency effect, operating earnings of our Credit Management Services segment decreased by 8% in the six months ended June 30, 2020. The decrease in operating earnings was primarily due to lower revenues, partially offset by savings from the efficiency improvements program completed at the end of 2019.

Strategic Markets segment: operating earnings of our Strategic Markets segment decreased by SEK 128 million, or 22%, from SEK 575 million in the six months ended June 30, 2019 to SEK 447 million in the six months ended June 30, 2020. Excluding non-recurring items and foreign currency effect, operating earnings of our Strategic Markets Services segment increased by 1% in the six months ended June 30, 2020. The increase in segment operating earnings was primarily due to the Piraeus Partnership completed in October 2019, largely offset by the negative impact from COVID-19 that led the country-wide lockdowns in Spain and Italy.

Portfolio Investments segment: operating earnings of our Portfolio Investments segment decreased by SEK 1,114 million, or 44%, from SEK 2,520 million in the six months ended June 30, 2019 to SEK 1,406 million in the six months ended June 30, 2020. Excluding non-recurring items and foreign currency effect, operating earnings of our Portfolio Investments segment decreased by 18% in the six months ended June 30, 2020. The decrease was primarily due to lower earnings from our Italian SPV portfolio.

Consolidated income statement for the year ended December 31, 2019 compared to the consolidated income statement for the year ended December 31, 2018

The table below sets forth our total revenue and operating earnings by service line for the periods indicated on the basis of the organizational structure in effect as of the periods indicated.

	For the year ended December 31,						
	2018[1]			2019[1]			
	Credit Management Services	Portfolio Investments	Total	Credit Management Services	Portfolio Investments	Total	Total % Change
	(SEK in millions)						
Service line total revenue	9,480	6,394	15,874	11,450	7,069	15,985	1%
Elimination of internal total revenue[2]	(2,432)	–	(2,432)	(2,534)	–	(2,534)	5%
Total revenue from external customers	**7,048**	**6,394**	**13,442**	**8,916**	**7,069**	**13,451**	**0%**
Service line earnings	2,433	3,600	6,033	(415)	4,961	4,546	(25)%
Common costs[3]			(2,055)			(2,486)	21%

Total operating earnings			**3,978**			**2,060**	**(48)%**
Service line earnings margin (%)	26	56	30	(36)	70	15	N/A

(1) Data is extracted from the audited financial statements for the years ended December 31, 2019 and 2018, as applicable.

(2) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

(3) Common costs are costs that are not attributed to one segment, primarily consisting of shared expenses for sales, marketing and administration.

Service line total revenue

An analysis of our total revenue by service line is set forth below:

Credit Management Services service line: total revenue of our Credit Management Services service line increased by SEK 1,970 million, or 21%, from SEK 9,480 million in the year ended December 31, 2018 to SEK 11,450 million in the year ended December 31, 2019. The increase in operating earnings was primarily due to acquisitions in Spain, Italy and Greece.

Portfolio Investments service line: total revenue of our Portfolio Investments service line increased by SEK 675 million, or 11%, from SEK 6,394 million in the year ended December 31, 2018 to SEK 7,069 million in the year ended December 31, 2019. The increase was primarily due to the full year impact in 2019 of the Italian joint venture portfolio that was acquired in the fourth quarter of 2018 as well as underlying growth in other portfolio operations.

Segment earnings

An analysis of our operating earnings by service line is set forth below:

Credit Management Services service line: operating earnings of our Credit Management Services service line decreased by SEK 2,848 million, or 117%, from SEK 2,433 million in the year ended December 31, 2018 to negative SEK 415 million in the year ended December 31, 2019. The decrease was due to the underlying business in Spain developing below expectations resulting in a goodwill impairment in the Iberian Peninsula and Latin America cash generating unit. The underperformance in our Spanish servicing business had a negative impact on the operating margin for the year, which was partially offset by favorable developments in other countries.

Portfolio Investments service line: operating earnings of our Portfolio Investments service line increased by SEK 1,361 million, or 39%, from SEK 3,600 million in the year ended December 31, 2018 to SEK 4,961 million in the year ended December 31, 2019. The increase was primarily due to the full year impact in 2019 of the Italian joint venture portfolio that was acquired in the fourth quarter of 2018 as well as underlying growth in other portfolio operations.

Liquidity and capital resources

Historically, our liquidity requirements primarily arose as a result of servicing debt, payment of taxes and funding our purchased portfolios, capital expenditure and working capital. Following the Merger, our primary source of liquidity has been borrowings under the Revolving Credit Facility Agreement and cash flow from operations. Additional key sources of liquidity include the Backstop Revolving Credit Facility and capital markets transactions.

Historically, our collections have generated a stable and predictable cash flow throughout the year in contrast to the debt purchasing activities, which vary between quarters. Our debt purchasing activities are driven by supply of portfolios in the market, which we do not control, and our willingness to invest in any particular available assets at the prevailing price. This can lead to volatility in our free cash flow on a quarter by quarter basis. For example, in 2019 our quarterly cash flow from investing activities varied between negative SEK 242 million and negative SEK 7,169 million.

Our operating cash flow generation depends on our future operating performance which to an extent is dependent on the general economic environment, market competition and the regulatory environment in jurisdictions in which we operate. See "*Risk Factors.*"

Working capital

We believe that our available working capital is sufficient for the twelve months following the date hereof.

Cash flows

The following table sets forth the principal components of our cash flows for the years ended December 31, 2019, 2018 and 2017 and the six months ended June 30, 2020 and 2019.

	For the year ended December 31,			For the six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	(SEK in millions)				
Cash flow generated from operating activities	4,535	6,154	6,392	3,249	5,167
Cash flow from/(used in) investing activities	(7,547)	(7,925)	(11,646)	(3,418)	(3,009)
Cash flow from/(used in) financing activities	3,801	2,227	5,838	52	(1,057)
Net (decrease)/increase in cash and cash equivalents	866	84	584	(117)	1,101
Cash and cash equivalents at period end	1,253	1,348	1,906	1,237	2,879

Cash flow generated from operating activities

Our cash flow generated from operating activities increased by SEK 1,918 million, or 59%, from SEK 3,249 million in the six months ended June 30, 2019 to SEK 5,167 million in the six months ended June 30, 2020. The increase was primarily due to an increase in our working capital.

Our cash flow generated from operating activities increased by SEK 238 million, or 4%, from SEK 6,154 million in the year ended December 31, 2018 to SEK 6,392 million in the year ended December 31, 2019. The increase is attributable to increased cash flow deriving from, and consequent revenue and cost savings synergies that have been gradually realized following, the Merger.

Cash flow from/(used in) investing activities

Our cash flow used in investing activities decreased by SEK 409 million from SEK 3,418 million from investing activities in the six months ended June 30, 2019 to negative SEK 3,009 million used in investing activities in the six months ended June 30, 2020. The decrease was primarily due to the acquisition of Solvia in April 2019, partially offset by the divestment of shares in the Ibercaja JV.

Our cash flow used in investing activities increased by SEK 3,721 million, or 47%, from SEK 7,925 million in the year ended December 31, 2018 to SEK 11,646 million in the year ended December 31, 2019. The increase was primarily due to the non-recurring cash flow positive effect of the completion of the Divestment in March 2018, partially offset by a decrease in purchase of shares in subsidiaries and associated companies, including the Intesa JV.

Cash flow from financing activities

Our cash flow from financing activities decreased by SEK 1,109 million from SEK 52 million in the six months ended June 30, 2019 to negative SEK 1,057 million in the six months ended June 30, 2020.

Our cash flow from financing activities increased by SEK 3,611 million, or 162%, from SEK 2,227 million in the year ended December 31, 2018 to SEK 5,838 million in the year ended December 31, 2019. The change primarily stems from a higher net of borrowing and repayment of loans following the refinancing activities undertaken during the course of 2019.

Capital expenditure

Our capital expenditure consists primarily of IT, including both software and capitalized development expenses (treated as intangible fixed assets) and hardware (treated as tangible fixed assets), plus investments in equipment and fixtures and fittings.

For the six months ended June 30, 2020 and 2019, we used SEK 315 million and SEK 349 million, respectively (€30 million and €33 million equivalent, respectively), of our Adjusted Cash EBITDA on capital expenditures other than capital expenditures related to portfolio investments and M&A activities. For the years ended December 31, 2019 and 2018, we used SEK 699 million and SEK 306 million, respectively (€66 million

and €30 million equivalent, respectively), of our Adjusted Cash EBITDA on capital expenditures other than capital expenditures related to portfolio investments and M&A activities. Capital expenditure in IT development increased by SEK 142 million, or 75%, from SEK 190 million in the year ended December 31, 2018 to SEK 332 million in the year ended December 31, 2019, largely associated with investments in hardware and software to harmonize and consolidate IT systems relating to the Merger.

Indebtedness

The table below sets forth the financial payments that we will be obligated to make, including under our debt instruments, as of June 30, 2020, adjusted to give effect to the Transactions and the 2020 MTN Redemption as if they had occurred on June 30, 2020.

	As of June 30, 2020,				
	Due within less than three months	**Due between three months and one year**	**Due between one year and two years**	**Due between two and five years**	**Due after five years**
	(SEK in millions)[1]				
Existing MTNs[2]	1,000	0	1,100	2,900	0
2023 Private Placement Notes	0	0	0	1,677	0
Existing Commercial Paper Program	1,076	177	0	0	0
Revolving Credit Facility	5,837	3,839	0	0	0
Backstop Revolving Credit Facility	0	0	0	0	0
Existing Notes	0	0	0	2,523	17,316
Notes offered hereby	0	0	0	0	6,297

(1) For presentational purposes, certain amounts denominated in euro have been converted into SEK and certain amounts denominated in SEK have been converted to euro at a rate of SEK 10.4948 to €1.00, which is the exchange rate used by the Issuer for balance sheet purposes as of June 30, 2020 and which differ from the convenience exchange rates used elsewhere in this Offering Memorandum and may differ from the exchange rates as of the date hereof and the Issue Date. See "*Exchange Rates.*"

(2) Reflects the outstanding aggregate indebtedness under the Existing MTNs as of June 30, 2020, as adjusted to give effect to the 2020 MTN Redemption.

For further information see Notes 1 and 30 in the Audited Financial Statements included elsewhere in this offering memorandum. No single lease is of material significance in terms of amount.

Other financial obligations: pension obligations

For a description of certain pension plans and obligations, see note 21 to our Audited Financial Statements included elsewhere in this Offering Memorandum.

Off balance sheet arrangements

We report pledged assets consisting of deposits (primarily with landlords) and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that we are not to meet our contractual obligations and contingent liabilities consisting of payment guarantees. We offer payment guarantee services whereby, against payment, we guarantee a client's receivables from their customers. The service requires that we incur a risk of having to pay clients for the guaranteed amount in the event that the customer receivables invoices are not paid on time. In those cases where the guarantee comes into play, we assume the client's claim against its customer and oversee the claims case within the Portfolio Investments segment. For details, see note 25 to the Financial Statements included elsewhere in this Offering Memorandum.

Certain of our existing joint ventures and co-investment vehicles, for example Ibercaja JV and the Intesa JV, have indebtedness which is only reflected on our balance sheet to the extent of our proportionate interest in the net assets of such entity. As of June 30, 2020, our proportionate interest in the net equity of such joint ventures totaled SEK 6,507 million. See "*—Description of key consolidated income statement line items—Participation in Joint Ventures*" and notes 1, 5 and 3 in the Audited Financial Statements included elsewhere in this Offering Memorandum.

We also engage in share buy-backs or pay dividends or their equivalent to shareholders from time to time. Decisions relating to dividend proposals take into account our expected future revenues, financial position, capital requirements and our financial position and generic business and economic situation.

Quantitative and qualitative disclosures about financial risk management

See note 33 in the Issuer's audited financial statements as of and for the year ended December 31, 2019 and note 34 in the Issuer's audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum for additional information on our exposure to market risk and the risk of loss that may result from the potential change in exchange rates, interest levels, refinancing and credit risks.

Market risk

Market and regulatory environment

Our primary market risk is related to general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets in which we operate and which also impacts our clients' ability and willingness to sell portfolios of loans and receivables, our clients' customers' ability to pay their debts as well as potential commission from third party collection. See "*Risk Factors*" for a discussion of these and other factors.

Foreign exchange risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, NOK, Hungarian Forint and Swiss Franc, in relation to our reporting currency Swedish kronor. Foreign exchange risk arises from recognized assets and liabilities, net investments in foreign operations and any future commercial transactions involving foreign exchange. Exchange rate risk can be divided into transaction exposure and translation exposure. We have investments in foreign operations and the associated net assets are exposed to foreign currency translation risk. Our strategy is to manage and limit exchange rate risk through forward exchange contracts and currency interest rate swaps. For further information on foreign exchange risk see Notes 1 and 33 in the Issuer's audited financial statements as of and for the year ended December 31, 2019 and notes 1 and 34 in the Issuer's audited financial statements as of and for the year ended December 31, 2018 included elsewhere in this Offering Memorandum. To an extent, we manage currency exposure arising from the net assets of our foreign operations through external loans in foreign currency and derivatives.

- Transaction Exposure: revenue and operating expenses derived from national operations are primarily denominated in local currencies and thus currency fluctuations have only a limited impact on our operating earnings in local currency. Revenue and expenses from national operations are thus hedged in a natural way, which limits transaction exposure. Our international debt collection and debt purchasing options, however, are exposed to currency risk. In addition, our existing indebtedness is primarily denominated in euro and SEK, and the amounts incurred in euro and SEK do not necessarily match the cash flows generated from operations in such currencies.

- Translation Exposure: we have operations in 25 countries. Our results of operations and financial position is reported in the relevant foreign currencies and later translated into SEK for inclusion our financial statements. In the years ended December 31, 2019, 2018 and 2017, 94%, 93% and 91%, respectively, of our revenue was generated in a currency other than SEK. In the six months ended June 30, 2020, 94% of our revenue was generated in a currency other than SEK. Consequently, fluctuations in SEK exchange rates against these currencies impact our total revenue and earnings, equity and other line items in our financial statements. Our total revenue is distributed by currency as follows, expressed in millions of SEK equivalent.

	For the year ended December 31,			**For the six months ended June 30,**
	2017	**2018**	**2019**	**2020**
		(SEK in millions)		
Swedish krona	878	882	936	461
Euro	5,282	7,791	9,766	4,408
Swiss franc	732	802	804	432
Hungarian forint	780	1,197	1,434	456
Norwegian krone	763	1,587	1,575	710
Other currencies	999	1,183	1,470	752
Total	**9,434**	**13,442**	**15,985**	**7,218**

In the year ended December 31, 2019, with all other variables held constant, a 10% appreciation of the Swedish krona on average against the euro, Swiss franc, Hungarian forint and Norwegian krone would have

affected revenues negatively by SEK 977 million, SEK 80 million, SEK 143 million and SEK 158 million, respectively. Intrum hedges part of its translation exposure by means of currency hedging measures, consisting of external loans in foreign currency and derivative instruments.

Liquidity risk

Liquidity risk is the risk that we will need to incur higher than expected costs in order to fulfill our short and long-term payment obligations to external parties. This risk has historically been met through borrowings under the Revolving Credit Facility, debt capital market transactions and bilateral loan agreements and we expect to continue to access these sources for these purposes in the future.

Interest rate risk

Interest rate risk is the risk of negative impacts on interest income and expenses due to movements in interest rates. Our interest rate risk relates primarily to the cost of interest-bearing debt (subject to early payment penalties). The interest rates on our debt are tied to the market rate including, in some cases, to floating rate benchmarks. Our strong cash flow generating business provides us with the option to repay debt or invest in portfolios, allowing us some flexibility to manage the size and interest expense associated with outstanding debt and consequently our total interest cost.

Credit risk

Credit risk is the risk that our counterparties are unable to fulfill their obligations to us. Each of our local entities is responsible for managing and analyzing the credit risk of each new client before standard payment and delivery terms and conditions are offered. Credit risk arises from assets, such as cash and cash equivalents, guarantees and derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables, portfolio investments and outlays on behalf of clients. For financial assets owned by us, very limited collateral or other credit reinforcements have been received. Therefore, the maximum credit exposure for each class of financial assets corresponds to the carrying amount. There is also a limited risk of loss linked to our debt collection services, however, this risk is primarily carried by our clients.

To minimize the risks related to purchase of portfolios, caution is exercised in purchase decisions. Purchases are usually made from clients with whom we have maintained long-term relationships and therefore have a thorough understanding of the receivables in question. Portfolio investments are usually purchased at prices significantly below the nominal value of the receivables and is not collateralized. Other than in the case of co-investments, we retain the full amounts of our collections on portfolio investments, including interest and fees. For more information on our portfolio investments, see "*—Significant factors affecting results of operations—Making portfolio investments at the right price*" and "*—Significant factors affecting results of operations—Gross collection levels—gross collection levels on portfolio investments*" "*Risk Factors—Risks related to our industry and business—The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this* "*Risk Factors*" *section*" and "*Risk Factors—Risks related to our industry and business—We may not be able to procure sufficient funding at favorable terms to purchase further portfolios as they become available.*"

Significant accounting policies

See note 1 to the Audited Financial Statements included elsewhere in this Offering Memorandum.

INDUSTRY OVERVIEW

Certain information set forth in this section has been derived from external sources, including industry publications and surveys, industry reports prepared by consultants, internal surveys, third-party reports commissioned by the Company and customer feedback. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that these industry publications, surveys and forecasts are reliable, we have not independently verified them and cannot guarantee their accuracy or completeness. Certain information in this section has also been based on internal management analysis and in some cases combined with the aforementioned external sources. See "*Presentation of Industry and Market Data.*"

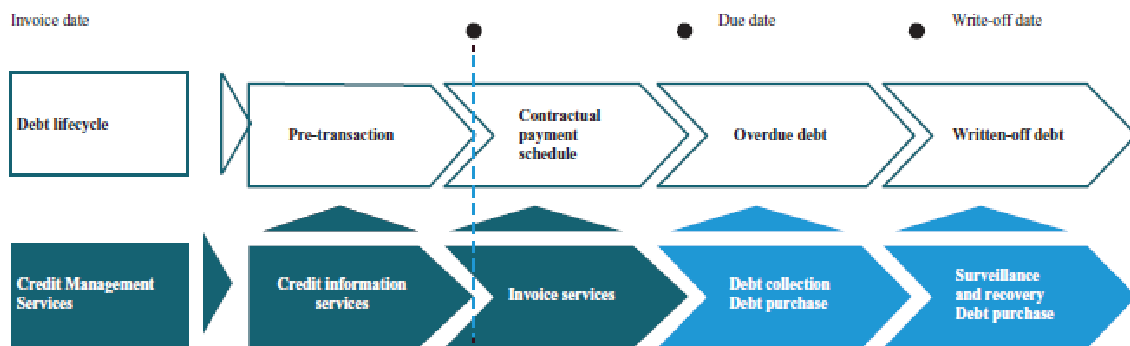
The market projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "*Risk Factors*" and "*Forward-Looking Statements.*" Unless otherwise indicated, information in this section is based on our analysis of multiple sources.

Introduction

Debt is created when a debt originator extends credit to a person, or a legal entity, who in turn becomes a customer. Such arrangements occur routinely and include financial institutions extending loans or trade sector companies (including, *inter alia*, telecommunications and utilities companies) issuing invoices for services rendered. When a debtor does not repay the debt according to the terms on which it was extended, the debt becomes overdue. Overdue debt is a structural component of the credit industry, as debt originators typically expect a certain percentage of customers to default, and price credit accordingly. Overdue debt is either collected by the originator itself or by a credit management company, such as us.

Overview of the European credit management services and debt purchasing industry

There are a number of stages in the debt lifecycle and credit management companies offer several services to clients throughout the cycle. A number of credit management services are exemplified in the following illustration and described in the text below.



The Credit Management Services (CMS) industry can be divided into the following two sub-segments:

Payment, information and invoice services

Before debt originators extend credit to debtors, credit management companies provide credit scoring and other forms of credit information services such as data extraction and modelling. Credit management companies also provide payment processing services including invoice administration, subsidiary ledger accounting, invoice printing, payment reminders and invoice purchasing. These services are provided before debt is overdue.

Debt collection

Credit management companies provide debt collection services to debt originators for overdue debt. The debt collection process consists of three phases: pre-legal, legal and enforcement and surveillance. The pre-legal phase is the first stage in debt recovery and is where the collector seeks to find a voluntary solution with the

debtor, for example through a payment plan. If it is unlikely that the debtor will pay voluntarily even if that person could afford to pay and/or was aware of the claim, the case is moved to the legal and enforcement phase where the court system is used to find a solution, for example through garnishment of wages or sale of collateral. If the debtor is insolvent and the claim is uncollectable the case moves to the surveillance phase. During this phase, debtors are monitored for any changes in personal circumstances, such as employment status, that may allow debtors to commence payment.

Debt purchasing

Debt originators will often sell overdue debt to credit management companies through either: (i) a one-off sale of an entire NPL portfolio; or (ii) a forward flow agreement where debt claims are sold at a pre-defined price for a given volume from a client on an ongoing basis. One-off agreements entail buying a portfolio of claims that are received in one transaction upon payment. Forward flow agreements entail buying a given volume of claims at a pre-defined price or price range from a client on an ongoing basis.

Selling overdue debt helps debt originators increase their liquidity, strengthen their balance sheets, release resources to focus on early-stage delinquencies and reduce operational risks, reporting requirements and regulatory demands. How overdue debt is sold is dependent on the debt originators' needs and balance sheet strategy. In the immediate aftermath of the financial crisis there was a pressing need for financial institutions to quickly de-lever balance sheets and therefore NPL sales focused on larger one-off transactions. Over the last years, we have observed a less immediate but continuous need for banks to improve their capitalization, and as a result we see an increasing trend towards forward-flow contracts as an additional measure for banks to manage NPL portfolios on an ongoing basis. The decision to sell overdue debt can occur at one of several stages throughout the debt collection cycle, depending on the type of debt, pricing and time since default. Typically, debt is sold after more than one year in default and following the performance of various non-legal and legal measures.

Market segments

The markets for CMS and debt purchasing are typically generated from two sources: financial institutions and trade. Debt can also be broken down by client type, specifically consumer ("**B2C**") and corporate ("**B2B**") debt.

Financial institution generated debt

Consumer debt originated by financial institutions primarily consists of bank loans and typically includes mortgages, credit card loans, car loans, overdrafts and consumer loans. When such loans become more than 90 days overdue, they are categorized as NPLs. These are typically characterized by a relatively high average value and long collection times. Typically bank loans are further divided into unsecured (*e.g.*, credit card) and secured (*e.g.*, mortgage) loans. We view the credit management services market for debt originated by the financial institutions sector as highly sophisticated.

Historically, we have focused on unsecured consumer debt originated by financial institutions, with an average annual collection performance for unsecured consumer collections from 2000 to 2019 of 103%. We have in recent years expanded our footprint and capabilities in the secured debt market segment. In 2016, we acquired 85% of Aktua in Spain, with Santander holding the remaining 15%. In 2018, we acquired Solvia from Banco Sabadell, one of the leading real estate service providers in Spain with more than €21 billion assets under management, entered into a long-term strategic partnership with Intesa, creating a market leading servicer of secured and unsecured non-performing loans in Italy and also acquired a portfolio of 6,400 REOs from Ibercaja and its affiliates, allowing us to extend Aktua's servicing contracts. In 2019, we also acquired an 80% stake in Piraeus Bank's Recovery Banking Unit platform, creating a long-term strategic partnership with Piraeus which retained a 20 per cent ownership. Consequently, we define all consumer debt originated by financial institutions as our core addressable market (the "**Core Addressable Market**"). In addition to our Core Addressable Market we also address the market for B2B debt originated by financial institutions to small and medium-sized enterprises ("**SMEs**"). We also opportunistically cover the large corporates segment and therefore include the total European B2B market for debt originated by financial institutions in our total addressable market (the "**Addressable Market**"). Based on European Banking Authority ("**EBA**") data, we estimate the stock of European NPLs on banks' balance sheets as of December 31, 2019 stood at €0.6 trillion. This figure (i) does not include NPLs held by non-bank entities and therefore does not include the large volumes of NPLs sold over the years to credit funds or debt purchasers such as ourselves and (ii) includes NPLs relating to the large corporate segment, which we only compete in on an opportunistic basis, as well as B2B debt to SMEs, both of which are not a part of our Core

Addressable Market. As a result, the stock of NPLs in our Core Addressable Market is significantly smaller than our Addressable Market.

Trade

OTRs mainly consist of overdue invoices from corporations. A number of industries are included in the sector, such as telecommunication, public sector, retail and utility companies. Compared to the financial institutions sector, debt portfolios originating from the trade sector that are serviced or purchased by credit management companies typically consist of a larger number of debt claims with a lower average value and relatively short collection times.

We expect the market outlook for overdue debt in the trade sector to remain stable over the coming years.

Key drivers of the credit management industry

We expect continued high activity in the credit management services industry in the near term as debt collection outsourcing and debt sales continue to increase due to an increased focus by clients on their core businesses.

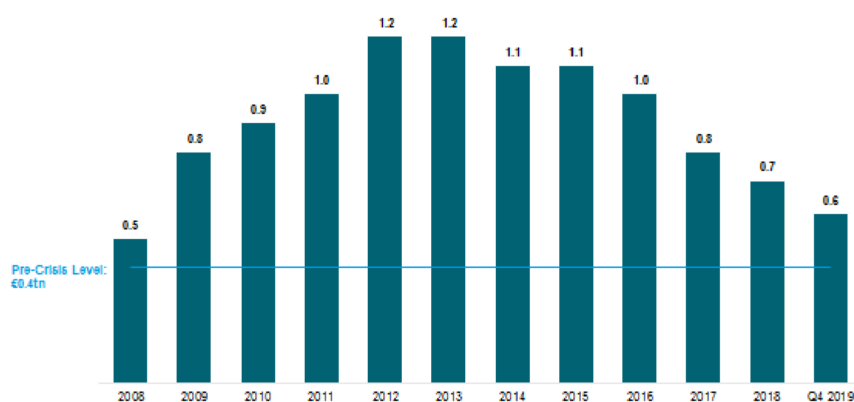
We have identified certain key market trends that we believe are particularly important to the further development of the credit management services industry in general and in particular the further development of the financial institutions sector:

- continued elevated level of NPLs on banks' balance sheets;
- continued creation of new NPLs;
- continued sale of NPLs as banks are under pressure to de-lever and not accumulate new stocks;
- increasing amount of NPLs owned outside the banking systems and requiring servicing; and
- clear industry value proposition resulting in increased volume of outsourcing

Continued elevated level of NPLs on banks' balance sheets

One of the key drivers of the European credit management market, in particular for companies with large exposure to financial institutions, is the level of NPLs on banks' balance sheets and, ultimately, banks' inclination to divest or outsource collection of such debt. The 2008 - 2010 global financial crisis accelerated the build-up of NPLs in the European banking system driven by, *inter alia*, increased default rates coupled with limited NPL sales activity. The European bank NPL stock increased from approximately €0.4 trillion in 2007 to approximately €1.2 trillion in 2013. European bank NPL stock has subsequently decreased to approximately €0.6 trillion as of December 31, 2019 due to banks' focusing on deleveraging, primarily via debt sales, but remains at more than 1.5 times the level of NPLs' observed prior to the global financial crisis.

The graph below shows the development in the total European NPL stock originated from financial institutions from 2008 to 2019 (in € billions) and held on European banks' balance sheets.



Source: EBA data

Continued creation of new NPLs

The total European bank NPL stock reported by the EBA was approximately €0.6 trillion as of December 31, 2019. Italy, France, Spain and Greece account for the largest proportion of the NPL volumes and make up over 60% of total NPL volumes. From a macroeconomic perspective, we expect credit related to mortgages, consumer and SME/Corporate to grow over the coming years for the sourced countries. We believe this credit expansion will have an increasing impact on NPLs over time. In addition, while the exact magnitude remains uncertain, we saw European banks' cost of risk on average more than double during the first three months of 2020 amid the COVID-19 crisis. The first three months of 2020 also saw the largest increase in loan loss provisions for European banks since the 2008 financial crisis. This uptick in a key underlying driver is a strong indication of large NPL volumes we expect to come to market.

Continued sale of NPLs as banks are under pressure to de-lever and not accumulate new stocks

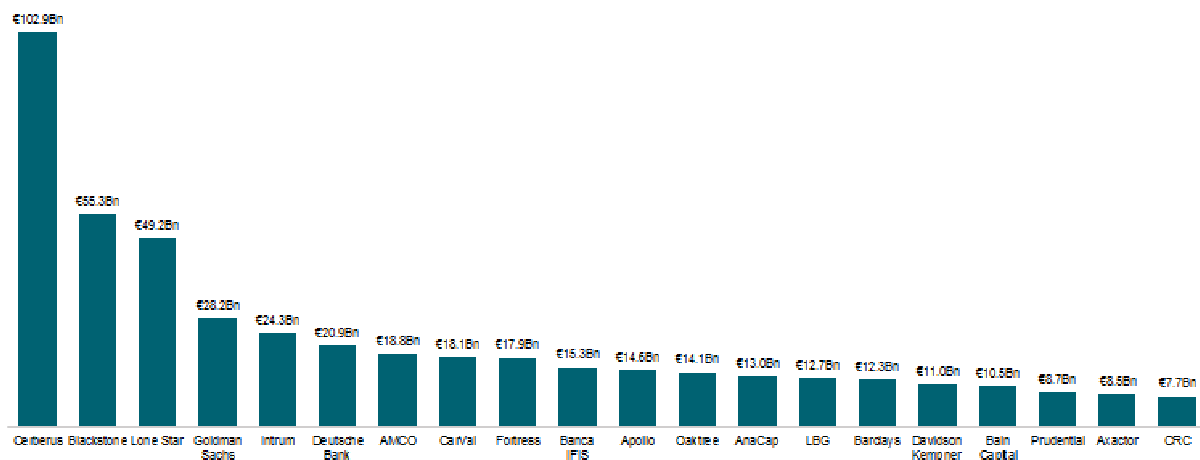
There are a number of underlying factors for the high level of NPL sales volumes in recent years. In addition to the buildup of NPLs on banks' balance sheets, stricter regulations and increased provisioning levels have incentivized banks to de-lever and sell NPLs in recent years. Additionally, selling NPLs often provides banks with immediate benefits to liquidity and a positive impact to the profit and loss statements if the NPLs sold have been substantially written down or written off. Increased regulatory pressure and supervision (through, *inter alia,* continuation of annual European Banking Authority stress-tests and stronger supervisory mechanisms, such as Single Supervisory Mechanism, Single Resolution Board and European Systemic Risk Board), higher capital requirements for financial institutions as a result of Revised Basel III coupled with the implementation of IFRS 9 and European Central Bank guidance on prudential provisioning of non-performing loans, is expected to further drive banks to strengthen their balance sheets and continue NPL sales. Minimum loss coverage for non-performing exposures under CRR (as defined below) is currently a key regulatory issue confronting banks and their balance sheets:

Minimum loss coverage for non-performing exposures under Capital Requirements Regulation ("**CRR**")*:* Regulation (EU) 2019 / 630 amending the CRR came into effect April 2019, and requires banks to take an additional deduction from capital where non-performing exposures ("**NPEs**") are not sufficiently covered by other existing adjustments. An NPE, for the purposes of the new rules, includes an exposure in default per the CRR definition, exposures considered to be impaired under the accounting framework, an exposure under probation where additional forbearance measures are granted or the exposure becomes more than 30 days past due, and a commitment which is unlikely to be repaid and a guarantee which is likely to be called. Under the new regulation, unsecured NPEs must be written off after 3 years while secured NPEs must be written off after 7 years. NPEs secured by residential/commercial property or guaranteed residential loans must be written off after 9 years. The aim of this regulation is to encourage banks to write off exposures more readily, thus accelerating the clean-up of their balance sheets, as well as to create a secondary market for NPEs.

Given these developments, we expect banks to increasingly manage NPLs in a proactive manner leading to more regular sales of fresher NPLs.

Increasing amount of NPLs owned outside the banking systems and requiring servicing

Large amounts of NPLs are also held by non-bank entities, *e.g.* funds that have no or limited in-house collection capabilities. Cerberus, Blackstone and Lone Star have been the most active such buyers in the European NPL market with approximately €200 billion of portfolios purchased for the period between 2014 to October 2019. These funds tend to outsource collections to entities providing debt collection services. Additionally, most funds tend to manage portfolios for a period of time and eventually sell the portfolios in secondary trades. Accordingly, we expect secondary sales to increase once the funds who took part in the first such wave of purchases begin to exit their investments. Lone Star, for example, sold approximately €9 billion of portfolios during the period from 2014 to October 2019. The graph below shows the top 20 most active buyers from 2014 to October 2019 (in € billions).



Source: Deleveraging Europe October 2019, Deloitte Financial Advisory

Note: Intrum purchases of €24.3 billion presented in the graph above do not represent the entirety of Intrum's investments for the period.

Clear industry value proposition resulting in increased volume of outsourcing

We have seen a trend of banks turning away from non-core activities and being unwilling to spend resources on internal debt collection capabilities. At the same time, mature credit management providers have emerged and added value to banks through their proven track record of improving recoveries and scale benefits. Debt collection requires a substantial amount of resources and know-how, and we believe this is performed most efficiently by specialists. Consequently, credit management providers have become an integral part of the credit industry and are frequently viewed as trusted partners to their clients. We believe that this relationship will continue to grow in the coming years, particularly in markets with lower outsourcing ratios, such as Germany and Italy.

In addition to the overall increase in outsourcing of debt collection, we also see a trend where clients increasingly demand outsourcing solutions from credit management companies at a regional or pan-European level. As a leading European credit management company, we believe that we are well-positioned to benefit from this trend.

Competitive landscape

The European credit management services industry is a fragmented market consisting of several thousand companies with varied profiles. When viewing the competitive landscape, three factors should be considered:

- *Product offering:* Companies either offer a full-service business model and operate in all stages of the credit management value chain, or they focus on particular areas, such as debt collection or debt purchasing.

- *Geographic presence:* Smaller participants tend to only operate in local markets. Medium and large companies typically have broader geographical footprints while only a few firms, including us, have operations across multiple European countries.

- *Scale:* The majority of firms are small or mid-sized and have a limited geographic presence, scale, skills, experience and information. In contrast, larger firms have the necessary scale to provide a complete value proposition.

Based on these considerations, the industry can be grouped into three categories of participants:

(1) Integrated pan-European credit management companies

We are one of the few large credit management companies in Europe, which we define as being present in more than five markets with an integrated offering throughout the credit management value chain. These companies typically have operations in several countries and a broad value proposition, including both debt

collection and debt purchasing. The large companies have experienced strong growth and high profitability in recent years by capitalizing on scale in skills, experience, information and origination sources.

The large integrated pan-European credit management companies generally have different focuses and value propositions. Such pan-European competitors include Lowell and Cabot. We believe our complete value proposition in combination with our focus on the financial institutions sector is attractive to potential clients and will enable us to capture anticipated growth opportunities across a variety of markets in the future.

(2) Regional credit management companies

Most European credit management companies are SMEs active only in one or few local markets, and have varying scale and business focuses. While these companies have a presence in their domestic markets, they have a limited or non-existing international presence. This segment also consists of several thousand participants without sizable operations who tend to focus on debt collection, as it has lower scale requirements. In addition to smaller credit management companies focusing on debt collection, there are a number of larger scale monoline players, which we define as having a presence in less than five geographic markets and/or who predominantly focus on debt purchasing. Monoline and regional credit management companies include PRA Group, Hoist and Kruk.

(3) Portfolio investors

The third group of participants in the credit management industry comprises international investors specializing in acquisitions of portfolios with distressed assets, such as Cerberus Capital Management, Lone Star Funds and Fortress Investment Group. The core competency of portfolio investors is the evaluation of portfolios and the raising of capital. Portfolio investors compete with other credit management companies in the debt purchasing segment; however they can also be strategic partners since they typically outsource debt collection. In recent years, we have created a co-investment vehicle and acted as a co-investor together with portfolio investors to acquire portfolios and have handled the debt collection process relating to the portfolios acquired.

Our place in the industry

We are the largest European credit management provider, providing a complete value proposition, by revenue, Cash EBITDA and ERC, with operations in 24 European countries. Based on internal estimates we believe we hold a leading position in a majority of those countries. Our business model focuses on financial institutions clients and a complete value proposition and an integrated mix including both collections and debt purchasing. We believe that our full value proposition offers tangible benefits to our clients, provides diversification and allows us to extract operational and financial synergies between debt collection and debt purchasing.

We enjoy strong market positions across the countries in which we operate. The table below provides an overview of our geographical presence and shows loans and advances volumes, NPL volumes and NPL ratios by country. France, Italy and Spain are the three countries with the highest amount of NPLs. Intrum has a strong presence across Europe and operates in the countries with the largest amounts of NPLs and highest NPL ratios.

Country[1] (December 31, 2019)	Loans and Advances[2] (€ in billions)	Non-Performing Loans[2] (€ in billions)	NPL Ratio	Intrum Presence
France	4,819	120.2	2.5%	✓
Italy	1,731	115.5	6.7%	✓
Spain	2,450	79.2	3.2%	✓
Greece	200	70.5	35.2%	✓
United Kingdom	4,407	56.3	1.3%	✓
Netherlands	1,750	34.2	2.0%	✓
Germany	2,394	30.0	1.3%	✓
Belgium	831	16.6	2.0%	✓
Portugal	233	15.1	6.5%	✓
Austria	498	11.5	2.3%	✓
Denmark	596	10.8	1.8%	✓
Finland	494	7.1	1.4%	✓
Ireland	212	7.0	3.3%	✓
Poland	133	6.3	4.8%	✓
Cyprus	30	5.8	19.4%	
Sweden	721	3.8	0.5%	✓

Country[1] (December 31, 2019)	Loans and Advances[2] (€ in billions)	Non-Performing Loans[2] (€ in billions)	NPL Ratio	Intrum Presence
Norway	256	3.2	1.3%	✓
Hungary	60	2.7	4.5%	✓
Bulgaria	28	2.0	7.2%	
Czech Republic	138	1.8	1.3%	✓
Croatia	39	1.7	4.3%	
Romania	32	1.3	4.1%	✓
Slovakia	43	1.1	2.6%	✓
Iceland	24	0.6	2.6%	
Slovenia	16	0.6	3.7%	
Malta	15	0.5	3.0%	
Luxembourg	195	1.8	0.9%	
Estonia	34	0.5	1.5%	✓
Lithuania	20	0.3	1.5%	✓
Latvia	12	0.2	1.9%	✓
Total	**21,251**	**584.0**	**2.7%**	**23[3]**

Source: European Banking Authority

(1) Individual country data includes subsidiaries, which are excluded from Total / EU aggregate. For example, at country level the subsidiary in country X of a bank domiciled in country Y is included both in data for countries X and Y (for the latter as part of the consolidated entity). In the EU aggregate, only the consolidated entity domiciled in country Y is considered.

(2) Gross carrying amounts, other than held for trading.

(3) Excludes Switzerland.

Structural considerations: benefits for incumbents

We believe that a number of structural factors operating within the European credit management industry offer potential advantages for incumbent operators:

- *Client relationships*: Debt originators, in particular financial institutions, are highly sophisticated and sensitive to reputational risk and are hence reluctant to switch credit management partners, in particular to a new entrant that does not yet have an established track record and reputation.

- *Scale advantages*: credit management is a scalable business with clear operational, strategic and financial scale benefits that provide a competitive advantage.

- *Data and pricing capabilities*: A large database built over many years combined with strong data enhancement capabilities is valuable both for pricing portfolios and for developing effective collection strategies.

BUSINESS

Overview

We are the largest full-service European credit management company by revenue, Cash EBITDA and ERC, with operations in 25 countries and, based on internal estimates, we hold a leading position in a majority of those countries. We provide clients with a complete value proposition across the entire CMS value chain, built on our longstanding commitment to fair and ethical collection. We leverage our economies of scale, digitization and large information databases to increase efficiency while also driving growth through strategic transactions. Strategic transactions in recent periods include the Piraeus Partnership, completed in October 2019, in which we acquired 80% of the bank's service platform for managing overdue receivables and, by leveraging our collections expertise and working in partnership with Piraeus Bank, we have created the first independent leading credit management platform in Greece. In April 2018, we entered into the Intesa Partnership, which established us in 2018 as a leading player in late payments in Italy, one of Europe's most attractive late payments markets. In December 2018 we purchased a real estate portfolio from Ibercaja, which we hold with a co-investor, and in April 2019 we completed the acquisition of Solvia, which cemented our leading position in Spain in servicing loans and providing RES. For additional information on the structure of our partnerships and joint ventures, see "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*" and "*Management Discussion and Analysis of Financial Condition and Result of Operations—Description of key consolidated income statement line items—Participations in joint ventures*."

From January 1, 2020, we operate our business, and present our financial information, on the basis of three segments: (i) the Credit Management Services segment, (ii) the Strategic Markets segment and (iii) the Portfolio Investments segment. As described below, our three segments allow us to offer a full range of services covering a client's entire CMS value chain, with each segment also working complementarily to drive business and improve data and expertise in other segments. Prior to January 1, 2020, we operated our business with two service lines, our Credit Management Services service line and our Portfolio Investments service line, and with a focus on four geographic regions. Our financial information for the years ended December 31, 2019, 2018 and 2017 is presented on the basis of two service lines and four geographic regions. Our financial information for the six months ended June 30, 2020 and 2019 (and in this Offering Memorandum, certain financial information for the year ended December 31, 2019 and for the twelve months ended June 30, 2020), and going forward our financial information will be, presented in line with our current three segment organization. For the twelve months ended June 30, 2020, our revenue was SEK 15,668 million (€1,470 million equivalent) and *Pro Forma* Adjusted Cash EBITDA was SEK 11,246 million (€1,055 million equivalent). See "*Summary Historical Consolidated Financial and Other Data.*"

- ***Credit Management Services segment.*** Through our Credit Management Services segment, we employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function, other than in the countries included in our Strategic Markets segment. In addition to, and generally in combination with, collection services, we provide capabilities in alternative solutions and offer clients a wide range of value-added services prior to loans and receivables becoming overdue. Our value-added service offering includes credit information and analysis on individuals and companies to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, our RES offering and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services. For the twelve months ended June 30, 2020, our Credit Management Services segment generated revenue of SEK 4,559 million (€428 million equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Strategic Markets segment.*** As of January 1, 2020, we simplified our organizational structure, transitioning away from two service lines that focused on four geographic regions and establishing Strategic Markets as our third segment alongside our Credit Management Services segment and Portfolio Investments segment. The establishment of the Strategic Markets segment reflects our strategic growth in recent years. Our Strategic Markets segment focuses on providing CMS in our Brazilian, Greek, Italian and Spanish operations, with the Greek, Italian and Spanish markets in particular being large and important markets in which we have similar operations based on partnerships with major financial institutions, including our Piraeus Partnership in Greece and our Intesa Partnership in Italy. For the twelve months ended June 30, 2020, our Strategic Markets segment generated revenue of SEK 4,819 million (€452 million

equivalent), excluding revenue generated from portfolios of loans and other overdue receivables that we own.

- ***Portfolio Investments segment.*** Through our Portfolio Investments segment, we offer a range of portfolio investment financial services, including our REO offering. Our portfolio investment financial services focuses on the purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of their nominal value, which we generally then service using our in-house debt collection function. Upon purchase of defaulted receivables, we put in place long-term debt collection measures aimed at helping customers become debt-free as we work together to reduce their debt. In line with our core values, which are based on an empathetic and ethical approach to helping indebted customers become debt free in a respectful manner, we interact with every customer to craft solutions on the basis of their individual circumstances, for example through instalment plans that take account of each consumer's payment capacity. As part of our Portfolio Investments segment, we also provide factoring, payment guarantees and e-commerce services. Our Portfolio Investments segment also houses our REO offering (including our REO offering in Brazil, Greece, Italy and Spain), which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. We arrange for the sale of such real estate using internal and external resources and networks. Our real estate exposure within our Portfolio Investment segment is concentrated in Italy, Hungary, Portugal and Spain. Properties are either wholly owned or held by joint ventures in which we participate along with our co-investors. Our properties, including both wholly owned properties and properties held by joint ventures in which we participate along with our co-investors, total to approximately 5,816 properties. The book value of real estate assets in our consolidated balance sheet together with our joint ventures' book value related to properties as of June 30, 2020 was SEK 765 million. For the twelve months ended June 30, 2020, we generated revenue of SEK 6,297 million (€591 million equivalent) from our Portfolio Investments segment. As of June 30, 2020, the ERC of our portfolios of loans and overdue receivables was SEK 64,674 million (€6,162 million equivalent).

We believe that the combination of our debt collection services, portfolio investments expertise and strategic financial institution partnerships has been and will continue to be key to our success. Our complete range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to more accurately price portfolios. Operating across Europe with an integrated and balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to pursue the opportunities that we find most attractive. Our breadth of service and geographic diversification also increases our resilience to economic disruptions (such as that caused by the COVID-19 pandemic). The diversified nature of our business allows us to effectively mitigate some of the resulting negative impact.

Our Strengths

We believe that our business benefits from a number of key strengths, including:

Europe's leading credit management company

The largest credit management company in Europe

We are the largest full-service European credit management company by revenue, Cash EBITDA and ERC. We are significantly larger than the second largest such credit management company in Europe. For the twelve months ended June 30, 2020, our *Pro Forma* Adjusted Cash EBITDA was SEK 11,246 million (€1,055 million equivalent). We believe our size gives us several benefits. In particular, our broad and in-depth experience favorably impacts our ability to develop optimal collection strategies and competitively price portfolios in our portfolio investment activities, which we believe has a positive impact on our revenue and efficiency. Additionally, our size allows us to better absorb fixed costs, compared to smaller companies, including those related to regulatory and legal compliance and IT, which further benefits our margins. We also believe that our scale, leading positions, full scope of services across the entire CMS value chain and our broad geographic footprint allow us to provide an increasingly attractive value proposition for our largest clients, who provide us with increasing sources of opportunities across Europe and enable us to efficiently allocate capital to opportunities with the best risk/reward profiles.

Market leading position in several European countries

We are present in 24 European countries, which is more than any of our European competitors. Based on our internal estimates, we believe we hold a leading position in the majority of those countries. We believe our broad geographic footprint combined with strong local market positions is a competitive advantage which continues to enhance our ability to serve our existing clients with a complete value proposition across diverse markets and the entire CMS value chain and also to expand client relationships.

Leading position in the European financial institutions segment

Based on our internal estimates, we believe that we hold one of the leading positions among credit management providers with respect to financial institutions clients in Europe. We believe that the financial institutions segment in Europe continues to represent one of the most attractive segments of the credit management market. Financial institutions are the largest originator of debt and, based on data from the EBA, European bank NPL stock amounted to approximately SEK 7 trillion (€0.6 trillion equivalent) as of December 31, 2019. The financial institutions segment also offers attractive economics with long durations and high earnings visibility. We have a long track record of collecting on NPLs and have built long-term relationships with European financial institutions. During the three years ended December 31, 2019, we acquired NPLs with a total collectible value on portfolio investments of SEK 441,895 million (€42,298 million equivalent) from European financial institutions. For the year ended December 31, 2019, 80% of revenue in our Portfolio Investments segment was generated by portfolios acquired from financial institutions. In addition, we have a strong track record in entering into strategic partnerships with financial institutions, including long-term servicing contracts and often the carve-out of operational servicing platforms.

Leading position in the European trade segment for credit management services and portfolio investments

Based on our internal estimates, we believe that we hold a leading position among credit management providers in providing servicing and acquisition of OTR to non-financial services companies in Europe. The OTR segment complements the financial institutions segment as it offers a relatively stable and high volume of stock with short duration. In many of the markets in which we operate, we believe OTR flow will remain relatively consistent with historic high levels, driven by a structural shift towards a higher proportion of pay-later payment options, including invoice payments, installment payment plans and checkout payment plans, which are pay-later plans provided by Klarna, a Swedish online financial service provider which handles customer payments, and financing options, and increased outsourcing of CMS operations.

Europe's most diversified credit management company

Complete value proposition

In addition to having the widest European geographic footprint, we believe that we have the European market's broadest value proposition across the CMS value chain, including financial services, enabling us to operate as a "one-stop shop" for our clients. Our predominant activities are in the CMS and portfolio investments spheres. Additionally, within our Credit Management Services segment and Strategic Markets segment, we offer clients attractive value-added services before loans and receivables become overdue, including information, invoice and payment services, which are an important source of origination for our Credit Management Services segment, Strategic Markets segment and Portfolio Investments segment and for our data collection. Our broad product and value proposition is complemented by our ability to offer flexible solutions to our clients, including by leveraging our market-leading capabilities in the carving-out of financial institutions' in-house collection units, co-investment structures and the provision ofRES.

Ability to acquire and service several types of loans

Historically, we have focused on unsecured consumer debt originated by financial institutions and OTRs originated by the non-financial sector. In recent years, we have also increased our activities in the secured consumer debt market segment, including through key acquisitions such as the June 2016 acquisition of 85% of Aktua, one of the leading credit management companies in the secured NPL segment in Spain, with Santander holding the remaining 15%, which strengthened our RES capabilities in the Spanish market, in particular with regard to servicing Intrum- or third-party owned real estate, the purchase of a real estate portfolio from Ibercaja in December 2018, which we hold with a co-investor, which bolstered our REO capabilities in the Spanish market and our acquisition in April 2019, of 80% of Solvia, which offers real estate management services in the Spanish market and which further built out our RES capabilities. We now work with secured assets in 12 countries, further demonstrating our capabilities across diverse types of loans.

Integrated client offering spanning the Credit Management Services, Strategic Markets and Portfolio Investments segments

Data analytics

Our broad value proposition allows us to collect data from across the CMS value chain and extract data synergies to continuously strengthen our data analytics capabilities. We believe data analytics and business intelligence are key to driving optimized collection strategies and accurately and competitively pricing the portfolios for which we bid. We estimate that we have collected depersonalized data on over 285 million claims from across our three segments. We also estimate that we have a data warehouse consisting of over 7.3 billion events, such as payments and actions taken, associated with the claims on which we have collected depersonalized data.

Operational synergies

The combined scale we achieve through the breadth of our value proposition as well as our pan-European footprint provides us with economies of skill and scale. Given the scalable nature of our business model, operational synergies are important drivers of increased operational efficiency. We have successfully recognized significant cost synergies associated with the Merger. In the year ended December 31, 2019, the process of realizing the synergies from the Merger was completed with these amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. See "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies*."

Financial complementarity

With our integrated and balanced business model we can solve for our clients' needs and offer a value proposition across the CMS value chain. Additionally, we benefit from the financial complementarity between our Credit Management Services segment and Strategic Markets segment, on one hand, and our Portfolio Investments segment, on the other hand, whereby capital light revenues from the Credit Management Services segment (SEK 4,559 million (€428 million equivalent) for the twelve months ended June 30, 2020) and Strategic Markets segment (SEK 4,819 million (€452 million equivalent) for the twelve months ended June 30, 2020) generate cash which can be deployed in our Portfolio Investments segment for portfolio investments and deleveraging.

Diversified origination platform

Pan-European presence, multi-sector and transaction structure capabilities

Our pan-European presence, with operations in 24 European countries, enables us to efficiently allocate capital to opportunities with the best risk/reward profiles. We have capabilities with respect to financial institutions as well as across multiple trade sectors, including utilities, telecommunications and retail, which allows flexible capital deployment for portfolio investments and enhance our ability to identify and take advantage of trends in various sectors across our segments. Furthermore, we benefit from our significant successful experience in executing co-investments which provides us with the resources to swiftly capitalize on market opportunities, allowing us to acquire larger and more mixed portfolios. Additionally our centrally organized AAG, which focuses on secured and sizeable B2B transactions, gives us the capacity and capability to address large, complex and sensitive transactions, as well as centrally coordinate and attract co-investors and secure additional sources of funding, as demonstrated by our Intesa Partnership and the acquisition of Ibercaja's REO portfolio, which we hold with a co-investor. In addition to these transactions generating revenues, these transactions also act as growth accelerators by generating subsequent contracts to service the acquired portfolios, while requiring a lower level of upfront capital investment. Our extensive pan-European presence also allows us to provide CMS services to, and increase our share of wallet with, clients who have cross-border and cross-service activities.

Long-term relationships with our CMS clients

We have an impressive track record of maintaining long-term relationships with our largest clients and we have also historically achieved high levels of repeat purchases from existing customers, which we believe evidences the strength of our product and value proposition. Of our 10 largest clients in the Credit Management Services segment, 5 have had a relationship with us lasting more than 10 years, of which 4 have had a relationship of more than 15 years and the relationship with our largest client in this segment extends beyond 25 years.

Large number of repeat and small purchases

For the twelve months ended June 30, 2020, we purchased SEK 1,449 million (€136 million equivalent) of loans and other overdue receivables under forward flow contracts, providing visibility on new business origination. Additionally, over the same period, we made SEK 595 million (€56 million equivalent) of smaller purchases of portfolios of less than SEK 20 million (€2 million equivalent) in size. As of June 30, 2020, our average portfolio investment claim size was SEK 20,218 (€1,929 equivalent).

CMS enables a competitive tendering process benefitting the portfolio investment part of our business

When bidding for portfolios from existing clients in our Credit Management Services segment and Strategic Markets segment, we are able to leverage our existing business relationship, we can accurately and competitively price portfolios that we find attractive and offer an attractive value proposition to clients that is informed by our knowledge of, and provision of other services to, the specific client and portfolio.

Significant supply of NPLs in the market

Based on data from the EBA, European bank NPL stock amounted to approximately SEK 7 trillion (€0.6 trillion equivalent) as of December 31, 2019, representing more than 1.5 times the 2007 levels. We expect continued regular and pro-active sales by banks as they manage a broad range of new rules and regulations such as, for example, Basel IV, IFRS 9 and ECB calendar provisioning. As a result, we anticipate an increase in debt sales as a proportion of NPL stock. Ultimately, the evolution of NPL stock depends on the macroeconomic situations of the countries in question. For example, in a favorable macroeconomic environment, NPL generation is more muted, as evidenced by NPL levels over the last few years. Following a downturn, such as is currently being experienced on a global level in connection with the COVID-19 pandemic, we would generally expect an increase in the generation of new NPLs. For further discussion of key NPL supply drivers, see "*Industry Overview—Key Drivers of the Credit Management Industry.*" For further discussion of COVID-19, see "*Summary—Recent Developments—COVID-19*" and "*Risk Factors—Risks related to our industry and business—The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this* "*Risk Factors*" *section.*"

Track record of continuous operational excellence, innovation and efficiency improvements

We benefit from a strong culture that is focused on innovation and operational improvement to drive financial performance. We have historically undertaken a range of initiatives aimed at improving our collection and margins and that we believe will continue to improve the performance of our business. These include, among other things:

- *standardization:* consolidating infrastructure among subsidiaries, aligning operational processes and reducing the number of physical collection sites and IT and virtual collection systems;

- *data management:* centralizing data pools and implementing data cleansing techniques and analytical tools to support enhanced decision-making;

- *digitalization and automation:* investing in self-service consumer and client portals and software to facilitate timely and transparent communication and proactive management of credit management services; and

- *shared services:* consolidating and near-shoring shared services and continuing to evaluate expansion to additional service centers, with our shared service centre more than doubling in size since year-end 2017.

In addition, we have successfully recognized significant cost synergies associated with the Merger. In the year ended December 31, 2019, the process of realizing the synergies from the Merger was completed with these amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. See "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies*."

Strong embedded risk culture

We benefit from well-defined and multi-layered risk management frameworks and a rigorous approach to maintaining pricing discipline that we believe will continue to support profitability through active and effective

management of pricing, reputation and regulatory risks throughout our investment decision-making process. Through the breadth and depth of our experience across the CMS value chain, we have access to comprehensive databases of purchased and serviced debt to which we apply our data analysis capabilities in order to take a centralized approach to forecasting and pricing. Our centralized forecasting and pricing is further supported by specialist local input, ensuring that the pricing of each portfolio benefits from a strong cross-organizational evaluation. Our data capabilities also facilitate more efficient debt collection strategies through data analytics and cross-learning. In addition, our three-tiered risk management approach helps ensure that our sophisticated pricing information is used in an investment decision-making context that is grounded in compliance and the maintenance of strong internal controls. Our focus on risk management and compliance is incorporated into our structure at the local level, which is our first line of defense, and up through both the internal and independent external risk control and auditing functions that are carried out at our executive and Board levels. All of our portfolio acquisitions are subject to a standardized process involving independent review by our risk function, which reports to our Chief Risk Officer, and our investment authority, which reports to our Chief Investment Officer (both the Chief Risk Officer and Chief Investment Officer, together with other relevant stakeholders, are part of our Risk and Investment Committee), with the largest transactions requiring approval by our Board of Directors.

We believe that our focus on pricing discipline and risk management has historically enabled us to consistently outperform our forecasted collections. From January 1, 2017 through June 30, 2020, on a quarterly basis, we collected 103 – 115% of our cash flow forecasts. Additionally, we believe our diverse business model allows us to remain comparatively resilient in the face of a global economic crisis (such as the one caused by the COVID-19 pandemic).

Resilient financial performance with strong cash generation

Track record of stable EBITDA growth

We have a track record of delivering EBITDA growth and maintaining a stable and high EBITDA margin. In the years ended December 31, 2019, 2018 and 2017, we reported Adjusted Cash EBITDA of SEK 10,655 million, SEK 9,236 million and SEK 6,339 million, respectively. In the twelve months ended June 30, 2020, our Adjusted Cash EBITDA increased to SEK 11,013 million compared to SEK 9,632 million for the twelve months ended June 30, 2019. In the years ended December 31, 2019, 2018 and 2017, we maintained an EBITDA margin of 21%, 36% and 34%, respectively. The decrease in EBITDA margin during the year ended December 31, 2019 was primarily a result of a revaluation of the portfolio. In the twelve months ended June 30, 2020, our EBITDA margin decreased to 15% compared to 40% for the twelve months ended June 30, 2019, with the decrease largely driven by the economic impact of the COVID-19 pandemic, partially mitigated by our efficiency improvement program and other cost savings initiatives and the resiliency of our platform. See "*Summary—Recent Developments—COVID-19*." We believe our results of operations will continue to be positively impacted by our resilient business model, operating leverage and ongoing cost savings initiatives.

Stable cash flows and a unique dataset from the capital light Credit Management Services and Strategic Markets segments

Our Credit Management Services segment, which requires relatively limited investment, generates stable cash flows and is supported by long-term client relationships. As of June 30, 2020, our Credit Management Services segment managed third-party debt with a combined total collectible value on third-party debt of SEK 205,345 million (€19,593 million equivalent).

Furthermore, our Strategic Markets segment benefits from long-term servicing contracts in Greece, Italy and Spain related to carve-out transactions with financial institutions. As of June 30, 2020, our Strategic Markets segment managed third-party debt with a combined total collectible value on third-party debt of SEK 913,144 million (€87,129 million equivalent).

We also benefit from system integration with clients associated with the provision of our services, making it unattractive from the client perspective to switch credit management companies. Overall, we tend to experience strong client loyalty and limited attrition.

Significant cash flows embedded in investment portfolios

As of June 30, 2020, our ERC was SEK 64,674 million (€6,162 million equivalent). We have made significant portfolio investments over the past three years. For the years ended December 31, 2019, 2018 and 2017, we acquired portfolios for SEK 7,324 million, SEK 11,854 million and SEK 7,223 million, respectively. We expect these investments to generate significant cash flows over the coming years. We have a long track

record of outperforming our initial collection forecasts during the initial forecast period up to 15 years as well as a track record of extending collection periods beyond 15 years.

Strong cash generation with efficient conversion of profit into cash flow

For the twelve months ended June 30, 2020 and 2019, we spent SEK 665 million and SEK 499 million, respectively (€62 million and €48 million equivalent, respectively), representing 6% and 4%, respectively, of our *Pro Forma* Adjusted Cash EBITDA on capital expenditures other than capital expenditures related to portfolio investments and M&A activities. For the twelve months ended June 30, 2020 and 2019, our total portfolio investments were SEK 7,528 million and SEK 10,809 million, respectively (€707 million and €1,035 million equivalent, respectively). For additional information on our cash conversion rates, see "*Management Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources.*"

Proven management team with a clear strategic agenda

Strong leadership of experienced senior management supported by specialist teams in central functions and local markets

We are managed by a strong executive team comprising individuals with many years of relevant experience and providing leadership across all functional areas of the business. Our CEO, Mikael Ericson, was formerly Head of International Banking at Danske Bank A/S, one of the leading banks in the Nordic region, and CEO of Carnegie Investment Bank AB. Our CFO, Anders Engdahl, is an experienced financial professional who has held senior positions at Intrum, Lindorff and Morgan Stanley. At Morgan Stanley, Mr. Engdahl held the position of Managing Director and Head of Nordic Financial Institutions investment banking. Mr. Engdahl possesses a strong background in the credit management services sector, having joined Lindorff in 2014 as EVP of Debt Purchasing. Mr. Engdahl held the same role at Intrum subsequent to the Merger. Our executive team is supported by a skilled team of managers operating our central functions and assisting in strategy execution at the group level. In addition, our regional and country managers bring to bear significant industry expertise and local input to drive execution of our strategic agenda.

Our Strategy

Be the leading CMS company driving operational excellence

We are the largest and most diversified credit management company in Europe with a leading position in the majority of countries in which we operate, based on internal estimates, and the ability to serve clients across the entire CMS value chain and various asset classes. We aim tocontinue to build scale, lead in all markets where we operate, create value for clients, and achieve operational excellence in everything we do.

Continue to operate an integrated business model providing a complete value proposition

We believe that we continue to be well-positioned for growth and continue to offer complete credit management solutions for our clients across asset classes and sectors based on our integrated and balanced business model. Key features of our growth strategy include:

- *Full client offering providing integrated CMS and financial services solutions.* We offer our clients both CMS and financial services solutions, providing them with the full scope of services across the CMS value chain. We believe that our complete value proposition, geographic footprint and scale are highly attractive to existing and potential clients. For example, our Intesa Partnership included entering into a long-term servicing contract and, through a joint venture, the acquisition of an NPL portfolio. Our Piraeus Partnership also included a long-term servicing contract and the acquisition of a leading independent service platform. See "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments.*" These transactions demonstrate the breadth of our capabilities and the attractiveness of our value proposition to our clients. Furthermore, we see opportunities to increase our share of wallet with existing CMS clients by providing services to them throughout their geographic footprint and service needs. Additionally, our Credit Management Services and Strategic Markets segments provide us with deep insight into the portfolios of our clients and enables us to competitively price portfolios.

- *Continued focus on acquisitions of unsecured NPL and expansion of consumer ("B2C") debt, secured debt and real estate services*. Unsecured consumer NPL sales volumes have remained high

as banks increasingly prefer to sell their debt to trusted debt collection agencies in order to clean up their balance sheets and focus on their core business. We expect a continued high level of NPL sales, given factors such as the growth in consumer lending and ECB regulation of NPLs. We expect to continue to deploy capital within the unsecured NPL space in order to gain scale in markets where we are not a leader and, to a lesser extent, to opportunistically enter new business areas. We expect to continue to partner with banks on bilaterally agreed large, complex and sensitive transactions, of which our Intesa Partnership and Piraeus Partnership are two recent examples. Additionally, secured NPL transactions have increased in recent years and represent a large portion of the NPL market. In December 2018, we completed the acquisition of 6,400 properties in Spain from Ibercaja, which we hold with a co-investor, bolstering our REO offering and presence in the secured NPL space, and, in April 2019, we completed the acquisition of Solvia, which offers real estate management services in the Spanish market, from Banco Sabadell, which further built out our ability to service Intrum- or third-party-owned secured NPLs. See "*Management Discussion and Analysis of Financial Condition and Result of Operations—Significant factors affecting results of operations—Acquisitions, geographic expansion and divestments*" and "*Management Discussion and Analysis of Financial Condition and Result of Operations—Description of key consolidated income statement line items—Participations in joint ventures.*" We expect to continue to strengthen our capabilities with regard to the secured NPL markets and RES through greenfield operations and, where relevant, opportunistic acquisitions. We see growth potential from leveraging and exporting the capabilities we have developed with regard to secured markets and RES across many of the geographies in which we operate.

- *Co-investments*. In our Portfolio Investments segment, we see a pipeline in terms of the number and the size of investment opportunities available, which may outpace our on-balance sheet investment appetite. We consider flexible capital deployment initiatives, such as co-investment structures, which provide us with the ability to acquire larger, mixed portfolios by sharing risk with co-investment partners. Co-investments also increase the breadth of our origination platform by leveraging the network of our co-investment partners. These transactions, in addition to generating revenues from portfolio investments, also act as growth accelerators of third-party debt collection while requiring a lower level of upfront capital investment.

- *Geographic expansion*. We have a strong track record of expansion into new business areas and expanding our presence within existing markets. We have established operations in 25 countries, including through partnerships and strategic transactions such as carve-outs and bolt-on acquisitions. Our Intesa Partnership established us as a leading player in late payments in Italy, one of Europe's most attractive markets, and with our Piraeus Partnership we have created the first independent leading credit management platform in Greece. Based on EBA data, our geographic footprint covers 98% of European NPLs, as of December 31, 2019.

We continuously assess market conditions, including changes in connection with COVID-19, to ensure we invest prudently and have decided to temporarily reduce our rate of investment and increase the yield requirements on new portfolio investments in order to increase cash flow in the business. Going forward, we will continue to proactively evaluate opportunities to gain market share in existing markets where we currently do not hold leading positions and, to a lesser extent, opportunistically enter new business areas, for example through carve-outs and targeted acquisitions. When entering new business areas, our strategy is typically based on a cautious first entry: we start small and increase our investments as our insight and experience in a particular market increases. Moreover, we often strengthen our local knowledge and databases through business acquisitions and/or carve-out transactions (as we have previously done in the United Kingdom, Spain, Poland, Italy and Greece). For example, one method we employ to enter a new market involves acquiring a company with existing debt servicing capabilities and data, operating the company to develop further knowledge and data capabilities and then leveraging this data and market knowledge to price and purchase debt in the newly entered market. Our investment and pricing strategy is characterized by strict pricing discipline and institutional investment processes.

Continue to drive profitability through operational excellence and the realization of operational synergies

We have a long history of commitment to operational excellence and the realization of operational synergies, each of which have enabled us to maintain our track record of high margins in an industry that has experienced significant price pressure in recent years. In the years ended December 31, 2019, 2018 and 2017, we maintained an EBITDA margin of 21%, 36% and 34%, respectively. We continue to implement several initiatives to further drive efficiency and increase our profitability going forward, including:

- *Operational integration and portfolio management.* We have identified four key operational levers which we continue to execute on: (i) utilization of shared services and scale opportunities, (ii) focus on IT effectiveness and efficiency, (iii) best-in-class sourcing and procurement and (iv) continuing to deploy best practices across our operations to maximize synergy opportunities. We seek to leverage scale and skills advantages and experience in data management, analytics, technology and digitalization to drive collection performance across our segments, seek better pricing and decrease costs and continue to see strong value potential in focusing on active portfolio management.

- *Focus on pricing discipline, risk management and compliance.* As a result of strict pricing discipline, institutionalized investment processes and operational improvements, from January 1, 2017 through June 30, 2020, on a quarterly basis, we have collected 103 – 115% of our cash flow forecasts. We intend to continue demonstrating a high level of underwriting discipline in order to maintain forecasting accuracy and to ensure that we only acquire portfolios that meet our investment return criteria. In addition, we seek to maintain our competitive advantage through continued early adoption of regulation and best-in-class compliance and risk management procedures. Our resilience throughout the COVID-19 crisis has demonstrated our agility and ability to respond to a rapidly changing hostile economic environment. Going forward this agility has the potential to positively impact our future cost structures.

- *Realize operational synergies.* In the year ended December 31, 2019, we completed the realization of Merger-related synergies, with realized synergies amounting to SEK 680 million (€65 million equivalent), exceeding the SEK 560 million (€59 million equivalent) expected at the time of the Merger. Realized cost savings related to optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development and maintenance and increased scale in procurement. We have also capitalized on certain revenue synergies associated with the Merger from the combination of business intelligence operations and data sets, cross-selling of complementary offerings to existing clients, improved cross-border coverage of international clients and transfer of best practices. As part of our continuous efforts to increase our operational efficiency, we continue to identify and target strategic post-Merger efficiency and organizational transformation improvements to positively impact our bottom-line earnings. These additional efficiency programs may include activities such as prioritizing key IT projects, fully integrating newly acquired assets into our existing platform, and streamlining our daily operations and processes to ensure we benefit from the size and scale of our organization and deliver coordinated and seamless service to our clients. We are committed to identifying and pursuing ongoing cost-efficiency programs where they align with our operational objectives and growth strategies.

Commitment to highest ethical standards and fair collection practices

We are dependent upon relationships characterized by trust with clients, the relevant authorities and society as a whole. In order to achieve the necessary level of trust, we must act with professionalism, expertise and high ethical standards at all levels of our operations. Our internal standards are applicable to all employees. These standards mandate that all employees are expected to always work within the law, have sound moral principles and behave in an upstanding and sincere way. We have implemented a centrally coordinated compliance monitoring program which evaluates and assesses compliance with legal, regulatory and industry best practices as well as our internal standards. The continued commitment to the highest ethical and fair collection practices is paramount to our ability to be the leading credit management company in Europe.

History

Intrum was established in 2017 following the Merger. On the Intrum Justitia side, we trace our origins to Sven Göranson founding a credit management services company in 1923 in Sweden. In the aftermath of World War I, as European economies were rebuilding, companies encountered difficulties securing payment from their customers on time, or at all. The companies that Sven Göranson founded became pioneers in developing processes to obtain credit information prior to lending and in specialized collection operations. Following World War II and through the 1960s, Europe experienced economic growth and an upswing in purchasing on credit. During this period, one of the companies founded by Sven Göranson, Justitia Inkasso och Juridiska byrå AB, became Sweden's premier collection agency. Expanding both organically and through acquisitions, by the 1980s its value proposition included a comprehensive range of services for credit administration, including collection, financial and administrative services and factoring. In 1982, Justitia Inkasso och Juridiska byrå AB changed its name to

Intrum Justitia AB (publ). In the years following, Intrum Justitia continued to expand, both through acquisitions and organic growth, to become one of Europe's leading credit management companies.

Lindorff was founded in 1898 in Norway by Eynar Lindorff. From its origins in Norway, it grew to become one of the leading credit management providers in Europe. In October 2014, Nordic Capital acquired 85% of Lindorff and. in mid-2015, Nordic Capital increased its ownership of Lindorff to 91%. Lindorff operated solely in Norway until 1998, after which it expanded into other Nordic and Baltic countries. Subsequently, Lindorff undertook significant European expansion, both organically and through acquisitions.

Upon completion of the Merger, we became the leading credit management provider in Europe. Our shares have been listed on Nasdaq Stockholm since June 2002 and have been listed on the Nasdaq Stockholm Large Cap list since January 2014.

In the past three years, we have carried out various acquisitions to complement our established operations in addition to the Merger. While historically we focused on investing in unsecured consumer debt, in 2016 we expanded the scope of our investments in purchased receivables to include new asset classes, primarily secured claims, including the acquisition of a large portfolio of consumer loans with real estate collateral from Erste Bank Hungary. In June 2016, Lindorff also completed the acquisition of 85% of Aktua, a servicing company providing primarily secured NPL services and real estate servicing in Spain, with Santander holding the remaining 15%. In April 2017, we completed the acquisitions of Top Factoring SRL, one of the leading portfolio investment companies in Romania, and in December 2017 we acquired CAF, an Italian credit management company with a large and diversified secured and unsecured debt portfolio. In November 2018, we entered into the Intesa Partnership and formed a company, Intrum Italy SpA, of which Intesa is a minority shareholder and to which Intesa contributed its service platform for overdue receivables and we contributed most of our Italian operations at the time. In December 2018, we acquired 6,400 properties in Spain from Ibercaja, which were transferred to a new company in which we were initially the sole majority shareholder, and in which, since February 2019, we have held a majority ownership along with a co-investor, with Ibercaja retaining a minority interest. In April 2019, we completed our acquisition of 80% of the shares of Solvia, which offers real estate management services in the Spanish market, from Banco Sabadell. We have also expanded geographically. In February 2017, we completed the acquisition of Intrum UK, representing our re-entry into the British market, in October 2017, we entered the Greek market by acquiring a debt portfolio from Eurobank and, in July 2018, we expanded into the Brazilian market with the acquisition of a 51% majority shareholding position in the credit management company iPlatform. In October 2019, we strengthened our Greek position and entered into the Piraeus Partnership and acquired 80% of Piraeus Bank's Recovery Banking Unit in combination with a long-term non-performing exposures servicing agreement, establishing a leading independent credit management platform in Greece.

As of December 31, 2019, we had approximately 80,000 clients and approximately 9,000 employees as well as operations in 25 countries. As of June 30, 2020, Nordic Capital, our largest shareholder, held 47.7% of our shares, with no other shareholder holding 10% or more of our shares. As a condition of the Merger, the EC required us to divest Intrum Justitia's operations in Norway and Lindorff's businesses in Denmark, Estonia, Finland and Sweden (the "**Divestment**"). The Divestment was consummated in March 2018.

Operations and value proposition

We divide our operations along three segments: (i) our Credit Management Services segment, through which we offer services along the credit management value chain, from credit optimization and payment services to debt collection, and including RES, other than such services in Brazil, Greece, Italy and Spain; (ii) our Strategic Markets segment, through which we offer credit management services, including RES, in Brazil, Greece, Italy and Spain, containing strategic partnerships with Santander in Spain, with Piraeus Bank in Greece and with Intesa in Italy; and (iii) our Portfolio Investments segment, which primarily includes portfolio investments but also includes factoring (to a limited extent), payment guarantees, payment solutions for e-commerce companies and REO offering. Our comprehensive value proposition combined with our scale supports our ability to develop and maintain strong customer relationships and collect and analyze data to gain further insight into consumer behavior. The depth and breadth of our data assets and analytical capability is key to promoting growth in each component of our business. For the twelve months ended June 30, 2020, without removing internal revenue, our Credit Management Services segment accounted for 39% of consolidated total revenues, our Strategic Markets segment accounted for 29% of our consolidated total revenues and our Portfolio Investments segment accounted for 32% of consolidated total revenues.

We established our Strategic Markets segment on January 1, 2020 and our results of operations for the six months ended June 30, 2020 and 2019 reflect our three segment organization. Unless otherwise specified,

results of operations for the years ended December 31, 2019, 2018 and 2017 reflect the two service line organization applicable during the period. As a result of the change in segment reporting as described above, the results of operations on a segment basis for the years ended December 2019, 2018 and 2017 are not directly comparable to the results of operations on a segment basis for the six months ended June 30, 2020 and 2019. See "*Presentation of Financial and Other Information*" for more information regarding the change in our operating and reporting segments. The tables below set forth our revenue by segment for the periods indicated.

	For the six months ended June 30,	
	2019	**2020**
	(unaudited)	
Credit Management Services segment	3,457	3,295
Strategic Markets segment	1,809	2,459
Portfolio Investments segment	3,492	2,720
Elimination of internal revenue(1)	(1,222)	(1,256)
Total revenue	**(7,536)**	**7,218**

(1) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services segment and Strategic Markets segment with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments segment.

		For the year ended December 31,	
	2017	**2018**	**2019**
		(SEK in millions)	
Credit Management Services service line	6,700	9,480	11,450
Portfolio Investments service line	4,516	6,394	7,069
Elimination of internal revenue(1)	(1,782)	(2,432)	(2,534)
Total revenue	**9,434**	**13,442**	**15,985**

(1) Internal revenue relates to payment on arm's length terms for work carried out with in our Credit Management Services service line with regard to handling and collection on our portfolio investments. Payment is made in the form of a commission that is recognized as a cost within the Portfolio Investments service line.

Credit Management Services segment

Our Credit Management Services segment offers services across the entire credit management chain to meet the needs of our clients, from the assessment of credit to payment and collection. Collection services generate the greatest proportion of revenue for this segment. For the year ended December 31, 2019, collection services accounted for 93% of credit management revenue. Our other offerings in the Credit Management Services segment include credit information and optimization services and payment services.

Collection services

The primary source of revenue for the Credit Management Services segment is the provision of debt collection services to clients when their invoices are past due, with the services being subject to guidelines chosen by the client regarding specific procedures and settlement. As of June 30, 2020, our aggregate total collectible value on third-party debt was SEK 1,118,489 million (€106,576 million equivalent). During the debt collection process we take into account country-specific laws and regulations and we aim in all instances to preserve clients' reputations. We also undertake the same debt collection processes for our own portfolios.

In the initial stages of the debt collection process, we use our Scoring process to estimate the creditworthiness of a group of consumers based on historical data, which allows us to anticipate their payment habits and behaviors. See "*Management Discussion & Analysis of Financial Condition and Results of Operations—Significant factors affecting results of operations—Collection costs and operational efficiency.*" Scoring allows us to predict the likelihood that a customer will pay their debts and to tailor our debt collection strategies to collect final payments from customers as efficiently as possible. The process is tailored to account for specific circumstances and behaviors and also to minimize the impact on the customer relationship. Typically, customers are sent a letter stating that we have been instructed to collect the claim on the client's behalf. If the customer does not pay within a prescribed period, we employ tailor-made strategies aimed at successful collection.

Collection methods include telephone calls, letters, text messages, emails and, to some extent, personal visits by agents. Via our online tools for clients, including IntrumWeb, we provide visibility for our clients on the amount a client's organization is owed and the payment status in real-time. We also provide online tools to customers that allow customers to update their contact information, review their outstanding payments and proceed with payments independently without needing to interact with a customer service representative.

Much of our debt collection process is standardized and automated, with the goal of maximizing the total amount collected over the life of the debt through sustainable payment plans or affordable settlements achieved through an amicable and solution-oriented collection approach, rather than exploiting short-term collection potential. We have integrated several automated processes into our debt collection process to improve efficiency and reduce the need for manual case handling. These processes include:

- Standardized work processes: a sequence of predefined actions to occur according to a set schedule. Standardized processes determine when our agents should telephone, send a letter, text message or use another means to contact the customer.

- Campaigns: the implementation of common processes for a group of claims. Campaigns typically begin when we expect customers to have an enhanced ability to pay.

- Event engines: software driven processes that prescribe a series of actions to be taken in connection with 65 different external events, such as customer bankruptcy, death or address modification. For example, these actions could include periodic telephone calls, text messages and other methods typically utilized in the pre-legal collection process.

- Automation: the automation of business processes through the use of advanced software, allowing us to carry out processes significantly faster and more efficiently than when done manually, including selecting which customers to contact based on certain criteria and gathering information and business intelligence across channels.

We have the ability to provide international collection services to companies engaging in international trade in approximately 180 countries. Depending on the location of the customer, these services are delivered through our network of offices or selected partners. Our partners are selected through a structured on-boarding process and termination plan and are continuously monitored to ensure they meet our code of conduct.

If, after the customer has received assistance from us and an opportunity to pay, an amicable collection process is unsuccessful, the matter may be forwarded to legal authorities for a decision. The legal systems vary between countries depending on, for instance, the applicable legislation and the local legal entities responsible for handling cases. We have established locally-adapted processes using highly skilled staff, which may involve third parties such as courts, attorneys and bailiffs where required.

Payment services

We provide a full suite of services relating to accounts receivable, including invoicing and reminder services. Invoices are distributed automatically and, in circumstances where customers do not pay their bills, we offer reminder services. Using our IT capabilities and Scoring, we are able to send individually-adapted reminders to those who have fallen behind on their payments. Our database of customer payment patterns and trends enables us to adapt the design and frequency of payment reminders to customers' finances and thereby to help maintain strong client-customer relationships. If a client wishes to send its own invoices, we also offer a tailored account ledger service to support clients in completing transactions with their customers.

We further offer VAT specialist services to manage clients' VAT refund processes, as well as VAT consultancy, registration and compliance services and tailored training packages on how to deal with VAT issues.

Credit information and optimization services

We provide credit information on individuals and companies across Europe to help our clients determine who to sell to and on what terms. As business is increasingly conducted online, a higher proportion of goods and services are paid for through credit solutions such as invoicing or different installment models. Our integrated services help our clients prevent late or non-payment. We share our insight into existing and prospective consumers' payment patterns so that clients can make credit decisions about the creditworthiness of their customers on the basis of efficient and reliable information to help ensure a successful transaction for which consumers have the capacity to pay.

Our credit risk analysis is based on Scoring, which requires advanced statistical tools and considerable IT capacity. The overall credit risk assessment is derived from a combination of Scoring and an understanding of human behavior, payment patterns and the market. We therefore benefit from our long-term experience with European credit markets and our database of payment patterns in different markets.

We also offer a monitoring service pursuant to which we monitor the performance of a client's credit agreements and detect and alert the client of changes that could affect their credit risk and that may need action. This service helps clients avoid the possibility of non-payment in the future.

Strategic Markets segment

The establishment of our Strategic Markets segment is a reflection of our strong partnerships and growth in recent years, particularly in Greece, Italy and Spain, which are three of the largest NPL markets in Europe. The Strategic Markets segment includes our CMS operations, including our RES offering, in Brazil, Greece, Italy and Spain, but excluding our Brazilian, Greek, Italian and Spanish REO offering, which are housed in our Portfolio Investments segment. Greece, Italy and Spain in particular are large and important markets with similar operations and based upon key partnership with Piraeus in Greece, Intesa in Italy and Santander in Spain. Through our Strategic Markets segment and our key financial institution partnerships, we focus on late payments and collections in Greece, Italy and Spain, three of our key markets. Leveraging our CMS expertize and access to, or the acquisition of, our partner's local operational servicing platform, we provide credit management servicing under long-term servicing contracts with our financial institution partners and also late payments and collections services, including our RES offering, to other clients and customers in the applicable jurisdictions.

Portfolio Investments segment

Through our Portfolio Investments segment we purchase portfolios of loans and other overdue receivables and also offer a range of financial services to our clients. The revenue generated from returns on purchased portfolios is the primary source of revenue for this segment. For the year ended December 31, 2019, revenue from Portfolios Investments accounted for 44% of our total revenue without giving effect to inter-company relations. Our Portfolio Investments business line also houses our REO offering, which includes, either in the course of recovery activities for secured loans (or, infrequently, in relation to unsecured loans with personal guarantees) or as a standalone investment strategy, directly or indirectly and independently or alongside co-investors, holding title to real estate that we expect to eventually resell. We arrange for the sale of such real estate using internal and external resources and networks. Our real estate exposure within our Portfolio Investment segment is concentrated in Italy, Hungary, Portugal and Spain. Properties are either wholly owned or held by joint ventures in which we participate along with our co-investors. Our properties, including both wholly owned properties and properties held by joint ventures in which we participate along with our co-investors, total to approximately 5,816 properties. The book value of real estate assets in our consolidated balance sheet together with our joint ventures' book value related to properties as of June 30, 2020 was SEK 765 million.

Purchase of overdue receivables

Following a thorough risk analysis assessment, we acquire portfolios of loans and other overdue receivables for a portion of their nominal value, with the percentage depending on the quality of the debt. Subject to certain exceptions, we service purchased portfolio debt independently using our in-house debt collection function, thereby benefiting from our expertise and economies of scale. We maintain pricing discipline through an institutionalized investment process and a structurally embedded risk management culture and further supported by our data analytics capabilities, which enable us to maintain high portfolio returns and mitigate the risk of overbidding on portfolios. We buy written-off debt from nearly every type and size of company, including credit institutions, private and public enterprises and government bodies, though we focus on acquiring portfolios from known clients. Our provision of CMS, and the complementarity between collection services and debt purchasing, places us in a strong position when seeking to purchase portfolios. In addition to benefiting from advantages related to scale, particularly in relation to data analytics and operational efficiencies, we have a greater understanding of the portfolios being acquired in circumstances where we previously serviced the relevant debt and can therefore assess and price offered portfolios more accurately. We believe our complete value proposition and established relationships make us an attractive bidder for debt portfolios. For the year ended December 31, 2019, 74% of investment in our Portfolio Investments segment were from existing or previous clients.

Our core focus has been on portfolios containing consumer unsecured debt and we seek to maintain portfolios that are diversified by country and industry in order to limit overall volatility. We believe that the

provision of debt collection services improves our ability to participate in tenders and make sound investment decisions with respect to portfolios of SME receivables.

For the years ended December 31, 2019 and 2018, we invested SEK 1,369 million and SEK 1,736 million, respectively, in forward flow agreements and for the six months ended June 30, 2020 and 2019 we invested SEK 852 million and SEK 772 million, respectively, in forward flow arrangements. We believe that forward flow agreements are beneficial as they provide certainty of a minimum volume of claims on which to perform debt collection. Similarly, these agreements are beneficial to the seller as they provide a level of predictability of the volume of claims being sold.

Origination

The majority of portfolios for sale are currently offered to the market through competitive tender processes, although we also engage our clients in discussions to purchase portfolios through bilateral negotiations whenever opportunities arise. A key driver of our success in debt purchasing has been our ability to leverage our relationships with clients for whom we collect debt through outsourcing contracts. Our local sales teams maintain close relationships with key debt originators in countries where we have local operations. In addition, our senior management maintains close relationships on a cross-border level with our major debt originators and are actively involved in our largest transactions with our major debt originators. Through these relationships, we often receive requests for proposals in relation to the portfolios for sale.

Valuation and due diligence

We engage in an extensive valuation of any given portfolio in order to determine what price we should offer our client. First, we look at certain characteristics, including the age of the claims in the portfolio, the size of the portfolio, the type of receivable the portfolio contains, the characteristics of collaterals (where applicable) and their connection to the claims and the collection process already undertaken in order to determine whether the portfolio is suitable. Once we have determined that a portfolio is suitable, we engage in an extensive valuation process. Our use of multiple valuation methods takes into account, among other factors, the below analyses:

- for the most granular portfolios we conduct (i) vintage analysis, where we use historical cash flow information to forecast future returns, (ii) debt profiles, where we identify and segment portfolios based on the key value drivers in the portfolio and evaluate the total likely recovery for each claim; (iii) scorecards, where we use internal, external and client data to evaluate the likelihood of each customer to pay and to what amount; and (iv) paying books, where we identify different payment profiles and segment accounts based on historic behavior;

- for secured loan portfolios or where claims are concentrated in an industry or particular asset class we commission collateral valuations, legal case reviews including court or bankruptcy documentation, servicing notes review including, for example, past or ongoing payment or settlement agreements with debtors and personal guarantor asset or income investigations which either (a) can be reviewed position-by-position by an underwriter and will result in a manual underwriting business plan specific to the position or (b) be captured in a position-by-position model which will augment or correct the seller-provided data with, for example, specific collateral values, liens, legal status, etc. and will calculate position-by-position business plans. Where it is not feasible or reasonable to commission reviews and valuations covering the entirety of a portfolio, we will typically select a composition of the most valuable positions together with a random sample; the results of these reviews and valuations, augmented with the results of the aforementioned exercises, will be fed into extrapolation models that will help adjust inputs and assumptions for the positions that could not be reviewed. As a final validation step, the investment and operations team organize sessions during which the business plan for a selection of positions is reviewed against their inputs.

The emphasis we place on each valuation method depends on the specific circumstances, information available and characteristics of the portfolio for sale.

In conjunction with the valuation process, we also perform due diligence on the portfolio prior to making a final bid. The purpose of this due diligence process is to identify any areas of risk that would impact our ability to successfully manage the portfolio following its purchase. As part of the due diligence process, we request and work to verify certain data fields, including claim balances, payment history on claims, details of credit agreements and legal enforceability. Additionally, we undertake a detailed review of the assumptions underlying the valuation process and determine whether the assumptions should be adjusted. For certain transactions, we also engage

external advisors for this process. We seek to leverage our relationships with clients to assist us with this process by obtaining guidance on pricing, where possible.

We believe that we have a competitive advantage when we are invited to bid on a portfolio for which we already perform debt collection because we are able to accurately assess the potential uplift that can be generated given our familiarity with the debt collection measures that have already been undertaken, allowing us to accurately price the portfolio. This results in being able to confidently offer an attractive value proposition to clients, which makes us a strong contender for portfolios that we find attractive.

Offer

Depending on the size of the transaction, the assessment and final pricing of a portfolio involves input from our country-level management and operations, our debt purchasing and debt collection teams, our IT team and senior executives. This group works together to use the information gathered in the process to prepare the final bid, and the relevant country team uses its knowledge and expertise to provide a current and accurate reflection of the competitive environment in order to ensure that the final bid is competitive. The final bid is determined based on an analysis of various scenarios, which are designed to test our models at the high and low ends of prior experience, and is evaluated and approved by pre-defined levels of management based on the size of the bid. The final price that we offer for a portfolio takes into account the return that we require to compensate for the risk present in the transaction, the possibility that actual performance of the portfolio may deviate from the expected performance and the level of competition that we face in the market.

We believe that a key driver of our success in debt purchasing is due to our ability to leverage our relationships with clients. We use these relationships to engage in a dialogue with the client in order to help us putting together a competitive bid. These relationships can also be used to propose alternative structures if we believe it will create value for us and the client. We also frequently receive a "first and last look opportunity" at a portfolio due to these pre-existing relationships.

Contract and closing

For the majority of our portfolio purchases, clients receive a one-off cash payment. However, we also offer different pricing models in an effort to address specific needs or desires of our clients. One such alternative pricing model is a profit sharing "earn-out model" in which the client receives an upfront cash payment for the portfolio based on an initial forecast and then receives a percentage of any gains above the initial forecast.

Implementation

After purchasing a portfolio, if we do not already perform debt collection on the purchased portfolio, we must ensure that claim balances are accurately recorded, funds paid between the determination date and the closing date by customers are received and customers are diverted to the appropriate phase of the collection process. We also screen individual claims against various databases to determine whether any of the claims do not meet the specified criteria and should be returned, if contractually permitted. If we already service the purchased portfolio, the risks associated with the conversion process are minimized as many of these steps have already been undertaken as part of our debt collection services.

Contact and collection process

After acquiring a portfolio, we typically manage the portfolio in-house. Our deep knowledge of the debt collection process enables us to create customized approaches for each customer and to determine whether we can extract additional value from a customer and uplift on a portfolio by applying different collection methods. By servicing purchased portfolios in-house, we also provide stability and scale to the debt collection segment of our business, which allows us to improve and enhance our debt collection methods.

Business intelligence

The characteristics of the credit management and financial services markets provide a competitive advantage to participants with the strongest data assets and analytical capabilities. Our database of businesses and credit information on markets, consumer groups and companies provide the basis for assessing credit risk, offering individually tailored payment plans, collecting on overdue debt, offering e-commerce services and valuing overdue receivables. Each of these services helps to ensure that our clients are paid and their customers become debt-free.

We believe that our extensive data assets and analytical capabilities enable us to proactively assess portfolios. Companies that only purchase portfolios typically have less data on customers and associated payment trends until a portfolio is purchased, when the specific customers in the portfolio can be matched to a credit referencing agency database. In addition, customer files in a portfolio may contain inaccurate or incomplete information on the name, address or telephone number of the customer, which can make it difficult to locate the customer or can otherwise complicate the debt collection process. For competitors that do not have experience in debt collection, this may result in data asymmetry in valuing portfolios prior to purchase and through the collection process.

Clients

We have approximately 80,000 clients. While our clients operate in virtually all sectors, we do have a focus on telecommunications companies, energy companies, financial institutions and companies in the retail sector. For the twelve months ended March 31, 2020, our 15 largest clients accounted for 27% of our revenues.

While we are particularly strong among clients with large volumes of consumer receivables, we also work with thousands of small, entrepreneurial companies and medium-sized companies that have chosen to focus on their core operations rather than on credit management.

Compliance and quality control

The effective monitoring and management of significant risks, including investment risk, is critical to protecting our reputation and value. Within our risk management framework, all of our employees assume responsibility for managing the economic, reputational and compliance risks faced by the Company as part of their regular work duties. In addition, our risk management and compliance approach involves an independent external risk control function that serves as both an active participant in important transactional processes, a monitor in connection with the auditing of risk management and compliance activities and a strategic advisor in connection with establishing our risk appetite and compliance policies.

The Chief Risk Officer is the executive responsible for managing our risk management and compliance programs and reports directly to our President and has direct access to our Board of Directors.

Employees, recruiting and training

As of December 31, 2019, we have approximately 9,000 FTEs. The majority of our employees are actively involved in providing services directly to our clients. With the objective of attracting, developing and retaining talented employees, we employ tools aimed at enhancing expertise and leadership capacity among employees and managers. In 2017, we launched the Next Generation Program, our first trainee program, to attract, develop and retain younger skilled employees. Trainees in the Next Generation Program work in various departments, build networks and develop professionally. In 2018, we welcomed ten employees from various European jurisdictions into this program and in 2019 we added another eight employees to the program.

The table below sets forth the average number of FTEs, including temporary employees, we had in each of our local operations for the year ended December 31, 2019.

Country/Region	For the year ended December 31, 2019
Austria	39
Belgium	118
Brazil	19
Czech Republic	79
Denmark	172
Estonia	24
Finland	448
France	647
Germany	494
Hungary	424
Ireland	76
Italy	798
Latvia	259
Lithuania	347
Luxembourg	1
Mauritius	107
The Netherlands	158
Norway	600
Poland	377

Portugal	210
Romania	199
Slovakia	96
Spain	2.039
Sweden	426
Switzerland	251
The United Kingdom	179
Total	8.766

We believe that we have positive relations with our employees and the applicable unions and work councils. Some of our employees are unionized. We meet with the unions and work councils on an annual basis to update them on the direction of the business and to address any concerns that they may have.

Business services

We operate Global Business Services ("**GBS**") in Vilnius, Lithuania. GBS is an in-house center of excellence that supports us by providing back-office services to improve efficiency, quality of services and market responsiveness, to utilize scale and skill advantages, to consolidate functions and to further develop knowledge sharing within Intrum.

Legal and administrative proceedings

As we have expansive operations across several jurisdictions, we are frequently subject to disputes, claims and administrative proceedings, many of which arise in the ordinary course of business. These can include employment disputes, disputes arising in connection with our investments or disposals, disputes regarding VAT, interest cost deductions, intra-group loan pricing or a variety of other matters, particularly relating to tax. Other than as discussed below, we have not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the previous 12 months from the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on our financial position or profitability.

In Spain, a number of disputes are in progress brought by two former executives of one of our Spanish subsidiaries, attributable to their termination in June 2015. The disputes originally concerned whether the dismissals were unlawful, the former executives' entitlement to different bonuses and the entitlement to compensation for one of the former executives for a competition commitment in his employment contract. Intrum has won all disputes in the lower court, with the disputes over illegal dismissal having gained legal force and no longer being appealable. The remaining disputes are currently being addressed by the higher court. Intrum refutes all of these claims. The total amounts claimed under the remaining disputes amount to approximately €6.4 million. No provision has been made in our accounts as of June 30, 2020.

Intrum has, over a number of years, reserved for deferred tax liabilities related to timing differences on amortization of portfolios in Switzerland and Sweden due to CFC taxation of IDF AG in Sweden based on local Swiss GAAP. In June 2020, we received a draft decision from the Swedish tax authorities who increased our taxable income for the year ended December 31, 2018 by SEK 4.5 billion (€438 million equivalent) resulting in an estimated cash tax SEK 760 million (€74 million equivalent) due and payable during the fourth quarter 2020. The increase represents the accumulated difference in amortization at December 31, 2018. Due to the accrual of deferred tax liabilities, representing the difference, the decision by the Swedish tax authorities will result in a reclassification from deferred tax to current tax. This reclassification is estimated to have very limited, if any, impact on our consolidated income statement.

Insurance

We maintain comprehensive insurance policies with respect to, among other things, business interruptions, professional indemnity, directors' and officers' liability and property damage. We believe that our insurance coverage is in line with that of other similar companies adapted for our size, offerings and geographies and is adequate for our needs.

Real property

Our headquarters is located in Stockholm, Sweden, but we coordinate local operations within each of the countries in which we offer services through properties located in these countries. We lease our headquarters and primarily lease the other properties from which we offer services.

Intellectual property

While we hold various trademarks and have registered several domain names, no individual or series of trademarks or intellectual property is material to our business as a whole.

Sustainability and social responsibility to promote a sound economy

Our objective is to create the conditions for a sound economy, which we believe includes being environmentally and socially conscious. When credit assessments and payment flows function as they should, companies are paid. This allows companies to be more profitable, to develop, to grow and to recruit more employees. At the same time, we help people become debt-free and to achieve sound private finances. It is in helping others achieve a sound economic situation, which in turn is a fundamental element of society's overall sustainability efforts, that we can make our greatest impact.

We have taken a number of concrete steps toward this goal. For example, over the years we have taken an active role in policy development by frequent lobbying in Brussels. Additionally, since 1998, we have conducted Europe's largest survey on payment habits and commissioned written reports thereon. The survey results demonstrate the need for countries, governments, businesses and consumers to establish efficient payment flows throughout Europe. In general, we endeavor to improve consumer skills in private finance by helping consumers understand the importance of spending responsibly and the risks associated with high indebtedness. We are committed to providing the greatest possible benefits for clients through offering a comprehensive range of services. We have developed three general focal points that drive our sustainability and social responsibility efforts moving forward: (i) enabling sustainable payments, (ii) being a trusted and respected industry actor and (iii) growing by making a difference.

- *Enabling sustainable payments*. We believe that by ensuring our interactions with clients and the services that we provide to customers are founded upon our four core values of empathy, ethics, dedication and solutions, we can, as a market leader, influence the development of the credit management industry in an ethical and sustainable direction, in turn enabling sustainable payment flows through which our clients receive payments and customers become debtfree.

- *Being a trusted and respected industry actor.* We believe that the integration of good business ethics throughout our operations and value chain is key to being a trusted and respected actor within the industry. Following the Merger, we consolidated the Intrum Justitia and Lindorff internal regulations to form our new Code of Conduct. A key facet of being a trusted and respected actor, which is reflected in our Code of Conduct, is our commitment to conducting our business and treating all of our customers with respect and consideration. We have rolled out a program in which each of our employees will receive a Code of Conduct training and the program is well underway. Through our environmental instructions, in connection with our Code of Conduct, we work to reduce our environmental and climate impact and we further endeavor to protect the personal data of the individuals with whom we deal by handling sensitive information in a manner that guarantees their personal integrity is respected, enabling a sustainable future for coming generations.

- *Growing by making a difference.* We strive to be the most attractive employer in the sector by offering meaningful and stimulating work with strong opportunities to develop, grow and make a difference in the communities in which our employees work. It is important to us that all of our employees are treated respectfully and are afforded equal opportunities for development. With a presence in 25 markets, we believe that diversity is an important asset and that through increased diversity we can be responsive to efforts to help people get out of debt and understand individual situations.

Education

We educate society on how credit and defaults affect individuals and companies. Since 1998, we have conducted an annual study of business outlook and payment behaviors in Europe, which we disseminate through the European Payment Report. Since 2013, we have conducted an annual study of European consumers' ability to manage household finances which is outlined in the European Consumer Payment Report. These annual reports provide information on the effects of late payments on companies and consumers across Europe.

The European Payment Report 2020 indicates that businesses are facing unparalleled uncertainty due to the COVID-19 pandemic. One in two companies reported that late payments reduce their liquidity during the

COVID-19 pandemic and seven in ten companies accept unfavorable payment terms in order to secure credit and maintain cash flow. As a consequence, the European Payment Report 2020 indicates that approximately fifty percent of European companies support initiatives to prevent late payments from corporations and new legislation.

Data from these reports is used by clients, decision-makers at the EU and at local levels as well as by the media. Since 2013, as the representative of the business community, we have spoken publically about the consequences within the EU of late payments based on the insights from the annual reports. We continue to participate in dialogue with the EC on how to make the implementation of the Late Payment Directive as effective and impactful as possible.

We have also undertaken a number of initiatives at the local level. In 2016, we launched Spendido in Sweden, an interactive web lesson on household economy, with a focus on credit. The lesson constitutes a tool for high school teachers to illuminate the consequences of buying on credit. Within this framework, our employees hold lessons in upper secondary school classes about what buying on credit entails, what the cost is when someone fails to pay and what happens once an invoice has been passed on for debt collection. We work proactively with 10 similar education initiatives across Europe in Germany, the United Kingdom and Hungary amongst others.

The Global Compact: UN ten principles for sustainable enterprises.

In April 2016, we signed the United Nations ("**UN**") Global Compact, the ten principles for sustainable enterprise developed by the UN. Signing the Global Compact means that we voluntarily commit to: (a) conducting our operations in a responsible manner, in line with the ten principles of sustainability; (b) taking steps to support the communities in which we operate; (c) establishing commitment at the Board of Directors and senior management, the highest levels of our company, and making sustainability work part of our DNA; (d) preparing an annual report on our progress; and (e) engaging in sustainability issues locally. We submitted our third report to the UN in April 2019. We submitted our fourth report to the UN in April 2020.

Environmental sustainability

We are committed to making efforts to directly benefit the environment, such as by prioritizing video meetings over travel, owning a vehicle fleet consisting of cars that emit less than 130 grams of carbon dioxide in accordance with emissions directives from the EU and using office materials efficiently.

REGULATORY OVERVIEW

As a multinational credit management provider, we are subject to various laws and regulations in the jurisdictions in which we operate. The credit management industry is highly influenced by legislation, judicial rulings and regulatory decisions and oversight. Credit management companies additionally must comply with various licensing, registration and other similar requirements in order to operate their businesses. As a result, our financial condition and projections are susceptible to changes in the regulatory environment.

For a description of certain material effects of laws and regulations on our business, see "*Risk Factors—Risks Related to Our Industry and Business—We operate in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across all jurisdictions. Changes to the regulatory or political environments in which we operate may negatively affect our business.*"

Regulation of the credit management industry

Legislative, judicial and regulatory decisions affect us in a number of different ways. This overview will highlight key areas of regulatory focus that have affected, and will continue to affect, our operations: fair debt collection practices, statutes of limitations, enhanced consumer protection, consumer credit development, corporate social responsibility, data protection and anti-money laundering regimes.

Fair debt collection practices

As debt collection regulation is not based on specific EU legislation, it is not possible to make use of a passporting or similar regime. Instead, each country has developed its own set of rules for debt collection operations. The regulations cover, among other things: the methods by which claims can be assigned or transferred; the ways in which a customer can be contacted and a debt collected; and the types and level of fees, interests and costs that can be imposed, and whether those fees, interests and costs can be passed to the customer or the client.

In countries where there are no specific regulations covering debt collection and where no licensing requirements apply for certain debt collection operations, there are still regulations of a more general nature which we must observe when carrying out our debt collection operations. Such regulations include, for example, general civil and commercial rules and consumer protection laws and regulations regarding caps on collection fees and interest costs. In addition, in a number of markets in which we operate, the reimbursement of costs for debt collection is limited by law. Any regulatory changes reducing the amount of such costs we can recover may have a negative impact on our results of operations. Note that in Norway amendments to the Debt Collection Regulation have been adopted and will take effect from October 1, 2020, which will reduce the amount of debt collection costs that can be claimed from debtors. In Finland, the supervising authority has objected to Intrum's practice of combining collection fees of several collection cases into one case where Intrum is the creditor. We are considering appealing this decision in the Administrative Court of Helsinki on the basis that, in our opinion, the current business model is more beneficial for our end customers. However, should the decision stand, Intrum Finland may be required to change its business model with respect to debt surveillance and collection practices. While it is not possible to estimate when this matter may be resolved, in particular if there is an appeal, Intrum Finland has begun to assess and discuss alternative business models for debt surveillance collection processes with the supervising authority.

In many of the countries in which our operations are licensed or regulated, our subsidiaries are subject to certain integrity tests with respect to debt collection. These integrity tests may include verifying that: the collection business is carried out in accordance with local rules and regulations; consumer lending operations are conducted in accordance with sound lending practices; the directors of the board have sufficient knowledge and experience and have not misused any debt collection permissions; and the directors meet other general suitability and reliability checks.

Statutes of limitations

Rules regarding the length of time after which an unpaid debt may not be pursued by creditors and the ways in which the statute of limitations can be tolled so that a debt can remain collectible also vary across jurisdictions. In a majority of the countries in which we operate, it is possible to extend the statutes of limitation on historic debt claims indefinitely by using various methods, including enforcement actions, notification of the customer or otherwise interrupting the limitation period with continued court proceedings. Some of the countries in which we operate have in recent years changed the statutes of limitation for certain debt including by limiting the ability to extend or interrupt the limitation period, or have discussed doing so. We constantly monitor any

changes in these rules in the countries in which we operate, and, where appropriate, implement local procedures to interrupt the limitations period. Any significant reduction in the statute of limitations or in the ability to toll the statute of limitations, and any failure to implement local procedures to interrupt the limitations periods, would negatively impact our operations. In addition, we may decide not to pursue amicable collection procedures on time barred debt on ethical grounds.

Enhanced consumer protection

There has been a trend in recent years to afford more protection to consumers. Various laws, regulations and judicial decisions in jurisdictions in which we operate have changed the way we operate and some have negatively impacted our financial condition. For example, a few countries have proposed giving bailiffs the right to provide services in the pre-legal market, including the right to purchase debts and perform voluntary collections. We are currently assessing the impact of these proposals on the relevant subsidiaries and are closely involved in the legislative processes.

Consumer protection laws can limit our ability to enforce debt claims. For example, in Finland, the enforcement of a consumer debt claim in the event of a default by the customer is subject to restrictions, such as a minimum period of time having passed as the payment due date and a minimum proportion of the debt remaining outstanding. Further, enforcement is prohibited if the payment default of the consumer customer is due to social force majeure, such as illness or unemployment, or other circumstance beyond the customer's control, unless it would be perceptibly unreasonable to the creditor in the circumstances. Similar laws exist in other jurisdictions in which we operate.

Certain countries in which we have operations have taken steps to facilitate debt restructuring by individuals, whereby a payment plan for all outstanding indebtedness is initiated. After making all payments pursuant the payment plan, the customer is no longer liable to pay any of the debt included in the debt reconstruction. In Sweden, a new Debt Reconstruction Act (*Sw. Skuldsaneringslag 2016:675*) came into effect on November 1, 2016, under which eligible customers are allowed a payment plan shorter than the normal five years. In Norway, a debt reconstruction may involve either a delay in payment of all or part of a debt; the creditors waiving, in whole or in part, their claims on interest or fees; and/or the customer no longer being liable to pay the debt after a particular period of time.

Other jurisdictions have taken measures to impose moratoriums on collections procedures under certain conditions or offer other collections solutions to those in debt. In 2013, the Spanish Act for the Support of Entrepreneurs introduced an out-of-court payment arrangement proceeding (*Sp. acuerdo extrajudicial de pagos*) in the Spanish Insolvency Act, available to natural and legal persons meeting certain requirements (such as having liabilities which do not exceed €5 million and having sufficient assets to meet the expenses of the out-of-court payment arrangement). A customer unable to meet its payment obligations may apply for this procedure and a mediator will be appointed. Among other things, the opening of the out-of-court payment arrangement procedure will stay enforcement of claims over assets of the debtor for a maximum of three months, except under certain circumstances, and suspend the accrual of interest during the negotiation period and for a maximum of three months. Payment agreements may include the assignment of certain assets of the debtor for payment of the debt, a reduction of debt, moratoriums of up to ten years or a conversion of debt into equity or into profit participative loans with a term of up to ten years. Creditors may suggest changes to the proposed agreement, which is subject to a majority vote by creditors and may therefore be imposed on dissenting unsecured creditors. If the out-of-court procedure does not succeed, the mediator must immediately file for the customer's insolvency and will be appointed as the insolvency administrator. In the Netherlands, a so-called 'broad moratorium' came recently into force that provides for a temporary cooling off period for the customer to achieve a more stable financial situation.

Customers may also become subject to insolvency proceedings which may result in a delay or prevention in the enforcement of the claims transferred to us, including reductions in principal or interest. Collection of unsecured claims in the event of bankruptcy or insolvency is generally limited by means of the funds available for distribution from the insolvent estate.

Consumer credit development

Consumer credit operations have received increased regulatory attention in many of the jurisdictions in which we operate. Some countries have imposed caps on interest rates or total cost of credit and further regulated consumer loans with small principal values. Other countries have targeted particular types of consumer credit agreements. In the Netherlands, a Supreme Court ruling in June 2014 held that telecom consumers party to an

agreement in which a "free" phone is provided are protected by certain laws and regulations relating to payments by instalments and consumer credit.

Another pronounced effect of this enhanced focus on consumer credit has been to increase the scope of which entities must hold a consumer credit license. In reaction to a recent European Court of Justice case, *Verein für Konsumenteninformation v INKO, Inkasso GmbH,* that held debt collection companies were credit intermediaries and thus not required to provide pre-contractual information to consumers, many countries took legislative action to impose a requirement on debt collection companies to register with the local authority or obtain a consumer credit license. Stricter regulations in general may increase the compliance burden and operating costs.

Corporate social responsibility

We commit to pursuing broader social and environmental goals in addition to our business objectives. As a result, company time and resources are spent for charitable purposes, to undertake initiatives to serve our communities, to decrease our environmental footprint and to assess and produce reports on our progress toward these goals. In April 2016 Intrum Justitia chose to sign the United Nations ("**UN**") Global Compact, the ten principles for sustainable enterprise developed by the UN, by which it formally committed to a number of principles of sustainability. Specifically, the Global Compact means that we will commit to: (a) conducting our operations in a responsible manner, in line with the ten principles of sustainability; (b) taking steps to support the communities in which we operate; (c) establishing commitment at the highest level (the board of directors and senior management) and making sustainability work part of the company's DNA; (d) preparing an annual report on our progress; and (e) engaging the company in sustainability issues locally. Intrum Justitia submitted its first report to the UN in April 2017.

Data protection

We process personal data in our business, both when providing debt collection services and undertaking debt purchasing. As of May 25, 2018, the processing of personal data by companies established within the EU is governed by the EU General Data Protection Regulation (2016/679) ("**GDPR**"). Similar laws are in place in Norway and Switzerland. Although based on a regulation, the national data protection laws are not identical; therefore slightly different requirements may apply to each of our subsidiaries within the EU. The requirements include that personal data may only be collected for specified, explicit and legitimate purposes and may only be processed in a manner consistent with these purposes. Further, personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed and it must not be kept for a longer period of time than necessary for the purposes of the collection. In several jurisdictions, however, the local anti-money laundering legislation requires that the financial undertakings store data obtained in relation to customer due diligence for five years after the closure of a customer relationship or five years after a transaction has been executed, regardless of whether the storage is considered necessary.

We are also subject to the supervision of local data protection authorities in each country where we operate. To comply with regulatory requirements, we have established data protection processes, including having in place data protection policies, information security policies, data retention policies and procedures for handling data subject requests. Furthermore, many jurisdictions in which we operate require that we acquire a license from, or register with, the local data protection authority.

The GDPR contains several opening clauses, whereby EU Member States may enact specific national rules in specified areas. In Sweden, national rules have been implemented in the Swedish Act on Supplementary Provisions to the EU Data Protection Regulation (Sw. *Lag* (*2018:218*) *med kompletterande bestämmelser till EU:s dataskyddsförordning*) (the "**Act**"). The Act contains provisions regarding, *inter alia*, the processing of certain categories of personal data. In addition to the Act, the Swedish Regulation regarding Supplementary Provisions to the EU Data Protection Regulation (Sw. *Förordning (2018:219) med kompletterande bestämmelser till EU:s dataskyddsförordning*) (the "**Regulation**") is applicable. The Regulation stipulates, *inter alia*, that the Swedish Data Protection Authority is the supervisory authority under the GDPR and the Act.

It is not yet fully clear how the EU Member States in which we operate will make use of these opening clauses, and how this might affect our business. We expect the data protection policies of our entities outside of the EU to largely be in line with the GDPR by the time of its entry into force. Norway has already directly implemented the GDPR through the Norwegian Act of Data Protection of 2018. The Act also contains certain national provisions regarding, *inter alia,* the processing of certain categories of personal data. In Switzerland, legislation is being considered that would update data protection law to be more consistent with EU law. In the

U.K., it is not yet clear what impact the announced exit from the EU will have on our data protection responsibilities, including with respect to length of time such data may be retained, whether such data must stay within the U.K. and how transfers of personal data to and from the U.K. will be protected. However, all of our entities, including any in the U.K., will be included in the our Company-wide GDPR Program, as further described below, to ensure the data protection policies across all of our entities are harmonious.

The GDPR significantly changes the EU data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with administrative fines up to €20 million or, in the case of undertakings, 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. We have established a data protection project team, with representatives from the compliance, IT, operations and legal departments, and on March 22, 2019, we adopted a new data privacy policy to ensure compliance with the GDPR. We will continue to implement the GDPR requirements and further enhance awareness, governance and controls of data protection procedures throughout our operations. This will ensure that our data protection policies are effective and applied consistently going forward.

Anti-money laundering

As part of certain operations, particularly debt purchasing and financing operations, we follow anti-money laundering and countering terrorist financing standards set forth in the applicable local laws implementing Directive (EU) 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. Our operations are also subject to requirements of local anti-money laundering laws.

On May 20, 2015, Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012, and repealing Directive 2005/60/EC (the "**4th AML Directive**") was adopted by the European Parliament and the Council. The 4th AML Directive enhances the current client due diligence requirements and also imposes stricter sanctions with administrative fines of at least €5,000,000 or 10% of total annual turnover. The 4th AML directive directs all EU Member States to transpose the directive into local law by June 2017. To ensure compliance with the 4th AML directive, we have established a specifically-designed initiative, the AML Project, and appointed a group AML officer to monitor transposition of the 4th AML Directive, coordinate implementation of required solutions for new client due diligence measures and ensure ongoing monitoring of clients and their transactions. We are also in the process of enhancing the client screening against sanctions lists by implementing advanced IT solutions as part of the AML Project objectives.

Directive (EU) 2018/843 (the "**5th AML Directive**"), amending the 4th AML Directive, was adopted by the European Parliament and the Council on May 30, 2018 and shall be transposed into the local laws of EU members by January 10, 2020. We last approved a new AML policy on March 11, 2019 and we continue to monitor the implementation of the 5th AML Directive by EU Member States.

From time to time, our anti-money laundering procedures are subject to review by the relevant authorities. In Finland, the regulatory authority is currently considering whether Intrum's end customers should be identified as a part of Intrum's know your customer procedures. We expect this matter to be clarified in connection with the national implementation of the Directive of the European Parliament and of the Council on credit servicers, credit purchasers and the recovery of collateral.

Regulatory licenses debt collection

In several of the countries where we operate and provide debt collection services, debt collection is a regulated area and companies providing such services are subject to licensing or registration requirements. In these countries, the entity offering debt collection services has a license issued by, or is otherwise registered with, the relevant local authority. Although the relevant local authority varies by jurisdiction, normally it is the national financial supervisory authority, police commissioner, data inspection authority, regional state administrative agency or, in some cases, the national association for debt collection companies.

Portfolio investments

Our debt purchasing operations in certain subsidiaries subjects us to various licensing, registration and permit regimes. Many jurisdictions deem debt purchasing as a financial undertaking or as providing credit services, and thus require debt purchasing companies to obtain approval from a local authority in order to operate

their businesses. As these regulations are not based on EU legislation, each country has developed its own requirements relating to the investment in debt portfolios. In some cases, our entity is licensed as a financial undertaking by the local financial supervisory authority for purchasing debt portfolios from financial institutions and is required to hold a type of bank or credit license for its debt purchasing operations. In some jurisdictions, purchasing performing mortgages portfolios could trigger certain requirements, such as having to obtain a credit license, comply with AML measures or maintain a certain level of civil liability insurance.

Many countries specifically regulate the assignment of debt claims to other parties. For example, in Norway, loans and credits granted by financial institutions can only be assigned without consent of the debtor to other financial institutions. Further, the transfer of a loan portfolio is subject to the Norwegian regulator's consent if the portfolio is of significance for any of the involved entities. Additionally, some jurisdictions make it more difficult for factoring contracts to be assigned. In most of the jurisdictions in which we operate, the court will refer to the contract in determining whether an assignment is allowed, but in some the courts will weigh special considerations favoring consumers in deciding whether to allow an assignment.

Consumer credit operations

Our consumer credit operations in various jurisdictions are subject to specific licensing or registration requirements by the respective regulatory bodies and supervision by consumer advocacy agencies. As a result of these consumer credit licenses, certain rules regarding ownership, ownership management and management assessment apply to us. These rules involve, among other things, that approval from the relevant authorities must be obtained prior to a shareholder acquiring shares that would bring the shareholder's direct or indirect holding of any of our license-holding entities to, or in excess of, certain thresholds or the shareholder otherwise obtaining a significant influence over the management of any of the license-holding entities. The entities subject to consumer license requirements often must comply with other requirements, such as having dedicated compliance and internal control resources or meeting capital adequacy requirements that are similar to those applicable to banks.

Internal rules framework process and structure

Given the level of regulation to which we are subject, we have adopted best practice principles regarding our internal governance procedures and our regulatory requirements. This internal framework constitutes a set of minimum requirements to be observed within the Company to ensure we are operating in accordance with the law and maintaining high ethical standards. By outlining the applicable requirements and responsibilities, our goal is to remain in compliance with laws and regulations governing our business activities and, by so doing, reducing the risk of regulatory breach and subsequent reputational and financial impact on us.

We have enhanced our group-wide internal rules to improve adherence across all of our operations. These improvements include application of an "end-user perspective," division of our internal rules framework into three major blocks—how we run the Company, how we run our business and how we run our support functions—and instituting a stricter process in general for monitoring our operations and implementing rules.

Dedicated ownership and yearly review

We designate so-called Group Owners to be responsible for monitoring and implementing group-wide rules. The Group Owner ensures that all relevant units and functions within the Company are informed about our policies. Typically, this is handled in a referral process whereby Group Owners distribute information on forthcoming, updated or new rules. Local entities use a similar structure and appoint Local Owners, who ensure that all relevant functions and units on the local level are informed about new rules and any changes to existing rules.

All group-wide internal rules are subject to annual review. The yearly review process is taking place in November and December of this year in order to take into account for any changes in the business plans that might have an impact on the governance structure. The proposed changes are presented to, and approved by, the CEO and/or the Board.

Yearly follow-up on implementation

Local compliance officers support the implementation of group-wide internal rules within local entities and follow up with yearly reports on how thoroughly they have been implemented. A rule-by-rule assessment is made based on pre-defined criteria and is checked by the local compliance officer. The assessment is signed by the local managing director and is transmitted to our group compliance team for analysis and reporting on the group level.

Compliance procedures

Our policy regarding regulatory compliance defines, among other things, governing principles regarding identification of governing laws and regulations, delegation of compliance responsibilities, requirements on education and competence, monitoring, testing and documentation of regulatory compliance control measures. This instruction applies to all countries and operational units within the Company.

We have established a bank-style governance, applying the three lines of defense model, which positions us well for regulatory changes. The compliance function, along with the risk function, is part of the second line of defense and supports the implementation of compliance management procedures within the business and support functions as well as measures, monitors and reports on compliance risks.

All of our business entities have an appointed local compliance officer who reports on a regular basis to the local managing director and, secondarily, to the local board and the group compliance officer. The group compliance officer reports directly to the group's chief risk officer, and, secondarily, to the Board.

Risks covered by the compliance procedures

The compliance activities are typically performed within the focus areas listed below. The focus areas for a specific business entity are adapted for the entity in question according to the size and complexity of its operations, its regulatory requirements and its identified risks.

- *Treating customers fairly:* focus on end-customer protection, fair debt collection practices, handling of client/customer complaints, safeguarding of customer/client assets, customer/client marketing, information and documentation;

- *Regulatory licenses:* permits, approvals and notifications required by any financial supervisory authority, data protection authority, company registrar, national bank or other similar entities;

- *Internal governance:* clear and documented organizational structure that specifies reporting lines, approval levels/mandates and functions, including the management of outsourced activities;

- *Market conduct:* customer/client confidentiality and integrity, disclosure of major shareholdings, gifts and entertainments and anti-bribery, market abuse, insider trading, anti-corruption and antitrust provisions;

- *Conflicts of interest:* shall be broadly interpreted to include relations with customers and clients, external assignments and board and management decisions;

- *Anti-money laundering and terrorist financing:* know your customer procedures, monitoring customers and transactions, investigations and reporting requirements;

- *Data protection:* compliance with requirements from local data protection authorities and implementation of robust internal controls and routines.

Regulatory watch

Each compliance officer monitors regulatory developments and informs relevant stakeholders, management and the board about the new regulatory requirements before they are effective and as soon as practically possible. The regulatory requirements applicable for each entity are documented in a so-called Regulatory Map.

Quarterly reporting

Each local compliance officer submits quarterly compliance reports to the group compliance team that includes information on new rules and regulations, material compliance risks and a recommendation on the actions required for risk mitigation. It also contains any material communication with local authorities.

Risk analysis

The compliance risks that are governed by our group compliance policy are assessed and documented on at least a yearly basis in a so-called Compliance Risk Map, which is maintained for all of our operational entities. The Compliance Risk Map forms the basis for our yearly compliance program, as further explained below.

Compliance programs

All entities shall create their own compliance program and update it on a yearly basis. This program must contain support activities, such as training, information and compliance related projects, and monitoring and control activities related to the risk areas covered by our compliance policies. Our group compliance team also mandates particular support and control activities to be carried out by local entities.

Incident handling and escalation procedures

Each compliance officer must report immediately to the local management, the local board and to the group compliance officer on any new, significant compliance risks, incident, issues or breaches or any significant regulatory visits, inspections, sanctions or material correspondence with authorities/ regulators.

MANAGEMENT

The Issuer

The Issuer is a public limited liability company incorporated under the laws of Sweden. The registered place of business of the Issuer is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. As of the date hereof, the directors of the Issuer are Per E. Larsson (Chairman), Magnus Yngen (Deputy Chairman), Liv Fiksdahl, Hans Larsson, Kristoffer Melinder, Andreas Näsvik, Magdalena Persson, Andrés Rubio and Ragnhild Wiborg.

Members of the board

Per E. Larsson, Chairman (***elected 2017***)

Born: 1961. Education: Business Administration and Economics, Uppsala University, Sweden.

Per E. Larsson has previously served as CEO of OMX, UBS in Middle East North Africa, Dubai International Financial Exchange and Borse Dubai, as well as Chairman of the Board of the Stockholm Stock Exchange, and several other board assignments. He is currently Chairman of the Board of Directors at Itiviti, and Senior Advisor and Operating Chairman to the Nordic Capital Funds.

Holding in Intrum AB (publ): 33,500 shares. Independent in relation to the Company and its management, but not in relation to the Company's major shareholders.

Magnus Yngen, Deputy Chairman (***elected 2013***)

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

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

Holding in Intrum AB (publ): 7,500 shares. Independent in relation to the Company and its management and the major shareholders.

Liv Fiksdahl (***elected 2019***)

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

Liv Fiksdahl is the 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. Her most recent role was Group EVP, CIO/COO. Ms. Fiksdahl is also a board member of Posten Norge AS, Arion Banki and Scandinavian Airlines, SAS.

Holding in Intrum AB (publ): 0 shares. Independent in relation to the company and its management and the major shareholders.

Hans Larsson (***elected 2017***)

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

Hans Larsson has previously held various leading positions within the Skandinaviska Enskilda Banken Group. He has also served as a Board Member of Nordax Bank AB (publ) and Deputy CEO for the Lindorff Group. Current assignments include Chairman of the Board of Directors of Nordnet Bank AB and Board Member of the Swedish Export Credit Corporation (SEK), and CEO and owner of Linderyd Advisory AB.

Holding in Intrum AB (publ): 34,500 shares. Independent in relation to the Company and its management and the major shareholders.

***Kristoffer Melinder* (*elected 2017*)**

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

Kristoffer Melinder has previously worked in leveraged finance and M&A at JP Morgan. He has also been a Member of the Board at Binding Site, Ellos, Convatec, Resurs, Dynal Biotech, Kappahl, Nycomed and Atos Medical in Nycomed. Current assignments include Chairman of the Board of GHD Gesundheits, AniCura, Greenfood, and Managing Partner at NC Advisory AB.

Holding in Intrum AB (publ): 0 shares. Independent in relation to the Company and its management, but not in relation to the Company's major shareholders.

***Andreas Näsvik* (*elected 2017*)**

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

Andreas Näsvik has previously worked in corporate finance and private equity investments at Deutsche Bank and Goldman Sachs. He has also been a Board Member at Lindorff AB. Mr. Näsvik is currently a Board Member at Munters AB (publ), Ryds Bilglas AB, Partner at NC Advisory AB and advisor to the Nordic Capital Funds.

Holding in Intrum AB (publ): 0 shares. Independent in relation to the Company and its management, but not in relation to the Company's major shareholders.

***Magdalena Persson* (*elected 2018*)**

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

Magdalena Persson has been the CEO of Interflora and has had several roles at Microsoft, SamSari and WM Data. She is Chairman of the Board of Candidator DGC, Board Member of NCAB Group and industrial advisor to EQT Partners. She has previously been Chairman of the Board of Affecto Plc and Board Member of Aditro and Fortnox.

Holding in Intrum AB (publ): 0 shares. Independent in relation to the Company and its management and the major shareholders.

***Andrés Rubio* (*elected 2019*)**

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

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

Holding in Intrum AB (publ): 0 shares. Independent in relation to the company and its management, and the major shareholders.

***Ragnhild Wiborg* (*elected 2015*)**

Born: 1961. Education: Bachelor's degree in Business Administration from the Stockholm School of Economics in Sweden and has studied a Master's program at Fundacao Getulio Vargas, Sao Paolo in Brazil.

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

Holding in Intrum AB (publ): 300 shares. Independent in relation to the Company and its management and the major shareholders.

Management

Mikael Ericson, CEO& President

Born: 1960.

Mikael Ericson assumed the role as CEO and President on March 1, 2016. Previously Mikael Ericson held various leading positions within the banking and finance sector. His most recent role prior to joining Intrum was as Head of International Banking at Danske Bank. He also held the position as CEO of Carnegie AB and during more than a decade he had a number of senior roles at Svenska Handelsbanken. Mr. Ericson holds a Bachelor's degree in Economics from Stockholm University in Sweden.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 66,000 shares.

Anders Engdahl, Chief Financial Officer

Born: 1974.

Anders Engdahl assumed the role as Chief Financial Officer in May 2019. From 2014 to 2017, he worked at Lindorff as EVP Debt Purchasing. Before that he held several senior positions at Morgan Stanley, Goldman Sachs, Credit Suisse and McKinsey. At Morgan Stanley, Mr. Engdahl was Managing Director and Head of Nordic Financial Institutions investment banking. Mr. Engdahl has a M.Sc. in Business administration and Economics from the Stockholm School of Economics in Sweden.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 202,000 shares.

Javier Aranguren, Chief Investment Officer

Born: 1976

Javier Aranguren was appointed Chief Investment Officer on February 4, 2020. He joined the company in 2011 where he has performed several roles within the Investment organization including Group Investment Director position since 2018. Prior to that, Javier has held various leading positions within the finance sector in companies such as Capital One, GE Money and TDX. Javier holds two Bachelor's degrees in Business Administration and Law at Pontificia Comillas University (ICADE E-3).

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 0 shares.

Johan Brodin, Chief Technology Officer and Acting Chief Risk Officer

Born: 1968.

Johan Brodin was appointed as Chief Technology Officer in 2019, but will continue to also hold the role of Acting Chief Risk Officer, which he has held since 2011, until the position is assumed by Julia Reuszner in mid-August 2020. Previously he was Chief Risk Office at SBAB Bank. Mr. Brodin has previously held different positions within risk control at Handelsbanken, and was a Management Consultant within financial services at KPMG and Oliver Wyman. Johan Brodin holds a M.Sc. in economics from Örebro University in Sweden.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 250 shares.

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

Born: 1968.

Per Christofferson was appointed Managing Director Secured Assets, M&A and Markets on January 1, 2020. At that time he left his previous role as Regional Managing Director when Intrum discontinued its former regional structure. Per Christofferson joined Intrum in 2009 and held the position as Regional Managing Director from 2012 to January 1, 2020. Previously he was Director of Credit Management Services at Intrum between 2009 – 2012. Before joining Intrum, he worked in the consultancy industry including KPMG and Acando, where he held the position as Vice President and Business Area Director. Mr. Christofferson

has a M.Sc. from CWRU (Case Western Reserve University) Cleveland, Ohio, United States and a M.Sc. in Engineering from the Institute of Technology in Linköping, Sweden.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 25,000 shares.

Anna Fall, Chief Brand & Communications Officer

Born: 1969.

Anna Fall joined as Chief Brand & Communications Officer of Intrum in October 2018. She has a long background of working in the financial industry, where she most recently held the position of Head of Communications at Första AP-fonden (The First Swedish National Pension Fund). From 2004 to 2016 she was Nordic Head of Marketing & Communications at The Royal Bank of Scotland (RBS) and prior to that, she had different roles at the property leasing company Nordisk Renting and within the real estate and construction company NCC. Mrs. Fall has a B.Sc. from Uppsala University in Sweden in Political Science, Business Administration and Communications.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 750 shares.

Karin Lagerstedt Woolford, Chief Human Resources Officer

Born: 1969.

Karin Woolford was appointed Chief Human Resources Officer in May, 2020. Before joining Intrum in 2020, Karin Woolford was Group HR Director at Eltel AB from 2018-2020. Between 2014 and 2017, she was EVP and Head of Group HR, Communications and HSE at Ovako AB. She has also worked at Green Cargo and spent many years at the Nordic bank SEB, where she was Deputy Head of Group HR. Ms. Woolford has a Master of Science degree in International Business Administration from Gothenburg School of Economics.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 700 shares.

George Georgakopoulos, Country Manager Greece

Born: 1969

George Georgakopoulos was appointed Country Manager Greece on February 4, 2020. George Georgakopoulos joined Intrum in October 2019 and was appointed GMT member in February 2020. He has a long career in financial services and worked in London, where he started at Barclays Group in 1995. George has also worked in Paris and more recently in Eastern Europe and Greece. He was, among others, CEO at Bancpost in Romania and later CEO of digital lender 4Finance. His last position was Executive General Manager at Piraeus Bank. Mr. Georgakopoulos is a graduate of Athens Law School and holds an MBA from Glasgow University.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 0 shares.

Marc Knothe, Regional Managing Director, Country Manager Italy

Born: 1968.

Marc Knothe was appointed as Country Manager Italy in 2018 in addition to his role as Regional Managing Director. Before joining Intrum in 2017, Marc Knothe held the position of Country Manager at Lindorff Netherlands. Between 2011 and 2016, he was Executive Board Member of GFKL (an Advent International company) and prior to that he was CIO at Bawag PSK (a Cerberus company) in Austria, COO at GE Money Bank in Russia and Germany and he also held senior positions at Citigroup in Italy and Germany. Mr. Knothe studied Business Management at the University of Applied Sciences in Ludwigshafen, Germany.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 20,067 shares.

Niklas Lundquist, Chief Legal Officer

Born: 1970.

Niklas Lundquist joined Intrum as General Counsel in 2011. Previous to that, he held the same role at Tradedoubler AB (publ). He has also experience from two prominent law firms and has served at the Swedish courts. Niklas Lundquist holds a law degree from Stockholm University.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 2,000 shares.

Julia Reuszner, Chief Risk Officer

Born: 1976

Julia Reuszner was appointed new Chief Risk Officer of Intrum in May 2020 and will assume the position from mid-August 2020. Previously she was CEO of Pepins Group AB, a digital equity funding platform, and CFO and later acting CEO of the Adlibris Group. Ms. Reuszner has extensive experience in M&A and investments from her time at Adlibris, Pepins and the private equity firm Capman, where she held the role as Investment Director. She began her career at Lehman Brothers, based in London, focusing on investments within the European Industrial sector.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 1,000 shares.

Harry Vranjes, Chief Operating Officer

Born: 1970.

Harry Vranjes was appointed Chief Operating Officer on January 1, 2020. Prior to this, he was Head of Credit Management Services. Harry Vranjes joined Intrum in 2002. Between 2015 and 2017, Mr. Vranjes held the position as Regional Managing Director Western Europe. He was Chief Technology Officer (CTO) at Intrum from 2008 to 2015 and prior to that Project Manager and Business Developer from 2002 to 2008. Mr. Vranjes previously held the position as IT-management consultant at WM-Data (1998 to 2001). Vranjes holds a Bachelor degree in Computer Science from Lund University in Sweden.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 0 shares.

Anette Willumsen, Managing Director CMS Sales &Services Development and Markets

Born: 1963.

Anette Willumsen was appointed Managing Director CMS Sales & Service Development and Markets on January 1, 2020. Previously she had served as Regional Managing Director beginning in 2017. Between 2009 to 2017 she held several positions at Lindorff, as Country Manager in Norway from 2012 to 2017, acting Country Manager in Denmark from 2016 to 2017 and Head of the Corporate Client Division at Lindorff in Norway from 2009 until 2012. Prior to joining Lindorff she was SVP in EDB Business Partner (EVRY). Mrs. Willumsen has an EMP from INSEAD in France and holds a M.Sc. degree in Finance and Business Administration from the Norwegian School of Economics (NHH).

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 56,891 shares.

Alejandro Zurbano, Country Manager Spain

Born**:** 1967**.**

Alejandro Zurbano was appointed Country Manager for Spain following the establishment of Strategic Markets segment on January 1, 2020. Prior to this, he was the Regional Managing Director and, from 2015 to 2017, he held the position as Country Manager, Lindorff Spain. Prior to joining Lindorff, Mr. Zurbano was the Chief Executive Officer of Emergia and acted as Country Manager for SITEL for Spain, Chile, Colombia and Portugal. Mr. Zurbano holds a law degree from Universidad Complutense de Madrid in Spain and a PDG from IESE University in Spain.

Own holdings and/or holdings of closely affiliated persons in Intrum AB (publ): 16,780 shares.

Other information on the board of directors and company

All members of the Board of Directors and management of the Issuer may be contacted at the Issuer's address, Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden, or by telephone +46 8 546 102 02.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As of June 30, 2020, the Intrum AB (publ) significant shareholders were as follows: Nordic Capital, AMF Försäkring & Fonder, Handelsbanken Fonder, Swedbank Robur Fonder, Vanguard, Första AP-fonden, TIAA - Teachers Advisors, Degroof Petercam, Lannebo Fonder, Avanza Pension, Nordnet Pensionsförsäkring, C WorldWide Asset Management, BlackRock, TimesSquare Capital Management and Norges Bank.

The aforementioned shareholders collectively controlled 74.9% of the Issuer's voting stock. The remaining voting stock was held by other public shareholders.

As of June 30, 2020, Nordic Capital controlled 47.7% of the Issuer's voting stock and was the Issuer's largest shareholder. AMF Försäkring & Fonder and Handelsbanken Fonder, controlling 6.3% and 4.2% of the Issuer's voting stock, respectively, were the second and third largest shareholders.

Nordic Capital Funds

Nordic Capital is a leader within private equity investments in Northern Europe. Since its inception in 1989, Nordic Capital has successfully invested over €14.5 billion and, in total, made over 110 platform investments and more than 200 material add-on acquisitions. Nordic Capital invests in medium and large-sized companies and supports value creation in its investments through committed ownership and by targeting strategic development and transformative change.

Nordic Capital has a long track record of making successful investments supported by 60 investment professional advisory team members spread out over nine offices. The team also has extensive experience in the financial services space through its investments in Resurs Group, Nordnet, Bambora, Trustly, Nordax, and Bank Norwegian. The Lindorff investment was made from Nordic Capital Fund VIII and later merged with Intrum to create Europe's largest provider of credit management services. In 2018, Nordic Capital raised Fund IX with total commitments of €4.3 billion. To date, 14 investments have been closed in Nordic Capital Fund IX.

Shareholder agreements

The Board is not aware of any existing shareholder agreements or other agreements aimed at joint influence over the Issuer, nor is the Board aware of any other agreements nor similar arrangements that may lead to a change of control over the Issuer.

Related party transactions

We engage in ordinary course transactions with related parties including from time to time. All transactions with related parties are conducted on market terms and at arm's length. For further information, see note 36 in the Issuer's audited financial statements as of and for the year ended December 31, 2019, included elsewhere in this Offering Memorandum.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of certain provisions of our indebtedness and certain financial arrangements to which the Issuer and certain of its subsidiaries are or will be a party. It does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility Agreement

Definitions

The following defined terms are used in this summary of the Revolving Credit Facility Agreement (as defined below). In addition, capitalized terms set forth and not otherwise defined in this section entitled "—*Revolving Credit Facility Agreement*" have the same meaning as set forth in the Revolving Credit Facility Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum:

"**Available Shareholder Amounts**" means, at any time, any amounts held by the Group (as defined below) which may, at that time, be paid to one or more of the Permitted Holders in accordance with the terms of the Revolving Credit Facility Agreement.

"**Company**" means Intrum AB (publ).

"**Effective Date**" means January 15, 2020.

"**Group**" means the Company and its restricted subsidiaries.

"**Indirect Coverage Test**" means (a) the aggregate earnings before interest, tax depreciation and amortization ("**EBITDA**") (calculated on the same basis as Consolidated EBITDA) of the Pledged Group (calculated on an unconsolidated basis and excluding all intra-Group items) equals or exceeds 60 per cent. of Consolidated EBITDA of the Company and its Restricted Subsidiaries (for this purpose disregarding from Consolidated EBITDA the EBITDA of any of the Company or any Restricted Subsidiary that generates negative EBITDA); and (b) the aggregate gross assets of the Pledged Group (calculated on an unconsolidated basis and excluding all intra-Group items, investments in any Subsidiaries, goodwill and intangible assets) equals or exceeds 75 per cent. of the consolidated gross assets of the Company and its Restricted Subsidiaries.

"**Net Leverage Ratio**" means the Consolidated Leverage Ratio for any relevant period.

"**New Equity**" means:

(a) a subscription for shares in, and any capital contributions to, the Company; and

(b) any other form of equity contribution to the Company previously agreed to by the facility agent (acting reasonably) in writing.

"**Pledged Company**" means each of Intrum Intl AB, Intrum Holding AB, Lock TopCo AS, Indif AB and any other company which (i) accedes to the Revolving Credit Facility Agreement as a guarantor and (ii) has transaction security granted over 100 per cent. of its issued share capital and any receivables owing by it to its direct holding company.

"**Pledged Group**" means the Pledged Companies and their restricted subsidiaries which are direct or indirect subsidiaries of the Pledged Companies.

"**Senior Pari Passu Notes**" means (i) the Notes and (ii) high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Revolving Credit Facility Agreement) any member of the Group which are notified to the security agent by the Company in writing as indebtedness to be treated as "**Senior Pari Passu Notes**" for the purposes of the Intercreditor Agreement.

"**Senior Pari Passu Notes Agreement**" means the Senior Pari Passu Notes Indenture and/or any other facility agreement, indenture or other equivalent document by which any Senior Pari Passu Notes Debt is made available or, as the case may be, issued, in each case as the context requires.

"**Senior Pari Passu Notes Debt**" means:

(a) any Indebtedness outstanding under any indenture in respect of the Senior Pari Passu Notes (the "**Senior Pari Passu Indenture Debt**"); and/or

(b) to the extent notified to the facility agent by the Company in writing as indebtedness to be treated as "**Senior Pari Passu Notes Debt**" for the purposes of the Revolving Credit Facility Agreement, any indebtedness outstanding under any debt securities, facilities or other financial instruments (including any exchange notes but excluding any facility or other instrument made available under the senior finance documents) issued or made available to refinance or replace, in whole or in part, the Senior Pari Passu Indenture Debt and/or the facilities under the Revolving Credit Facility Agreement (and, if applicable, to pay interest, fees, discounts, expenses, commissions, premium or other similar amounts payable under or in connection with such debt securities, facilities or other financial instruments, the Senior Pari Passu Indenture Debt and/or the facilities under the Revolving Credit Facility Agreement).

"**Senior Pari Passu Notes Indenture**" means *each* indenture pursuant to which any Senior Pari Passu Notes are issued.

Overview and structure

On December 6, 2019, the Company and certain of its restricted subsidiaries entered into a multicurrency revolving credit facility agreement (the "**Revolving Credit Facility Agreement**") with, among others, Swedbank AB (publ), as facility agent and security agent, and Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Danmark, Sverige Filial, DNB Bank ASA, Nordea Bank Abp, filial i Sverige, Swedbank AB (publ), Nykredit Bank A/S, BNP Paribas SA, Bankfilial Sverige, Citibank N.A., London Branch, Credit Suisse International, Deutsche Bank Luxembourg S.A., Goldman Sachs International Bank, J.P. Morgan AG, Morgan Stanley Bank International Limited and NatWest Markets N.V. as lenders.

The revolving credit facility made available under the Revolving Credit Facility Agreement (the "**Revolving Credit Facility**") may be utilized by any current or future borrower under the Revolving Credit Facility Agreement in euro, Swiss francs, sterling, Norwegian krone, Swedish krona, Danish krone or any other readily available and agreed currency by the drawing of cash advances or the issuance of letters of credit or ancillary facilities. The Revolving Credit Facility may be used for financing or refinancing the working capital and general corporate purposes of the Group, including any acquisition permitted or not prohibited by the Revolving Credit Facility Agreement (including, without limitation, any acquisition of debt portfolios to the extent permitted or not prohibited by the Revolving Credit Facility Agreement) but not for the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of the share capital of the Company.

In addition, the Company may elect to request additional facilities as additional tranches or an increase of existing tranches under the Revolving Credit Facility (the "**Additional Facility Commitments**"). The Company and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

The Revolving Credit Facility may be utilized from the Effective Date until the date falling 59 months after the date of the Revolving Credit Facility Agreement (subject to a 12 month extension of the termination date at the option of the lenders). The original borrower under the Revolving Credit Facility is the Company.

The total commitments under the Revolving Credit Facility Agreement are €1,800,000,000.

Interest and fees

Loans under the Revolving Credit Facility Agreement will initially bear interest at rates per annum equal to, for loans denominated in euro, EURIBOR, for loans denominated in Norwegian krone, NIBOR, for loans denominated in Swedish krona, STIBOR, for loans denominated in Danish krone, CIBOR, or for loans denominated in any other currency, LIBOR (together with EURIBOR, NIBOR, STIBOR and CIBOR, the "**IBOR**"), plus the applicable margin per annum, that is determined according to a margin ratchet based on the Net Leverage Ratio. The margin on any loans under an Additional Facility Commitment will be agreed between the Company and the relevant lenders.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Effective Date to the end of the availability period for the Revolving Credit Facility at a rate of 35% of the applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears, on the last date of availability of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. Default interest is calculated as an additional 1% on any overdue amount. The Company is also required to pay customary agency fees to the facility agent and the security agent in connection with the Revolving Credit Facility.

Repayments

Each advance is required to be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility are required to be repaid on the termination date, which is the date falling 60 months after the date of the Revolving Credit Facility Agreement (subject to a 12 month extension of the termination date at the option of the lenders). The termination date for a facility under an Additional Facility Commitment is the date agreed between the Company and the relevant lender(s) providing that Additional Facility Commitment (subject to certain parameters referred to in the Revolving Credit Facility Agreement). Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

Mandatory prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to minimum amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender:

(i) upon the occurrence of a change of control;

for these purposes, "*change of control*" means at any time:

(A) any person or group of persons (other than Cidron 1748 S.à r.l or the management team or any person directly or indirectly controlled by any of them) who does not currently control any member the Group acting in concert gains (directly or indirectly) control of the Company; or

(B) the shares of the Company cease to be listed, traded or publicly quoted on NASDAQ Stockholm for any reason (excluding, for this purpose, any temporary suspension or limitation imposed on trading such shares which is remedied within three business days).

Where "*control*" of the Company or a member of the Group means ownership (directly or indirectly) of the issued shares in the Company or a member of the Group with the right to cast, or control the casting of, more than 30 per cent. of the maximum number of votes that might be cast at a general meeting of the Company or such member of the Group.

(ii) upon the sale of all or substantially all of the assets of the Group (taken as a whole), to a person who is not a member of the Group.

Guarantees

The current guarantors under the Revolving Credit Facility are the Company, Intrum Intl AB, Intrum Holding AB, Lock TopCo AS and Indif AB.

The Revolving Credit Facility Agreement provides that if the Existing MTNs and Eligible MTN Replacement Indebtedness shall have been repaid in full, then all of the guarantees provided under the Revolving Credit Facility Agreement (other than by the Issuer) will be terminated.

If on the last day of the fiscal year, the Indirect Coverage Test is not satisfied within 90 days of delivery of the annual financial statements for the relevant fiscal year, such other restricted subsidiaries of the Company (subject to agreed security principles) are required to become Pledged Companies or such other assets will be contributed to the Pledged Group (in each case, a "**Pledged Contribution**" (to be calculated as if such Pledged Contribution had occurred on such last day of the relevant fiscal year).

Security

Any Material Company or other member of the Group which becomes a guarantor of the Revolving Credit Facility is required (subject to agreed security principles) to grant security over certain of its assets described therein in favor of the Security Agent.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, authorizations, no default, governing law and enforcement, insolvency, no misleading information, financial statements, no proceedings pending or threatened, compliance with environmental and other laws, center of main interests and establishments, *pari passu* ranking, sanctions, money laundering and anti-corruption laws.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are set forth in the Indenture, with additional limitations on debt incurrence by guarantors and the aggregate amount of any Qualified Receivables Financing. In addition, the Revolving Credit Facility Agreement contains a financial covenant, see *"—Financial Covenant*."

The Revolving Credit Facility Agreement also contains a "notes purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Company may not, and shall procure that no other member of the Group will repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Senior Pari Passu Notes Debt (or any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to the termination date in respect of the Revolving Credit Facility in any manner which involves the payment of cash consideration by any member of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments made with the proceeds of Available Shareholder Amounts, New Equity or Subordinated Shareholder Funding, payments following a change of control (*provided* that the Group is in compliance with its obligations described in "—Mandatory prepayment") and payments made in circumstances where the aggregate outstanding principal amount of Senior Pari Passu Notes Debt immediately following the relevant notes purchase (i) is or would exceed 50% of the aggregate original principal amount of the Senior Pari Passu Notes Debt which remain outstanding on or are issued by the Company on December 6, 2019 or (ii) is or would be less than 50% of the aggregate original principal amount of all classes of the Senior Pari Passu Notes Debt in existence on December 6, 2019 and the commitments under the Revolving Credit Facility are, or will be, at the time the notes purchase completes, cancelled in the same proportion as (y) the amount by which the aggregate principal amount then outstanding of the Senior Pari Passu Notes Debt is less than 50% of the aggregate original principal amount of all classes of Senior Pari Passu Notes Debt on December 6, 2019 of that class bears to (z) 50% of the original aggregate principal amount of the Senior Pari Passu Notes Debt on December 6, 2019.

The Revolving Credit Facility Agreement also requires certain members of the Group to observe certain covenants, including covenants relating to:

- maintenance of authorizations;
- compliance with laws;
- compliance with the Indirect Coverage Test (including as described above) and further assurances;
- maintenance of insurance;
- payment of taxes;
- preservation of assets;
- center of main interests and establishments;
- anti-corruption laws;

- compliance with sanctions;
- maintenance of *pari passu* ranking of the Revolving Credit Facility; and
- certain accessions to the intercreditor agreement.

The Revolving Credit Facility Agreement contains an information covenant under which, among other things, the Company is required to deliver to the facility agent annual financial statements, quarterly financial statements and compliance certificates.

Financial covenant

The Revolving Credit Facility Agreement requires the Company to comply with a Super Senior Leverage Ratio (defined as the ratio of the aggregate principal amount outstanding under each utilization under the Revolving Credit Facility and each additional facility (including in each case, the amount outstanding under any letter of credit to the extent such letter of credit is drawn or a claim has been made thereunder by the relevant beneficiary, in each case to the extent not repaid), together with all ancillary outstandings (but excluding the aggregate amount of all accrued interest, fees and commissions in respect of such utilizations, additional facilities and ancillary outstandings) ("**Super Senior Indebtedness**") at such date to Consolidated EBITDA for the period of the most recent four consecutive financial quarters).

The Super Senior Leverage Ratio for any relevant period shall not exceed 2.0:1.0.

The Company is permitted to prevent or cure breaches of the Super Senior Leverage Ratio by applying any cure amount (being amounts received by the Company in cash pursuant to any new equity or permitted subordinated debt) as if Super Senior Indebtedness had been reduced by such amount. The portion of such cure amount used to cure a failure to satisfy the Super Senior Leverage Ratio is not required to be applied in prepayment of the Revolving Credit Facility and no such cure amount shall be taken into account for the purposes of the calculation of Consolidated EBITDA. No more than five cure amounts may be taken into account during the term of the Revolving Credit Facility and different cure amounts may not be taken into account in successive financial quarters.

Events of default

The Revolving Credit Facility contains equivalent events of default, with certain adjustments, as those applicable to the Senior Pari Passu Notes as set forth in the section entitled "*—Description of the Notes—Events of Default.*" In addition, the Revolving Credit Facility contains the following events of default:

- failure to satisfy the Super Senior Leverage Ratio (when tested);
- cross default if a creditor of any member of the Group becomes entitled to declare any indebtedness in an aggregate amount exceeding €55 million of any obligor due and payable prior to its specified maturity as a result of an event of default;
- inaccuracy of a representation or statement when made if not remedied within 20 business days;
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility if not remedied within 20 business days; and
- failure by a party to the Intercreditor Agreement (other than a finance party) to comply with the provisions of or perform its obligations under the Intercreditor Agreement in any material respect, if not remedied with 20 business days.

Intercreditor agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Company and certain other restricted subsidiaries of the Company (together with the Company, the "**Debtors**") entered into the Intercreditor Agreement with, among others, the Security Agent, the lenders under our Senior Facilities Agreement, the senior agent under our Senior Facilities Agreement (the "**Senior Facility Agent**") and Citibank,

N.A., London Branch (the "**Senior Pari Passu Notes Trustee**"). The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Capitalized terms set forth and used in this section entitled "*—Intercreditor Agreement*" have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

Definitions

The following defined terms are used in this summary of the Intercreditor Agreement:

"**Available Shareholder Amounts**" means, at any time, any amounts held by the Group which may, at that time, be paid to one or more of the permitted holders in accordance with the terms of the Senior Facilities Agreement.

"**Distress Event**" means, following an acceleration in accordance with the terms of any Secured Debt Document (as defined below):

(a) prior to the Senior Discharge Date, any of the Senior Facility Agent, Senior Pari Passu Notes Trustee or a Senior Secured Creditor Representative declaring that a "**Distress Event**" has occurred; and

(b) on or after the Senior Discharge Date any of the Senior Subordinated Notes Trustee or a Senior Subordinated Creditor Representative declaring that a "**Distress Event**" has occurred.

"**Financial Adviser**" means any:

(a) independent internationally recognized investment bank;

(b) independent internationally recognized accountancy firm; or

(c) other independent internationally recognized professional services firm which is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sales processes.

"**Financing Vehicle**" means a member of the Group which:

(a) has been established solely for the purpose of incurring or issuing indebtedness in the form of loans or securities and on-lending the proceeds of such indebtedness to a member of the Group; and

(b) does not own any shares or equivalent ownership interests in a member of the Group which is a Subsidiary of an issuer or, as the case may be, a borrower of any outstanding Senior Pari Passu Notes or outstanding Permitted Senior Secured Financing Debt.

"**Hedge Counterparty**" means any person that executes or accedes to the Intercreditor Agreement as a Hedge Counterparty.

"**Hedging Liabilities**" means the liabilities owed by any Debtor to the Hedge Counterparties under or in connection with the hedging agreements, *provided* that the Hedging Liabilities of any Debtor shall not include any excluded swap obligations of such Debtor.

"**Instructing Group**" means at any time:

(a) prior to the Senior Discharge Date:

(i) in relation to any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action (as defined below):

(ii) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the Total Senior Instructing Group Credit Participations at that

time (*provided* that the principal amount of outstanding Senior Pari Passu Notes Liabilities which are not expressed to be secured by such transaction security shall be disregarded for the purpose of calculating the Senior Secured Credit Participations); and/or

(iii) prior to the Senior Lender Discharge Date, the Majority Senior Super-Priority Creditors,

in each case as applicable in accordance with the provisions set out under the caption "—*Manner of enforcement*;" or

(b) in relation to any other matter:

(i) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the Total Senior Instructing Group Credit Participations at that time; and

(ii) prior to the Senior Lender Discharge Date, the Majority Senior Super-Priority Creditors; and

(iii) on or after the Senior Discharge Date but before the Senior Subordinated Discharge Date, and subject always to the provisions set out under the caption "—*Restrictions on Enforcement by Senior Subordinated Creditors*," the Majority Senior Subordinated Creditors.

"**Intra-Group Liabilities**" means the liabilities owed by any Debtor to any intra-group lender in its capacity as such (for the avoidance of doubt, excluding any liabilities which are Senior Liabilities or Senior Subordinated Liabilities or Investor Liabilities).

"**Investor Documents**" means each document evidencing any loan made by an Investor to the Company or any of its subsidiaries or other indebtedness incurred by the Company or any of its subsidiaries to an Investor (and, prior to the Senior Discharge Date, by as the Company or any of its subsidiaries to an Investor) which would, save for exclusion of subordinated shareholder funding, constitute indebtedness.

"**Investor Liabilities**" means:

(a) the liabilities owed to the Investors by the Company or any of its subsidiaries under the Investor Documents (for the avoidance of doubt, excluding any liabilities which are Senior Liabilities or Senior Subordinated Liabilities); and

(b) any other liabilities owed to an Investor by the Company or any of its subsidiaries which have been notified to the Security Agent by that Investor and the Company in writing as liabilities to be treated as "**Investor Liabilities**" for the purposes of the Intercreditor Agreement,

provided that such person has not ceased to be an Investor pursuant to the terms of the Intercreditor Agreement.

"**Investors**" mean any person which becomes a party to the Intercreditor Agreement as an Investor in accordance with the terms of the Intercreditor Agreement.

"**Majority Senior Lenders**" means, at any time (subject to certain provisions related to restriction on debt purchase transactions, excluded commitments and disenfranchisement of defaulting lenders):

(a) a lender or lenders whose commitments aggregate at least 66⁄3 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated at least 662⁄3 per cent. of the Total Commitments immediately prior to that reduction); or

(b) in relation to a facility, a lender or lenders whose commitments under that facility aggregate at least 662⁄3 per cent. of the aggregate commitments of all lenders under that facility (the "**Total Facility Commitments**") (or, if the Total Facility Commitments have been reduced to zero, aggregated at least 662⁄3 per cent. of the Total Facility Commitments immediately prior to that reduction).

"**Majority Senior Subordinated Creditors**" means, at any time, those Senior Subordinated Creditors whose Senior Subordinated Credit Participations at that time aggregate more than 50.1% of the total aggregate amount of all Senior Subordinated Credit Participations at that time.

"**Majority Senior Super Priority Creditors**" means, at any time, those Super Priority Creditors whose Super Priority Credit Participations at that time aggregate more than 66⅔% of the total Super Priority Credit Participations at that time.

"**Non-Super Priority Hedge Counterparty**" means a Hedge Counterparty which is a creditor to the extent of its Non Super Priority Hedging Liabilities.

"**Non-Super Priority Hedging Liabilities**" means any Hedging Liabilities which are not Super Priority Hedging Liabilities in accordance with the Intercreditor Agreement.

"**Permitted Senior Secured Financing Agreement**" means, in relation to any Permitted Senior Secured Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Senior Secured Financing Debt is made available or, as the case may be, issued.

"**Permitted Senior Secured Financing Creditors**" means, in relation to any Permitted Senior Secured Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Secured Financing Debt from time to time (including the applicable Senior Secured Creditor Representative).

"**Permitted Senior Secured Financing Debt**" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Company in writing as indebtedness to be treated as "**Permitted Senior Secured Financing Debt**" for the purposes of the Intercreditor Agreement; *provided* that: (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Senior Secured Financing Debt have agreed to become a party to the Intercreditor Agreement in each case to the extent not already a party in that capacity.

"**Permitted Senior Secured Financing Documents**" means, in relation to any Permitted Senior Secured Financing Debt, the Permitted Senior Secured Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Secured Financing Agreement and any other document or instrument relating to that Permitted Senior Secured Financing Debt and designated as such by the Company and the Senior Secured Creditor Representative under that Permitted Senior Secured Financing Debt.

"**Permitted Senior Secured Financing Liabilities**" means all liabilities of any Debtor to any Permitted Senior Secured Financing Creditor under or in connection with the Permitted Senior Secured Financing Documents.

"**Permitted Subordinated Financing Agreement**" means, in relation to any Permitted Subordinated Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Subordinated Financing Debt is made available or, as the case may be, issued.

"**Permitted Subordinated Financing Creditors**" means, in relation to any Permitted Subordinated Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Subordinated Financing Debt from time to time (including the applicable Senior Subordinated Creditor Representative).

"**Permitted Subordinated Financing Debt**" means any indebtedness incurred by the Company which is notified to the Security Agent by the Company in writing as indebtedness to be treated as "**Permitted Subordinated Financing Debt**" for the purposes of the Intercreditor Agreement; *provided* that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Subordinated Financing Debt have agreed to become a party to the Intercreditor Agreement, in each case unless already a party in that capacity.

"**Permitted Subordinated Financing Discharge Date**" means the first date on which all Permitted Subordinated Financing Liabilities have been fully and finally discharged (if applicable, including by way of defeasance permitted in accordance with the Permitted Subordinated Financing Documents), whether or not as a result of an enforcement, and the Permitted Subordinated Financing Creditors are under no further obligation to provide any financial accommodation to any of the Debtors under the Permitted Subordinated Financing Documents.

"**Permitted Subordinated Financing Documents**" means, in relation to any Permitted Subordinated Financing Debt, the Permitted Subordinated Financing Agreement, any fee letter entered into under or in connection with the Permitted Subordinated Financing Agreement and any other document or instrument relating

to that Permitted Subordinated Financing Debt and designated as such by the Company and the Senior Subordinated Creditor Representative in respect of that Permitted Subordinated Financing Debt.

"**Permitted Subordinated Financing Liabilities**" means all liabilities of any Debtor to any Permitted Subordinated Financing Creditors under or in connection with the Permitted Subordinated Financing Documents.

"**Primary Creditors**" means the Senior Secured Creditors and the Senior Subordinated Creditors.

"**Public Auction**" means a public auction or other competitive sale process in which more than one bidder participates or is invited to participate, which may or may not be conducted through a court or other legal proceeding, and which is conducted with the advice of a Financial Adviser and further *provided* that, in the case of any competitive sales process other than a public auction, an invitation to participate in such sales process is extended to the Senior Subordinated Notes Trustee at the same time as any other bidders (subject to the Senior Subordinated Notes Trustee having signed all relevant confidentiality undertakings or release letters relating to the sales process and any information to be disclosed to potential bidders).

"**Recoveries**" means all amounts from time to time received or recovered by the Security Agent pursuant to the terms of the debt documents following the occurrence of a Distress Event or in connection with the realization or enforcement of all or any part of the security.

"**Senior Credit Participations**" means, in relation to a Senior Creditor, the aggregate of:

(a) its aggregate Senior Commitments (whether drawn or undrawn), if any; and

(b) in respect of any hedging transaction of that Senior Creditor under any hedging agreement that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount, if any, payable to it under any hedging agreement in respect of that termination or close out as of the date of termination or close out (and before taking into account any interest accrued on that amount since the date of termination or close out) to the extent that amount is unpaid (that amount to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant hedging agreement); and

(c) in respect of any hedging transaction of that Senior Creditor under any hedging agreement that has, as of the date the calculation is made, not been terminated or closed out:

(i) if the relevant hedging agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or

(ii) if the relevant hedging agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that hedging agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that hedging agreement for which the relevant Debtor is in a position similar in meaning and effect (under that hedging agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

that amount, in each case, to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant hedging agreement.

"**Senior Creditors**" means the Senior Lenders and the Hedge Counterparties.

"**Senior Distress Event**" means, following the occurrence of an acceleration event which is continuing, any of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), a Senior Pari Passu Notes Trustee (acting on behalf of the holders of the Senior Pari Passu Notes) or a Senior Secured Creditor Representative (to the extent expressly permitted by the relevant Permitted Senior Secured Financing Agreement and acting on the instructions the Majority Permitted Senior Secured Financing Creditors) declaring by written notice to the Security Agent, each other Agent and the Company that a "**Senior Distress Event**" has occurred.

"**Senior Facilities Agreement**" means the Revolving Credit Facility Agreement. "**Senior Facility**" means the Revolving Credit Facility.

"**Senior Instructing Group Creditors**" means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Super-Priority Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders).

"**Senior Lender Discharge Date**" means the first date on which all Senior Lender Liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the Senior Facilities finance documents.

"**Senior Lenders**" means each lender under the Senior Facilities Agreement, together with each issuing bank and ancillary lender under the Senior Facilities finance documents

"**Senior Pari Passu Noteholders**" means the registered holders from time to time of the applicable Senior Pari Passu Notes, as *determined* in accordance with the relevant Senior Pari Passu Notes Indenture(s).

"**Senior Pari Passu Notes**" means (i) the Notes and (ii) high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Senior Facilities Agreement) any member of the Group (defined above) which are notified to the security agent by the Company in writing as indebtedness to be treated as "**Senior Pari Passu Notes**" for the purposes of the Intercreditor Agreement.

"**Senior Pari Passu Notes Creditors**" means the Senior Pari Passu Noteholders and each Senior Pari Passu Notes Trustee.

"**Senior Pari Passu Notes Liabilities**" means the liabilities owed by the Debtors to the Senior Pari Passu Notes Finance Parties under the Senior Pari Passu Notes finance documents (excluding any amounts in respect of costs and expenses payable to a Senior Pari Passu Notes Trustee or any adviser, received, delegate, attorney, agent or appointee thereof under the Senior Pari Passu Notes finance documents).

"**Senior Pari Passu Notes/Permitted Financing Credit Participations**" means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Pari Passu Note holders and the Permitted Senior Secured Financing Creditors.

"**Senior Secured Credit Participation**" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Pari Passu Notes Creditor, to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from any transaction security, the principal amount of outstanding Senior Pari Passu Notes Liabilities held by that Senior Pari Passu Noteholder; and

(c) in relation to a Permitted Senior Secured Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Secured Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Secured Financing Debt held by that Permitted Senior Secured Financing Creditor (as applicable and without double counting).

"**Senior Secured Creditor Representative**" means in relation to any Permitted Senior Secured Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Secured Financing Debt.

"**Senior Secured Creditors**" means the Super Priority Creditors, the Non-Super Priority Hedge Counterparties, the Senior Pari Passu Notes Creditors (to the extent the Company has agreed that the relevant

Senior Pari Passu Notes are to benefit from any transaction security) and/or the Permitted Senior Secured Financing Creditors, as the context requires.

"**Senior Subordinated Agent**" means any Senior Subordinated Notes Trustee and/or any Senior Subordinated Creditor Representative, as the context requires.

"**Senior Subordinated Credit Participation**" means:

(a) in relation to a Senior Subordinated Note holder, the principal amount of outstanding Senior Subordinated Notes liabilities held by that Senior Subordinated Note holder; and

(b) in relation to a Permitted Subordinated Financing Creditor, the aggregate amount of its commitments under each Permitted Subordinated Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Subordinated Financing Debt held by that Permitted Subordinated Financing Creditor (as applicable and without double counting).

"**Senior Subordinated Creditor Representative**" means, in relation to any Permitted Subordinated Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Subordinated Financing Debt.

"**Senior Subordinated Creditors**" means the Senior Subordinated Notes Creditors and any Permitted Subordinated Financing Creditors.

"**Senior Subordinated Debt Issuer**" means, in relation to any Senior Subordinated Notes or Permitted Subordinated Financing Debt, to the extent not prohibited by the Senior Facilities Agreement, a member of the Group which is the Issuer or, as the case may be, the borrower of those Senior Subordinated Notes or that Permitted Subordinated Financing Debt, *provided* that no member of the Group which is a Subsidiary of an issuer or, as the case may be, a borrower of any outstanding Senior Pari Passu Notes or outstanding Permitted Senior Secured Financing Debt (other than a Subsidiary which is a Financing Vehicle) may be a Senior Subordinated Debt Issuer.

"**Senior Subordinated Discharge Date**" means the first date on which each of the Senior Subordinated Notes Discharge Date and the Permitted Subordinated Financing Discharge Date has occurred.

"**Senior Subordinated Guarantor**" means any member of the Group (other than the Senior Subordinated Debt Issuer) which guarantees the Senior Subordinated Notes.

"**Senior Subordinated Liabilities**" means the liabilities owed by the Debtors to the Senior Subordinated Notes finance parties under the Senior Subordinated Notes finance documents (excluding any amounts in respect of costs and expenses payable to a Senior Subordinated Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof under the Senior Subordinated Notes finance documents) and any Permitted Subordinated Financing Liabilities.

"**Senior Subordinated Notes**" means any high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Senior Facilities Agreement) the any member of the Group (defined below) which are notified to the security agent by the Company in writing as indebtedness to be treated as "**Senior Subordinated Notes**" for the purposes of the Intercreditor Agreement

"**Senior Subordinated Notes Creditor**" means the Senior Subordinated Note holders and the Senior Subordinated Notes Trustee.

"**Senior Subordinated Notes Discharge Date**" means the first date on which all the Senior Subordinated Notes liabilities have been fully and finally discharged, including by way of defeasance permitted in accordance with the Senior Pari Passu Notes finance documents, whether or not as the result of an enforcement.

"**Senior Subordinated Notes Only Security**" means the share pledge granted or to be granted in favor of the Senior Subordinated Note holders represented by the Security Agent in respect of the shares in the Senior Subordinated Debt Issuer.

"**Senior Subordinated Notes Trustee**" any entity acting as trustee under any issue of Senior Subordinated Notes.

"**Shared Security**" means any security which, at the election of the Company, is to secure all or any part of the Senior Subordinated Liabilities.

"**Subordinated Creditors**" means the creditors in respect of Investor Liabilities and Intra-Group Liabilities.

"**Super Priority Creditors**" means the Senior Lenders and the Super Priority Hedge Counterparties

"**Super Priority Credit Participation**" means, in relation to a Super Priority Creditor, the aggregate of:

(a) its aggregate Senior Commitments (whether drawn or undrawn), if any; and

(b) in respect of any hedging transaction of that Senior Creditor under any hedging agreement documenting a Super Priority Hedging Liability that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount, if any, payable to it under the relevant hedging agreement in respect of that termination or close out as of the date of termination or close out (and before taking into account any interest accrued on that amount since the date of termination or close out) to the extent that amount is unpaid (that amount to be certified by the relevant Super Priority Hedge Counterparty and as calculated in accordance with the relevant hedging agreement); and

(c) in respect of any hedging transaction of that Senior Creditor under any hedging agreement documenting a Super Priority Hedging Liability that has, as of the date the calculation is made, not been terminated or closed out:

(i) if the relevant hedging agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or

(ii) if the relevant hedging agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that hedging agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that hedging agreement for which the relevant Debtor is in a position similar in meaning and effect (under that hedging agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

that amount, in each case, to be certified by the relevant Super Priority Hedge Counterparty and as calculated in accordance with the relevant Super Priority Hedging Agreement.

"**Super Priority Hedging Liabilities**" means the interest rate hedging liabilities, the currency hedging liabilities and/or, the other hedging liabilities, as the case may be, in each case which have been allocated as Super Priority Hedging Liabilities in accordance with the Intercreditor Agreement.

"**Super Priority Hedge Counterparty**" means a Hedge Counterparty to the extent of its Super Priority Hedging Liabilities.

"**Total Commitments**" means the aggregate of the Original Facility Commitments, being €1,100,000,000 as at the date of the Senior Facilities Agreement and all additional facility commitments, being €275,000,000 as of the Issue Date.

"**Total Senior Instructing Group Credit Participations**" means:

(a) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Super Priority Creditors); and

(b) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders).

"**Total Senior Secured Credit Participations**" means the aggregate of all the Senior Secured Credit Participations at any time.

Ranking and priority

Priority of debts

Subject to the provisions set out in the caption "*—Senior Subordinated Liabilities and security*" below, the Intercreditor Agreement provides that the liabilities owed by the Debtors (other than any Senior Subordinated Debt Issuer to the extent relating to liabilities in respect of Senior Subordinated Notes and/or Permitted Subordinated Financing Debt where that Senior Subordinated Debt Issuer is the issuer or the borrower) to the creditors in relation to the Senior Facilities, certain hedging obligations, the Senior Pari Passu Notes, the Senior Subordinated Notes, the Permitted Senior Secured Financing Debt and the Permitted Subordinated Financing Debt (the "**Primary Creditors**") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders, issuing banks and ancillary lenders under the Senior Facility (each a "**Senior Lender**" and such liabilities the "**Senior Lender Liabilities**"), the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities, amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them; and

- second, the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities *pari passu* between themselves and without any preference between them.

The liabilities owed by a Senior Subordinated Debt Issuer to the Senior Subordinated Creditors shall rank *pari passu* in right and priority of payment without any preference among them.

Priority of security

The Intercreditor Agreement provides that the transaction security (other than the Shared Security) shall secure the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities (to the extent not already included in the Senior Lender Liabilities), agent liabilities (other than due to any senior agent), arranger liabilities (other than due to the senior arranger), Security Agent liabilities, amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them (but only to the extent that such transaction security is expressed to secure those liabilities).

The Intercreditor Agreement provides that the transaction security shall secure the Liabilities (but only to the extent that such Shared Security is expressed to secure those liabilities) in the following order:

- first, the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities, the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities (to the extent not already included in the Senior Lender Liabilities), amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them; and

- second, the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities *pari passu* between themselves and without any preference between them.

The Intercreditor Agreement provides that the Senior Subordinated Notes Only Security shall secure the Senior Subordinated Notes liabilities, the Permitted Subordinated Financing Liabilities and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without preference between them.

Senior subordinated liabilities and security

The Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities owed by a Senior Subordinated Debt Issuer are senior obligations of the Senior Subordinated Debt Issuer. Notwithstanding the preceding sentence, until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Pari Passu Notes Liabilities (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) and the Permitted Senior Secured Financing Liabilities have been discharged (the "**Senior Discharge Date**"), creditors in relation to the Senior Subordinated Notes Liabilities and the Permitted Subordinated Financing Liabilities may not take any steps to appropriate the assets of a Senior Subordinated Debt Issuer subject to the security documents in connection with any Enforcement Action (as defined below), other than as expressly permitted by the Intercreditor Agreement.

***Intra-group liabilities and investor liabilities*.**

The Intercreditor Agreement provides that the intra-group liabilities of the Group and the liabilities of the Group to an investor are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

Additional and/or refinancing debt

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may, to the extent not prohibited by any agreements governing the terms of the liabilities owed to the Primary Creditors incur incremental borrowing liabilities (including guarantees of such liabilities) or refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

The creditors under the Intercreditor Agreement undertake in the Intercreditor Agreement (at the cost of the Debtors) to co-operate with the Company and the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security to take place in a timely manner. In particular, each of the secured parties authorizes and directs each of its respective agents and the Security Agent to execute any amendment to the Intercreditor Agreement and such other debt documents required by the Company to reflect, enable and/or facilitate any such arrangements.

Restrictions relating to senior secured liabilities

The Company and the Debtors may make payments of the Senior Liabilities (defined below) and the Senior Pari Passu Notes Trustee Amounts at any time, *provided* that following the occurrence of a Senior Distress Event or a Senior Payment Default (defined below) which is continuing where the unpaid amount exceeds €15 million (or the equivalent in any optional currency), no Debtor may make payments of senior secured liabilities except for Recoveries distributed in accordance with the provisions set out under the caption "*—Application of proceeds.*"

The Intercreditor Agreement provides that the Senior Secured Creditors (as defined below), the Company and the Debtors may at any time amend or waive the terms of the finance documents in relation to the Senior Facility, the Senior Pari Passu Notes and the Permitted Senior Secured Financing Debt in accordance with their respective terms from time to time (and subject only to any consent required under them).

Security and guarantees*: *senior secured creditors

Any Senior Secured Creditor (and/or any other person acting on behalf of any of them) (in the case of any Senior Pari Passu Notes Creditor, to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) may take, accept or receive the benefit of:

(i) any security from any member of the Group in respect of any of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Financing Liabilities in addition to the common transaction security *provided* that, to the extent legally possible and subject to certain agreed security principles:

(A) the security provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(B) all amounts actually received or recovered by any Senior Secured Creditor with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of proceeds;*"

(C) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors;*" and

(D) only to the extent required by the relevant Debt Financing Agreement (as defined below), such security is offered to the other secured parties in respect of their liabilities and rank in the same order as set out under the caption "*—Priority of security;*"

(ii) any guarantee, indemnity or other assurance against loss from any member of the Group (other than from the Senior Subordinated Debt Issuer) regarding any of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Financing Liabilities in addition to those in:

(A) the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Secured Financing Document;

(B) the Intercreditor Agreement; or

(C) any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the senior secured parties in respect of their secured obligations;

provided that, to the extent legally possible, and subject to certain agreed security principles,

(1) the guarantee provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(2) such guarantee, indemnity or assurance against loss is expressed to be subject to the Intercreditor Agreement; and

(3) only to the extent required by the relevant Debt Financing Agreement, such guarantee, indemnity, or other assurance against loss is also offered to the other secured parties in respect of their liabilities and such guarantee, indemnity or assurance ranks in the same order as set out under the caption "*—Priority of debts.*"

This provision does not require any security or guarantee to be granted in respect of the Senior Pari Passu Notes or the Senior Subordinated Notes, unless required pursuant to the terms of the Senior Pari Passu Notes Indenture or the Senior Subordinated Notes Indenture (as the case may be).

Restriction on enforcement*: *senior lenders and senior pari passu notes creditors

The Intercreditor Agreement provides that none of the Senior Lenders, the Senior Pari Passu Note holders (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) or any Permitted Senior Secured Financing Creditors may take certain Enforcement Action (as defined below) without the prior written consent of an Instructing Group.

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (an "**Insolvency Event**") in relation to a Debtor, each Senior Lender, Senior Pari Passu Note holder (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) and/or Permitted Senior Secured Financing Creditor may, to the extent it is able to do so under the relevant debt documents, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for liabilities owing to it (but a Senior Secured Creditor may not direct the Security Agent to enforce the security in any manner).

Option to purchase*: *senior secured creditors

Senior Pari Passu Note holders holding at least a simple majority of the Senior Pari Passu Notes liabilities or Permitted Senior Secured Financing Creditors holding at least a simple majority of the Permitted Senior Secured Financing Liabilities (the "**Senior Secured Acquiring Creditors**") may, after the occurrence of an acceleration event which is continuing, by giving not less than ten (10) days' notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the applicable transfer provisions of the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities (a "**Senior Liabilities Transfer**") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement;

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement are complied with, other than:

(A) any requirement to obtain the consent of, or consult with, a member of the Group in relation to such transfer, which consent or consultation shall not be required; and

(B) to the extent to which all the Senior Secured Acquiring Creditors provide cash cover for any letter of credit, the consent of the relevant letter of credit issuing bank relating to such transfer;

(iii) the Senior Facility Agent, on behalf of the Senior Lenders, is paid an amount equal to the aggregate of:

(A) any amounts provided as cash cover by the Senior Secured Acquiring Creditors for any letter of credit (as envisaged in paragraph (ii)(B) above);

(B) all of the Senior Lender Liabilities at that time (whether or not due), including all amounts that would have been payable under the Senior Facilities Agreement if the Senior Facility were being prepaid by the relevant Debtors on the date of that payment; and

(C) all costs and expenses (including legal fees) incurred by the Senior Facility Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer;

as a result of that transfer the Senior Lenders have no further actual or contingent liability to a Debtor under the Senior Facilities finance documents;

(iv) an indemnity is provided from each of the Senior Secured Acquiring Creditors (other than any Senior Agent) or from another third-party acceptable to all the Senior Lenders in a form reasonably satisfactory to each Senior Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason;

(v) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer; and

(vi) the Senior Subordinated Creditors have not exercised their rights to purchase as described under the provisions set out in the paragraph captioned "*—Option to Purchase: Senior Subordinated Creditors*" or, having exercised such rights, have not failed to complete the acquisition of the relevant Senior Secured Liabilities in accordance with such provisions.

Subject to the Intercreditor Agreement, the Senior Secured Acquiring Creditors may only require a Senior Liabilities Transfer if, at the same time, they require a transfer of the Hedging Liabilities in accordance with the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no Senior Liabilities Transfer may be required to be made.

At the request of a Senior Agent (on behalf of the Senior Secured Acquiring Creditors), the Senior Facility Agent shall notify that Senior Agent of the foregoing payable sums in connection with such transfer.

Restrictions relating to senior subordinated creditors and senior subordinated liabilities restriction on payment and dealings

The Intercreditor Agreement provides that following the occurrence of a Senior Distress Event which is continuing, no Debtor will make any payments of Senior Subordinated Debt except for Recoveries distributed in accordance with the provisions set out in the caption "*—Application of proceeds.*"

In addition, the Intercreditor Agreement provides that, until the Senior Discharge Date, no Senior Subordinated Guarantor shall (and the Company shall ensure that no member of the Group (other than the Senior Subordinated Debt Issuer) will):

(i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities except as permitted by the provisions set out below under the captions "*—Permitted Senior Subordinated Payments*," "*—Permitted Subordinated Enforcement*," and the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Senior Subordinated Notes or the Permitted Subordinated Financing Debt as permitted by the Intercreditor Agreement;

(ii) exercise any set-off against any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities, except as permitted by the provisions set out in the caption "*—Permitted Subordinated Payments*" below, the provisions set out in the caption "*—Restrictions on Enforcement by Senior Subordinated Creditors*" below or the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below or by a refinancing of the Senior Subordinated Notes or the Permitted Subordinated Financing Debt as permitted by the Intercreditor Agreement; or

(iii) create or permit to subsist any security over any assets of any member of the Group or give any guarantee (and the Senior Subordinated Notes Trustee or Senior Subordinated Creditor Representative, as the case may be, may not, and no Senior Subordinated Creditor may, accept the benefit of any such security or guarantee from any member of the Group) for, or in respect of, any Senior Subordinated Notes liabilities or any Permitted Subordinated Financing Liabilities other than:

(A) guarantees by a member of the Group of any obligations of the Group under the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents;

(B) guarantees, the benefit of which is, to the extent legally possible and subject to certain agreed security principles, given to all secured parties in respect of their secured obligations;

(C) all or any of the Shared Security (*provided* that, for the avoidance of doubt, each of the parties agrees that the Shared Security shall rank and secure any Senior Subordinated Notes and any Permitted Subordinated Financing Debt as set out in "*—Ranking and Priority—Priority of security*");

(D) any other guarantee provided by a member of the Group (other than the Senior Subordinated Debt Issuer) or security (the "**Credit Support Provider**") *provided* that, to the extent legally possible:

(1) the Credit Support Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(2) all amounts actually received or recovered by the Senior Subordinated Notes Trustee, the Senior Subordinated Creditor Representative or the Senior Subordinated Creditors, as the case may be, with respect to any such guarantee shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of proceeds;*"

(3) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors;*"

(4) only to the extent required by a relevant Debt Financing Agreement (as defined below), such security is also offered to the other secured parties in respect of the liabilities and ranks in the same order of priority as set out under the caption "*—Priority of security;*"

(5) such guarantee is expressed to be subject to the Intercreditor Agreement; and

(6) only to the extent required by a relevant Debt Financing Agreement (as defined below), such guarantee is also offered to the other secured parties in respect of the liabilities and ranks in the same order of priority as set out under the caption "—*Priority of debts;*"

(7) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(I) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(II) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Senior Pari Passu Notes Liabilities and any Permitted Senior Secured Financing Liabilities (in each case *provided* that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

in each case, without restricting the ability of the Senior Subordinated Notes Creditors or an agent acting on their enforcing the Senior Subordinated Notes Only Security as provided for under the relevant Senior Subordinated Notes finance documents.

Permitted senior subordinated payments

Prior to the Final Discharge Date, any member of the Group may make payments with respect to the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities if the permitted to do so by the paragraph below, *provided* that following the occurrence of a Distress Event, no Debtor may make payments of Senior Subordinated Notes or Permitted Subordinated Financing Debt except for Recoveries distributed in accordance with the provisions set out under the caption "*—Application of proceeds*," below.

Prior to the Senior Discharge Date, any member of the Group may make payments with respect to the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities then due in accordance with the finance documents in relation to the Senior Subordinated Notes and the Permitted Subordinated Financing Debt (such payments, collectively, the "**Permitted Senior Subordinated Payments**"):

(1) if:

(a) the payment is of:

(i) any of the principal amount of the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities which is either (1) not prohibited from being paid by the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Secured Financing Agreement; or (2) paid on or after the final maturity date of the relevant Senior Subordinated Notes liabilities and Permitted Subordinated Financing Liabilities (subject to certain conditions); or

(ii) any other amount which is not an amount of principal or capitalized interest;

(b) no Senior Subordinated Payment Stop Notice (as defined below) is outstanding; and

(c) no payment default under the Senior Facilities Agreement, the Senior Pari Passu Notes or the Permitted Senior Secured Financing Documents ("**Senior Payment Default**") has occurred and is continuing;

(2) if the Majority Senior Lenders, the Senior Pari Passu Notes Trustee and the requisite majority of Permitted Senior Secured Financing Creditors or the Senior Secured Creditor Representative in respect of that Permitted Senior Secured Financing Debt (as applicable) (the "**Required Senior Consent**") give prior consent to that payment being made;

(3) if the payment is of certain amounts due to the Senior Subordinated Notes Trustee for its own account;

(4) if the payment is made by the relevant Senior Subordinated Guarantor and funded directly or indirectly with amounts which have not been received by that Senior Subordinated Guarantor from another member of the Group;

(5) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(6) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents (including in relation to any reporting or listing requirements under such documents);

(7) capitalization of accrued interest under the Senior Subordinated Notes finance documents on its scheduled date of capitalization;

(8) the payment is of fees, costs and expenses reasonably incurred and documented of third party advisors incurred by the Senior Subordinated Creditors (including legal advice or other appropriate financial/restructuring advice) in an aggregate amount not exceeding €1 million;

(9) following the occurrence of a Senior Event of Default or an event of default under the Senior Subordinated Notes finance documents (which is continuing), release or discharge of Senior Subordinated Liabilities in consideration for the issue of shares in the Senior Subordinated Debt Issuer or any holding company of the Senior Subordinated Debt Issuer and *provided* that no cash or cash equivalent payment is made in respect of the Senior Subordinated Liabilities;

(10) if the payment is funded directly or indirectly with Permitted Subordinated Financing Debt; or

(11) if the payment is funded directly or indirectly with Available Shareholder Amounts, new equity or Permitted Subordinated Debt.

On or after the Senior Discharge Date, the Debtors may make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities in accordance with the Senior Subordinated Notes Indenture and the Permitted Subordinated Financing Documents, as applicable.

Payment blockage provisions

Until the Senior Discharge Date, except with the Required Senior Consent, no Senior Subordinated Guarantor shall make (and the Company shall procure that no other member of the Group shall make), and neither the Senior Subordinated Notes Trustee, any holder of Senior Subordinated Notes or the Permitted Subordinated Financing Creditors may receive from any other members of the Group (other than from the relevant Senior Subordinated Debt Issuer), any Permitted Senior Subordinated Payment (other than certain amounts due to the Senior Subordinated Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Subordinated Financing Debt) if:

(a) a Senior Payment Default is continuing; or

(b) an event of default under the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture and/or any Permitted Senior Secured Financing Agreement (a "**Senior Event of Default**") (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Senior Pari Passu Notes Trustee and any Senior Secured Creditor Representative (together, the "**Senior Agents**") delivers a payment stop notice (a "**Senior Subordinated Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Event of Default to the Company, the Security Agent, the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative until the earliest of:

(i) the date falling 179 days after delivery of that Senior Subordinated Payment Stop Notice;

(ii) in relation to payments of the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities, if a Senior Subordinated Standstill Period (as defined below) is in effect at any time after delivery of that Senior Subordinated Payment Stop Notice, the date on which that Senior Subordinated Standstill Period expires;

(iii) the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Financing Agreement (as applicable);

(iv) the date on which the Senior Agent which delivered the relevant Senior Subordinated Payment Stop Notice delivers a notice to the Company, the Security Agent, the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative cancelling the Senior Subordinated Payment Stop Notice;

(v) the Senior Discharge Date; and

(vi) the date on which the Security Agent, the Senior Subordinated Notes Trustee or any Senior Subordinated Creditor Representative takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Notwithstanding the above, a Senior Subordinated Payment Stop Notice shall not prevent the following payments:

(a) capitalization of accrued interest under the Senior Subordinated Notes finance documents on its scheduled date of capitalization;

(b) fees, costs and expenses reasonably incurred and documented of third party advisors incurred by the Senior Subordinated Creditors (including legal advice or other appropriate financial/restructuring advice) in an aggregate amount not exceeding €1 million; and

(c) following the occurrence of a Senior Event of Default or an event of default under the Senior Subordinated Notes finance documents (which is continuing), release or discharge of Senior Subordinated Liabilities in consideration for the issue of shares in the Senior Subordinated Debt Issuer or any holding company of the Senior Subordinated Debt Issuer and *provided* that no cash or cash equivalent payment is made in respect of the Senior Subordinated Liabilities.

Unless the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative waive this requirement, (i) a new Senior Subordinated Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Subordinated Payment Stop Notice; and (ii) no Senior Subordinated Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Subordinated Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agents to issue a Senior Subordinated Payment Stop Notice in respect of any other event or set of circumstances. No Senior Subordinated Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the Senior Agents (as defined below) at the time at which an earlier Senior Subordinated Payment Stop Notice was issued.

Any failure to make a payment due under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents as a result of the issue of a Senior Subordinated Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in the Senior Subordinated Notes Indenture or any Permitted Subordinated Financing Documents, as applicable) as a consequence of that failure to make a payment in relation to the relevant Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents; or (ii) the issue of a Senior Subordinated Enforcement Notice (as defined below) on behalf of the Senior Subordinated Creditors.

Payment obligations and capitalization of interest continue

Neither the relevant Senior Subordinated Guarantor nor any other Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document by the operation of the provisions set out under each section above under the caption "*—Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document shall continue notwithstanding the issue of a Senior Subordinated Payment Stop Notice.

Cure of payment stop

If:

(a) at any time following the issue of a Senior Subordinated Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Subordinated Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(b) the relevant Senior Subordinated Guarantor or the relevant Debtor then promptly pays to the Senior Subordinated Creditors an amount equal to any payments which had accrued under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document and which would have been Permitted Senior Subordinated Payments but for that Senior Subordinated Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived, and any Senior Subordinated Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Senior Subordinated Creditors or any other Creditor.

Restrictions on amendments and waivers

The Intercreditor Agreement provides that the Senior Subordinated Creditors, the Senior Subordinated Debt Issuers and the other Debtors may amend or waive the terms of the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents in accordance with their terms at any time (and subject only to any consent required under them).

Restrictions on enforcement by senior subordinated creditors

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group:

(a) no Senior Subordinated Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and

(b) no Senior Subordinated Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Subordinated Notes finance documents and/or Permitted Subordinated Financing Documents,

except as permitted under the provisions set out under the caption "*—Permitted senior subordinated enforcement*" below, *provided*, *however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent is otherwise entitled under the Intercreditor Agreement to direct such action.

"**Enforcement Action**" is defined as:

(a) in relation to any liabilities:

(i) the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Subordinated Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);

(ii) the making of any declaration that any liabilities are payable on demand;

(iii) the making of a demand in relation to a liability that is payable on demand;

(iv) the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;

(v) the exercise of any right to require any member of the Group to acquire any liability including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Facilities Agreement (or any other similar or equivalent provision of any of the Senior Facility finance documents, the Senior Pari Passu Notes finance documents, the Permitted Senior Financing Documents, the hedging agreements regulated by the Intercreditor Agreement, the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents (the "**Secured Debt Documents**")) and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Pari Passu Notes finance documents or the Senior Subordinated Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);

(vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:

(A) as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;

(B) as payment netting by a Hedge Counterparty or by a hedging ancillary lender;

(C) as inter-hedging agreement netting by a Hedge Counterparty;

(D) as inter-hedging ancillary document netting by a hedging ancillary lender; and/or

(E) which is otherwise not prohibited by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and

(F) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;

(b) the premature termination or close-out of any hedging transaction under any hedging agreement (except save to the extent permitted by the Intercreditor Agreement);

(c) the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security);

(d) the entry into any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or

(e) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, insolvency administrator or similar officer) in relation to, the winding up, dissolution administration, opening of insolvency proceedings or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action:

(i) the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or

joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or

(ii) a Senior Secured Creditor or Senior Subordinated Creditor (or any related agent) bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages; or

(iii) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or

(iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or

(v) any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

Permitted senior subordinated enforcement

The restrictions set out in the caption "—*Restrictions on Enforcement by Senior Subordinated Creditors*" above will not apply to instructions to enforce the Shared Security or the liabilities of the Senior Subordinated Guarantors if:

(i) an Event of Default (as defined in the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Agreement, as applicable, each a "**Senior Subordinated Event of Default**") (the "**Relevant Senior Subordinated Default**") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Senior Subordinated Default specifying the event or circumstance in relation to the Relevant Senior Subordinated Default from the Senior Subordinated Notes Trustee or the Senior Subordinated Creditor Representative, as the case may be;

(iii) a Senior Subordinated Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Subordinated Default is continuing at the end of the relevant Senior Subordinated Standstill Period.

Promptly upon becoming aware of a Senior Subordinated Event of Default, the Senior Subordinated Notes Trustee or the Senior Subordinated Creditor Representative, as the case may be, may by notice (a "**Senior Subordinated Enforcement Notice**") in writing notify the Senior Agents of the existence of such Senior Subordinated Event of Default.

Senior subordinated standstill period

In relation to a Relevant Senior Subordinated Default, a Senior Subordinated Standstill Period shall mean the period beginning on the date (the "**Senior Subordinated Standstill Start Date**") the relevant Senior Agent serves a Senior Subordinated Enforcement Notice on each of the Senior Agents in respect of such Senior Subordinated Event of Default and ending on the earlier to occur of:

(i) the date falling 179 days after the Senior Subordinated Standstill Start Date;

(ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Subordinated Notes and any Permitted Subordinated Financing Debt (a "**Senior Subordinated Guarantor**"), *provided*, *however*, that if a Senior Subordinated Standstill Period ends pursuant to this paragraph, the Senior Subordinated Creditors may only take the same Enforcement Action in relation to the Senior Subordinated Guarantor as the Enforcement Action taken

by the Senior Secured Parties against such Senior Subordinated Guarantor and not against any other member of the Group;

(iii) the date of an Insolvency Event in relation to the relevant Senior Subordinated Debt Issuer or a particular Senior Subordinated Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Subordinated Standstill Period outstanding at the date such first mentioned Senior Subordinated Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Pari Passu Notes Trustee (acting on behalf of the Senior Pari Passu Note holders) and any Senior Secured Creditor Representative (acting on the instructions the Majority Permitted Senior Secured Financing Creditors) has been obtained; and

(vi) a failure to pay the principal amount outstanding under the Senior Subordinated Notes or on any Permitted Subordinated Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under the Senior Subordinated Notes or on the Permitted Subordinated Financing Debt, as the case may be (*provided* that, unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Company, such final stated maturity has not been amended to fall on a date prior to the date falling 96 months after the date of the Intercreditor Agreement),

(the "**Senior Subordinated Standstill Period**").

Subsequent senior subordinated event of default

The Senior Subordinated Finance Parties may take Enforcement Action under the provisions set out under the caption "*—Permitted Senior Subordinated Enforcement*" above in relation to a Senior Subordinated Event of Default even if, at the end of any relevant Senior Subordinated Standstill Period or at any later time, a further Senior Subordinated Standstill Period has begun as a result of any other Senior Subordinated Event of Default.

Enforcement on behalf of senior subordinated creditors

If the Security Agent has notified each of the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative (the "**Senior Subordinated Agents**") that it is enforcing security created pursuant to any security document over shares or assets of a Senior Subordinated Guarantor, no Senior Subordinated Creditor may take any action referred to under the provisions set out under the caption "*—Permitted Senior Subordinated Enforcement*" above against that Senior Subordinated Guarantor (or any subsidiary of that Senior Subordinated Guarantor) while the Security Agent is taking steps to enforce that security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Option to purchase*: *senior subordinated creditors

Subject to the following paragraphs, any of the Senior Subordinated Agents (on behalf of the Senior Subordinated Creditors) may, after an acceleration event under any of the Senior Facilities Agreement, the Senior Pari Passu Notes or in relation to any Permitted Senior Secured Financing Debt which is continuing, by giving not less than 10 days' notice to the Security Agent, require the transfer to the Senior Subordinated Creditors of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities (the "**Senior Secured Liabilities**") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture and any Permitted Senior Secured Financing Agreement (as applicable);

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement (in the case of the Senior Lender Liabilities), the Senior Pari Passu Notes Indenture (in the case of the Senior Pari Passu Notes Liabilities) and any Permitted Senior Secured Financing Agreement (in the case

of the Permitted Senior Secured Financing Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;

(iii) each of the Senior Facility Agent, on behalf of the Senior Lenders, the Senior Pari Passu Notes Trustee, on behalf of the relevant Senior Pari Passu Note holders and the applicable Senior Secured Creditor Representative, on behalf of the relevant Permitted Senior Secured Financing Creditors, is paid the amounts required under the Intercreditor Agreement;

(iv) as a result of that transfer the Senior Lenders, the Senior Pari Passu Note holders and the Permitted Senior Secured Financing Creditors have no further actual or contingent liability to the Company or any other Debtor under the relevant Secured Debt Documents;

(v) an indemnity is provided from each Senior Subordinated Creditor (other than any Senior Subordinated Notes Trustee) (or another acceptable third party) in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Senior Pari Passu Note holder or Permitted Senior Secured Financing Creditor in consequence of any sum received or recovered by any such party from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender or Senior Pari Passu Note holder, Permitted Senior Secured Financing Creditor for any reason; and

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Senior Pari Passu Note holders or the Permitted Senior Secured Financing, except that each of them shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the Intercreditor Agreement, a Senior Subordinated Agent (on behalf of all the Senior Subordinated Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of Hedging Liabilities regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of a Senior Subordinated Agent (on behalf of all the Senior Subordinated Creditors), the Senior Facility Agent, the Senior Pari Passu Notes Trustee and any relevant Senior Secured Creditor Representative shall notify the Senior Subordinated Agents of the foregoing payable sums in connection with such transfer.

Effect of insolvency event*; *filing of claims

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event in relation to any Debtor, or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall (if prior to a Distress Event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, including pursuant to applicable law and regulation, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "—*Application of proceeds*" below.

Subject to certain exceptions, to the extent that any member of the Group's liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group and any creditor which benefited from that set-off shall (if prior to a Distress Event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out in the caption "—*Application of proceeds*" below and subject to certain exceptions.

Subject to the provisions set out in the caption "—*Application of proceeds*" below, if the Security Agent or any other secured party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any Debtor or, following an acceleration event which is continuing, any member of the Group and each creditor irrevocably authorizes the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of Group's liabilities; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover in respect of that member of Group's liabilities.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters referred to in this "*—Effect of Insolvency Event; Filing of Claims*" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "*—Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although the Senior Pari Passu Notes Trustee and the Senior Subordinated Notes Trustee shall be under no obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Turnover by primary creditors

Subject to certain exceptions, the Intercreditor Agreement provides that prior to the Senior Discharge Date if any Primary Creditor receives or recovers from any member of the Group the proceeds of any enforcement of any security or, following the occurrence of a Distress Event, proceeds which should have otherwise been received, recovered or realized by the Security Agent pursuant to the debt documents, that Primary Creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by senior subordinated creditors and subordinated creditors

Subject to certain exceptions, the Intercreditor Agreement provides that prior to the Senior Discharge Date if any Senior Subordinated Creditor or prior to the Final Discharge Date, Subordinated Creditor receives or recovers from any member of the Group (other than the Senior Subordinated Debt Issuer):

(a) any payment or distribution of, or on account of or in relation to, any of the liabilities which is prohibited under the Intercreditor Agreement or is not in accordance with the provisions set out below the caption "*—Application of proceeds;*"

(b) other than as referred to in the second paragraph of the caption "*—Effect of Insolvency Event; Filing of Claims*" any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(c) other than by way of set-off, any amount:

(i) on account of, or in relation to, any of the Senior Subordinated Notes Liabilities, Permitted Subordinated Financing Liabilities, Investor Liabilities or Intra-Group Liabilities (x) after the

occurrence of a Distress Event or (y) as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group) other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "*—Application of proceeds;*" or

(ii) by way of set-off in respect of any of the Senior Subordinated Notes Liabilities, Permitted Subordinated Financing Liabilities, Investor Liabilities or Intra-Group Liabilities owed to it after the occurrence of a Distress Event; or

(d) the proceeds of the enforcement of any transaction security except in accordance with the provisions set out in the caption "*—Application of proceeds;*" or

(e) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "*—Application of proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group, that Senior Subordinated Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of security

Enforcement instructions

The Security Agent may refrain from enforcing: (a) the security unless instructed otherwise by (i) an Instructing Group; or (ii) if required as set out under the fourth paragraph of this section, the Majority Senior Subordinated Creditors; and (b) the Senior Subordinated Notes Only Security unless instructed otherwise by the Majority Senior Subordinated Creditors.

Subject to the security having become enforceable in accordance with its terms (i) an Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the relevant transaction security as they see fit *provided* that the instructions as to Enforcement given by the Instructing Group are consistent with the security enforcement principles set out therein (the "**Security Enforcement Principles**"); or (ii) to the extent permitted to enforce or to require the enforcement of the Shared Security prior to the Senior Discharge Date under the provisions under the caption "*—Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" above, the Majority Senior Subordinated Creditors may give or refrain from giving instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Subject to the Senior Subordinated Notes Only Security having become enforceable in accordance with its terms the Majority Senior Subordinated Creditors may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Senior Subordinated Notes Only Security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Shared Security which the Majority Senior Subordinated Creditors are then entitled to give to the Security Agent under the provisions under the caption "*—Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" above.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of enforcement

If the security is being enforced as set forth above under the caption "—*Enforcement Instructions*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator or equivalent officer of any Debtor to be appointed by the Security Agent) as:

(i) an Instructing Group shall instruct, *provided* that such instructions are consistent with the Security Enforcement Principles or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with the Security Enforcement Principles; or

(ii) prior to the Senior Discharge Date and only insofar as the security concerned is Shared Security, if (i) the Security Agent has, pursuant to the fourth paragraph of this "—*Enforcement of Security*" section, given effect to instructions given by the Majority Senior Subordinated Creditors to enforce the Shared Security and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Subordinated Creditors shall instruct or, in the absence of any such instructions, as the Security Agent sees fit *provided* that, the consent of the Senior Creditor Representative representing an Instructing Group is required if any such instructions are given by the Majority Senior Subordinated Creditors and are not in accordance with the Security Enforcement Principles.

In the event that following receipt of instructions from an Instructing Group (an "**Initial Enforcement Notice**") conflicting enforcement instructions are received by the Security Agent or no instructions are received from Senior Secured Creditors entitled to give such instructions as an Instructing Group, the Security Agent shall enforce the security, refrain or cease from enforcing the security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given the holders of more than 50% of the total "**Senior Secured Credit Participations,**" being the aggregate of all outstanding liabilities under certain hedging liabilities, the Senior Pari Passu Notes (to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from any transaction security, the principal amount of outstanding Senior Pari Passu Notes Liabilities held by that Senior Pari Passu Noteholder) and any other indebtedness sharing the transaction security on a first-ranking basis other than the Super Priority Creditors (in each case *provided* that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

If, prior to the Senior Lender Discharge Date:

(i) the Super Priority Creditors have not been fully repaid within six months of the date on which the Initial Enforcement Notice was received;

(ii) the Security Agent has not commenced any enforcement of the transaction security (or a transaction in lieu thereof) or other Enforcement Action within three months of the date on which the Initial Enforcement Notice was received; or

(iii) an Insolvency Event has occurred and the Security Agent has not commenced any enforcement of the transaction security (or a transaction in lieu thereof) or other Enforcement Action at that time, then the Security Agent shall follow the instructions given by the Majority Super Priority Creditors (in each case *provided* that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents).

Exercise of voting rights

To the fullest extent permitted under applicable law, each Subordinated Creditor shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group or, in the case of the Senior Subordinated Debt Issuer, the Majority Senior Subordinated Creditors. Notwithstanding the foregoing, no party can exercise or require any other creditor under the Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the liabilities owed to that creditor.

Waiver of rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security or the Senior Subordinated Notes Only Security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or the Senior Subordinated Notes Only Security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Security held by other creditors

If any security is held by a creditor other than the Security Agent, then that creditor may only enforce that security in accordance with instructions given by an Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the Security Agent shall be construed as references to that creditor).

Senior subordinated notes only security

The Senior Subordinated Notes Creditors or an agent acting on their behalf may enforce the Senior Subordinated Notes Only Security as provided for under the relevant Senior Subordinated Notes Finance Documents.

Duties owed

Pursuant to the Intercreditor Agreement, each of the secured parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the Senior Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Secured Parties in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall (subject to certain exceptions) be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

Proceeds of disposals

Non-distressed disposals

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Company) to promptly release (or procure that any other relevant person releases):

(a) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(i) a disposal not prohibited by the terms of the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture, any Permitted Senior Secured Financing Agreement, the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Agreement (each a "**Debt Financing Agreement**") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or

(ii) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(b) any security (and/or any other claim relating to a debt document) over any document or agreement in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(c) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and

(d) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group or a Debtor, the Security Agent (on behalf of itself and the Secured Parties (as defined below)) shall (at the request and cost of the relevant Debtor or the Company) promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this "—*Non-Distressed Disposals*" section, the Company shall confirm in writing to the Security Agent that:

(i) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or

(ii) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with terms of the Debt Financing Agreements, and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

In the case of any release of security requested by the Company pursuant to the applicable provisions of the Senior Facilities Agreement as part of a permitted transaction under the Senior Facilities Agreement, when making that request the Company shall confirm to the Security Agent that:

(i) such request is a permitted transaction request (and absent any such statement in a request for a release the Security Agent shall be entitled to assume for all purposes that such request is not a permitted transaction request); and

(ii) it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to that permitted transaction) that it is either not possible or not desirable to implement that permitted transaction on terms satisfactory to the Company by instead granting additional security and/or amending the terms of the existing security, and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Company but without the need for any further consent, sanction, authority or further confirmation from any Creditor or Debtor) promptly enter into and deliver such documentation and/or take such other action as the Company (acting reasonably) shall require to give effect to any release or other matter described above.

If any member of the Group is required or not prohibited under the senior debt documents to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of the Senior Lender Liabilities, the Hedging Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Secured Financing Liabilities (as applicable) (together, the "**Senior Liabilities**") then no such application of those proceeds shall require the consent of any other party or result in any breach of any Senior Subordinated Finance Documents and such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or other discharge or reduction of any Senior Subordinated Liabilities.

Distressed disposals

A "**Distressed Disposal**" is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant security documents, (b) being effected by enforcement of security in accordance with the terms of the relevant security documents or (c) being disposed of to a third party subsequent to a Distress Event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(a) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

(i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

(ii) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(iii) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant creditors, Debtors and agents;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:

(i) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

(ii) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(iii) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company, on behalf of the relevant creditors, Debtors and agents;

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(i) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "**Transferee**") will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Senior Subordinated Creditors (each a "**Secured Party**") for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(ii) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors and Debtors;

(e) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(i) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(ii) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Company in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent, unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) except to the extent contemplated by the Security Enforcement Principles and such sale or disposal is made pursuant to a Public Auction in respect of which the Primary Creditors are entitled to participate or where a Financial Adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view. The Primary Creditors shall be entitled to receive access to any valuation report commissioned by a member of the Group in connection with any Public Auction (provided access is given to the other Primary Creditors at the same time).

If prior to the discharge date for the Senior Subordinated Notes or any Permitted Subordinated Financing Debt, a Distressed Disposal is being effected such that the Senior Subordinated Notes Guarantees and the guarantees of any Permitted Subordinated Financing Debt or any security over the assets of a Senior Subordinated Debt Issuer or any Senior Subordinated Guarantor will be released and/or the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities will be released or disposed of, it is a further condition to the release that either:

(a) the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative has approved the release; or

(b) where shares or assets of a Senior Subordinated Guarantor or assets of the Senior Subordinated Debt Issuer are sold:

(i) the proceeds of such sale or disposal are in cash (or substantially in cash);

(ii) all claims of the Senior Secured Creditors against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Distressed Disposal, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, *provided* that, if each Senior Agent (acting reasonably and in good faith):

(A) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

(B) serves a written notice on the Security Agent confirming the same, the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

(iii) such sale or disposal is made:

(A) pursuant to a Public Auction in respect of which the Primary Creditors are entitled to participate; or

(B) where a Financial Adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

Senior subordinated distressed disposals

If a Senior Subordinated Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the Investors and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(a) to release the Senior Subordinated Notes Only Security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent (acting on the instructions of the Majority Senior Subordinated Creditors), be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of the Company, to release the Company and any of its subsidiaries from all or any part of its Investor Liabilities on behalf of the Investors;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of the Company, to release:

(i) the Company and any of subsidiary of that holding company from all or any part of the Investor Liabilities; and

(ii) any Senior Subordinated Notes Only Security; and

(d) if the asset which is disposed of consists of shares in the capital of the Company or a holding company of the Company and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the Investor Liabilities owed by the Company or holding company or any subsidiary of the Company or holding company to execute and deliver or enter into any agreement to dispose of all or part of those Investor Liabilities on behalf of, in each case, the Investors.

The net proceeds of each Senior Subordinated Distressed Disposal (and the net proceeds of any disposal of Investor Liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of proceeds*" as if those proceeds were the proceeds of an enforcement of the Senior Subordinated Notes Only Security and, to the extent that any disposal of Investor Liabilities has occurred, as if that disposal of liabilities or Investor Liabilities had not occurred.

In the case of a Senior Subordinated Distressed Disposal (or a disposal of Investor Liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Senior Subordinated Notes Distressed Disposal or disposal of Investor Liabilities in order to achieve a higher price).

Application of proceeds

Order of application

The Intercreditor Agreement provides that the Recoveries (other than recoveries in respect of the Senior Subordinated Notes Only Security) shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (but only to the extent that such transaction security is expressed to secure those liabilities and subject to the provisions of this "*—Application of proceeds*" section), in the following order of priority:

(a) first, in discharging any sums owing to the Security Agent, any receiver or any delegate on a *pro rata* and *pari passu* basis;

(b) second, in discharging any sums owing to the Senior Facility Agent (in respect of the amounts due to the Senior Facility Agent), any Senior Secured Creditor Representative (in respect of amounts due to the Senior Secured Creditor Representative), any Senior Subordinated Creditor Representative (in respect of amounts due to the Senior Subordinated Creditor Representative) or any Senior Pari Passu Notes Trustee amounts or Senior Subordinated Notes Trustee amounts on a *pro rata* and *pari passu* basis;

(c) third, in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(d) fourth, in payment to:

(i) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and

(ii) the Hedge Counterparties; for application towards the discharge of:

(A) the liabilities of the Debtors owing to the arrangers under or in connection with the Senior Facility and the Senior Lender Liabilities (in accordance with the terms of the finance documents relating to the Senior Facility); and

(B) the Super Priority Hedging Liabilities (on a *pro rata* basis between the Super Priority Hedging Liabilities of each Super Priority Hedge Counterparty);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to (II) above;

(e) fifth, in payment to:

(i) each Senior Pari Passu Notes Trustee on its own behalf and on behalf of the holders of the Senior Pari Passu Notes;

(ii) each Non Super-Priority Hedge Counterparty; and

(iii) each Senior Secured Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Secured Financing Debt and the Permitted Senior Secured Financing Creditors, for application towards the discharge of:

(A) the Senior Pari Passu Notes Liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Pari Passu Notes finance documents);

(B) the Non-Super Priority Hedging Liabilities; and

(C) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Secured Financing Debt and the Permitted Senior Secured Financing Liabilities (other than the liabilities owing to a Senior Secured Creditor Representative) (in accordance with the terms of the Permitted Senior Secured Financing Documents and, if there is more than one Permitted Senior Secured Financing Agreement, on a *pro rata* basis between the Permitted Senior Secured Financing Debt in respect of each Permitted Senior Secured Financing Agreement);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to above in payment to the Senior Non-Super Priority Creditors for application (III) towards the discharge of the Senior Liabilities on a *pro rata* basis and *pari passu*;

(a) sixth, in relation to the Shared Security only, in payment to the Senior Subordinated Creditors for application towards the discharge of the Senior Subordinated Liabilities on a *pro rata* basis and *pari passu*; and

(b) seventh, if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(c) eighth, the balance, if any, in payment to the relevant Debtor.

Order of application—senior subordinated notes only security

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Senior Subordinated Notes Only Security shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (but only to the extent that such Senior Subordinated Notes Only Security is expressed to secure those Liabilities and subject to the provisions of this "*—Application of proceeds*" section), in the following order of priority:

(a) first, in discharging any sums owing to the Security Agent, any receiver or any delegate on a *pari passu* basis;

(b) second, in discharging any Senior Subordinated Notes Trustee amounts and any sums owing to any Senior Subordinated Creditor Representative (in respect of Permitted Subordinated Financing Agent Liabilities);

(c) third, in payment of all costs and expenses incurred by any Senior Subordinated Creditor in connection with any realization or enforcement of the Senior Subordinated Notes Only Security;

(d) fourth, in payment to;

(i) each Senior Subordinated Notes Trustee on its own behalf and on behalf of the Senior Subordinated Note holders; and

(ii) each Senior Subordinated Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Creditors, for application towards discharge of:

(A) the Senior Subordinated Notes liabilities (in accordance with the terms of the Senior Subordinated Notes finance documents); and

(B) the liabilities of the Debtors owed to the arrangers of the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Liabilities (other than the liabilities owed to a Senior Subordinated Creditor Representative (in accordance with the terms of the Permitted Subordinated Financing Documents and, if there is more than one Permitted Subordinated Financing Agreement, on a *pro rata* basis between the Permitted Subordinated Financing Debt in respect of each Permitted Subordinated Financing Agreement)), on a *pro rata* basis and *pari passu*;

(e) fifth, if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(f) sixth, the balance, if any, in payment to the relevant Debtor.

Liabilities of the senior subordinated debt issuer

All amounts from time to time received or recovered by the Security Agent from or in respect of the Senior Subordinated Debt Issuer pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the security) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in accordance with the order of priority set out under the caption "*—Application of proceeds—Order of application—Senior Subordinated Notes Only Security*."

Debt refinancing

The Intercreditor Agreement permits any of the liabilities under the debt documents to be refinanced, replaced, increased or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt and/or Permitted Subordinated Financing Debt or the issue of additional Senior Pari Passu Notes and/or additional Senior Subordinated Notes (a "**Debt Refinancing**"). Each party to the Intercreditor Agreement shall,

subject to any contrary provision of the Secured Debt Documents, be required to enter into any amendment to or replacement of the then current Secured Debt Documents and/or take such other action as is required by the Company in order to facilitate such a Debt Refinancing including changes to, the taking of, or release and retake of, any guarantee or security, subject to certain conditions. At the option of the Company, a Debt Refinancing (i) may be made available on a basis which is senior to, *pari passu* with or junior to any of the other liabilities, (ii) shall be entitled to benefit from all or any of the security, (iii) may be made available on a secured or unsecured basis (subject to certain restrictions) and (iv) may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by any of the Debt Financing Agreements. Under the terms of the Intercreditor Agreement, each agent, each Secured Party and each Primary Creditor agrees that it shall co-operate with the Company, each other member of the Group and each agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Company, executing any document or agreement and/or giving instructions to any person). In the event of any refinancing or replacement of all or any part of the Senior Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Company shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the Senior Facility (meaning that for the purpose of calculating the voting entitlement of any person, at the option of the Company all or any part of the relevant refinancing or replacement indebtedness may be treated as Senior Pari Passu Credit Participations of the Super Priority Creditors and not Senior Pari Passu Notes/Permitted Financing Credit Participations).

Required consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(a) if the relevant amendment or waiver (the "**Proposed Amendment**") is prohibited by the Senior Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Facilities Agreement);

(b) if the Proposed Amendment is prohibited by the terms of the relevant Senior Pari Passu Notes Indenture, the Senior Pari Passu Notes Trustee (acting on the instructions of the requisite Senior Pari Passu Note Holders);

(c) if any Permitted Senior Secured Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Secured Financing Agreement, the Senior Secured Creditor Representative in respect of that Permitted Senior Secured Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Secured Financing Creditors);

(d) if any Senior Subordinated Notes have been issued and if the Proposed Amendment is prohibited by the terms of the relevant Senior Subordinated Notes Indenture, the Senior Subordinated Notes Trustee (acting on the instructions of the requisite Senior Subordinated Note holders);

(e) if any Permitted Subordinated Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Subordinated Financing Agreement, the Senior Subordinated Creditor Representative in respect of that Permitted Subordinated Financing Debt (if applicable, acting on the instructions of the Majority Permitted Subordinated Financing Creditors);

(f) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Company to the Security Agent at the time of the relevant amendment or waiver);

(g) the Investors; and

(h) the Company.

Any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see "*—Debt Refinancing*"), any incurrence of additional and/or refinancing debt (as referred to in "*—Ranking and Priority—Additional and/or Refinancing Debt*") or Non-Distressed Disposal (see "*—Proceeds of disposals—Non-Distressed Disposals*") or in connection with any other provision of any Secured

Debt Document (*provided* that such amendment or waiver is not expressly prohibited by the terms of any other Secured Debt Document) is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended by the Company and the Security Agent without the consent of any other party, to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes in each case of a minor, technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Company.

Amendments and waivers: security documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorized by an Instructing Group, and if the Company consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned "—*Exceptions*" below, any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned "—*Required Consents.*"

Exceptions

Subject to the following paragraph of this "—*Exceptions*" section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

(a) to any release of security and/or Senior Subordinated Notes Only Security, claim or liabilities; or

(b) to any consent, which, in each case, the Security Agent gives in accordance with the provisions set out in the caption "—*Proceeds of Disposals*" above.

The first paragraph of this "—*Exceptions*" section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

Agreement to override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

Guarantees

The Intercreditor Agreement additionally provides for Hedge Counterparties to receive guarantees and indemnities from the Debtors on substantially the same terms (including the relevant limitations) as such guarantees and indemnities are provided by the obligors to the finance parties under the Senior Facilities Agreement.

Equalization

The Intercreditor Agreement provides that if (but only to the extent that such transaction security is expressed to secure those liabilities), for any reason, any Senior Pari Passu Notes Liabilities or Permitted Senior Secured Financing Liabilities remain unpaid after the enforcement date and the application of Recoveries and the resulting losses are not borne by the Senior Pari Passu Notes Creditors or Permitted Senior Secured Financing Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Pari Passu Notes Creditors and Permitted Senior Pari Passu Financing Creditors at the enforcement date, the Senior Pari Passu Notes Creditors and Permitted Senior Secured Financing Creditors will

make such payments from such Recoveries actually received amongst themselves as the Security Agent shall require to put them in such a position that (after taking into account such payments) those losses are borne in those proportions.

Existing MTNs

In February 2012, the Issuer established a Swedish law MTN program (the "**Existing MTN Program**") under which the Issuer has issued, and may in the future issue, unsecured medium term notes (the "**Existing MTNs**"). Swedbank AB (publ) is the lead arranger under the Existing MTN Program. On May 22, 2020, the Issuer published, and the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) approved in accordance with the Prospectus Regulation, an updated prospectus for the Existing MTN Program, raising the aggregate total nominal amount of Existing MTNs able to be outstanding under the Existing MTN Program to SEK 10,000 million (€954 million equivalent). The Issuer had Existing MTNs outstanding as of June 30, 2020 in an aggregate amount of SEK 5,000 million (€477 million equivalent), including (i) SEK 1,000 million (€95 million equivalent) of Existing MTNs that were issued on July 6, 2018 and due July 6, 2020 that were redeemed in full on July 6, 2020 in connection with the 2020 MTN Redemption, and that bore interest at a floating rate of STIBOR plus a margin of 1.90% per annum and that matured on July 6, 2020; (ii) SEK 2,000 (€191 million equivalent) million of Existing MTNs that were issued on July 3, 2019, due July 3, 2023, and that bear interest at a floating rate of three months STIBOR plus a margin of 3.25% per annum (iii) SEK 900 million (€86 million equivalent) of Existing MTNs that were issued on August 22, 2019, due July 3, 2023, and that bear interest at a floating rate of three months STIBOR plus a margin of 3.25% per annum; and (iv) SEK 1,100 million (€105 million equivalent) of Existing MTNs that were issued on November 13, 2019, due November 22, 2021, and that bear interest at a floating rate of three months STIBOR plus 1.80% per annum. The Existing MTNs may not be voluntarily prepaid prior to their respective maturity dates. The Existing MTNs are senior unsecured obligations of the Issuer and are not guaranteed by any of its subsidiaries.

The Existing MTNs may be issued with fixed, floating or zero coupon rate. The terms and conditions of the Existing MTN Program contain customary restrictions, *inter alia*, on security and guarantees, prohibiting the Issuer from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the Existing MTN Program contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and mergers where the Issuer is not the surviving entity, the occurrence of which would enable the issuing agent to, by written notice, declare the loans and any accrued interest due and payable immediately, or on such later date as the issuing agent may decide.

Existing Commercial Paper

In 2011, the Issuer established a Swedish law commercial paper program (the "**Existing Commercial Paper Program**") under which the Issuer has issued, and may in the future issue, unsecured commercial paper ("**Existing Commercial Paper**"). Nordea Bank Abp and Swedbank AB (publ) are the issuing agents under the Existing Commercial Paper Program. The aggregate total nominal amount of Existing Commercial Paper outstanding under the Existing Commercial Paper Program may not exceed SEK 4,000 million (€382 million equivalent). As of June 30, 2020, the Issuer has Existing Commercial Paper outstanding in an aggregate amount of SEK 1,252 million was (€119 million equivalent). The Existing Commercial Paper is an unsecured obligation of the Issuer and is not guaranteed by any of its subsidiaries.

The terms and conditions of the Existing Commercial Paper Program contain customary restrictions, *inter alia*, on security and guarantees, prohibiting the Issuer from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the Existing Commercial Paper contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and insolvency proceedings, the occurrence of which would enable the issuing agents to, by written notice by noteholders representing at least 10% of the total adjusted nominal amount, declare the loans and any accrued interest due and payable immediately.

The Existing Commercial Paper is frequently issued with an average term of three months, though the term may vary between one and 12 months. The Existing Commercial Paper bears interest at an average all-in rate of 0.28% per annum.

Backstop Revolving Credit Facility Agreement

On December 6, 2019, the Issuer entered into an English law governed multicurrency revolving credit facility agreement (the "**Backstop Revolving Credit Facility Agreement**") with, among others, Swedbank AB (publ), as facility agent and security agent, and Danske Bank A/S, Danmark, Sverige Filial, DNB Bank ASA, Nordea Bank Abp, filial i Sverige, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ), as lenders, in order to provide a backstop facility for the Existing Commercial Paper Program. If on the last day of the fiscal year, the Indirect Coverage Test is not satisfied within 90 days of delivery of the annual financial statements for the relevant fiscal year, such other restricted subsidiaries of the Company (subject to agreed security principles) are required to become Pledged Companies or such other assets will be contributed to the Pledged Group (as defined in the Backstop Revolving Credit Facility Agreement) (in each case, a "**Pledged Contribution**" (to be calculated as if such Pledged Contribution had occurred on such last day of the relevant fiscal year). The lenders under the Backstop Revolving Credit Facility Agreement have acceded to the Intercreditor Agreement as Permitted Senior Secured Financing Creditors for the purposes of the Intercreditor Agreement.

Commitments

The total commitments under the Backstop Revolving Credit Facility Agreement are SEK 2,000 million (€191 million equivalent) of which SEK 250 million (€24 million equivalent) may be utilized as swing line loans.

Borrower and Borrowings

The facilities under the Backstop Revolving Credit Facility Agreement are available for borrowing by the Issuer. It is a condition of utilization of the commitments under the Backstop Revolving Credit Facility Agreement that the Revolving Credit Facility (or any facility replacing such) has been utilized in an amount not less than an amount equal to the lesser of (A) 95% of the available commitments thereunder and (B) €1,045 million or, if greater, 33.25% of estimated remaining gross collections as determined in accordance with the Backstop Revolving Credit Facility Agreement.

Purpose

Utilization under a facility may only be applied by the Issuer as a backstop to the Existing Commercial Paper Program, for financing or refinancing the working capital requirements and/or for general corporate purposes.

Guarantees and security

The obligations under the Backstop Revolving Credit Facility Agreement are guaranteed by the Issuer and the same subsidiaries of the Issuer that guarantee the Revolving Credit Facility and are secured with substantially the same collateral that secures the Revolving Credit Facility.

Repayment of borrowings and maturity

The original termination date under the Backstop Revolving Credit Facility Agreement is the first anniversary of the date of the Backstop Revolving Credit Facility Agreement. The Issuer may request a 12 month extension to the original termination date and a further 12 month extension to such extended termination date (which extension, with respect to any lender, will be at the option of the given lender).

Interest rate and fees

The rate of interest on each loan for each interest period under the Backstop Revolving Credit Facility Agreement is the percentage rate per annum which is the aggregate of 3.00% per annum and the applicable IBOR with a 0.65% commitment fee payable on the aggregate undrawn and uncancelled amount of the revolving credit facility commitments thereunder.

Other terms

The other material terms of the Backstop Revolving Credit Facility Agreement, including the financial covenant, the undertakings (including the requirement to satisfy the Indirect Coverage Test) and the events of default, are substantially the same as the terms of the Revolving Credit Facility. The Backstop Revolving Credit Facility Agreement prevents the incurrence of secured indebtedness by the Issuer that ranks *pari passu* with, or senior to, the indebtedness incurred thereunder with respect to proceeds of enforcement of security or distressed

disposals ("**Senior Secured Indebtedness**") (other than any indebtedness incurred under the Revolving Credit Facility and the Backstop Revolving Credit Facility Agreement itself), and prevents the Issuer from amending the terms of indebtedness outstanding on the date of the Backstop Revolving Credit Facility Agreement the effect of which would be that such indebtedness ranks *pari passu* with or senior to the indebtedness incurred under the Backstop Revolving Credit Facility Agreement (provided the Issuer may incur Senior Secured Indebtedness not exceeding at any time the greater of (A) €250 million and 6.5% of estimated remaining gross collections as determined in accordance with the Backstop Revolving Credit Facility Agreement plus (B) €160 million).

2023 Private Placement Notes

In June 2016, the Issuer issued €160 million bonds (SEK 1,677 million equivalent) (the "**2023 Private Placement Notes**"), all of which were outstanding as of June 30, 2020, through a private placement with AB Svensk Exportkredit ("**AB SEK**"). The 2023 Private Placement Notes are senior secured obligations of the Issuer and are not guaranteed by any of its subsidiaries. Pursuant to the terms of the Intercreditor Agreement, the 2023 Private Placement Notes are secured by the property securing the Revolving Credit Facility and the Backstop Revolving Credit Facility.

The terms and conditions of the 2023 Private Placement Notes contain customary restrictions, *inter alia*, on security and guarantees, prohibiting the Issuer from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the 2023 Private Placement Notes contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and mergers where the Issuer is not the surviving entity, the occurrence of which would enable AB SEK to, by written notice, declare the loans and any accrued interest due and payable immediately, or on such later date as the issuing agent may decide.

Furthermore, the Issuer and AB SEK have, in connection with the issuance of the 2023 Private Placement Notes, entered into a side letter stipulating, *inter alia*, that certain financial covenants included in the Revolving Credit Facility (or any agreement replacing the Revolving Credit Facility) shall apply also to the 2023 Private Placement Notes. Accordingly AB SEK benefits from the same financial covenants included in the Revolving Credit Facility Agreement. See "*—Revolving Credit Facility Agreement.*"

The 2023 Private Placement Notes mature in June 2023 and may not be voluntarily prepaid prior to their maturity date. The 2023 Private Placement Notes bear interest at a floating rate of EURIBOR (3 months) plus a margin on commercial and competitive terms.

Existing Notes

On June 26, 2017, the Issuer issued senior notes comprised of the following tranches, all of which were outstanding as of June 30, 2020: (i) €750 million (SEK 7,860 million equivalent) aggregate principal amount of 2.750% senior notes due 2022 (the "**2022 Notes**") and (ii) €900 million (SEK 9,432 million equivalent) aggregate principal amount of 3.125% senior notes due 2024 (the "**2024 Notes**"). The 2022 Notes and 2024 Notes were issued under and governed by the New York law governed 2022 and 2024 Notes Indenture. The 2022 Notes will mature on July 15, 2022. Interest on the 2022 Notes is payable semi-annually in cash in arrears on each January 15 and July 15. The 2024 Notes will mature on July 15, 2024. Interest on the 2024 Notes is payable semi-annually in cash in arrears on each January 15, and July 15. On July 31, 2019, the Issuer issued €800 million (SEK 8,384 million equivalent) aggregate principal amount of 3.500% senior notes due 2026 (the "**2026 Notes**"), all of which were outstanding as of June 30, 2020. The 2026 Notes were issued under and governed by the New York law governed 2026 Notes Indenture. The 2026 Notes will mature on July 15, 2026. Interest on the 2026 Notes is payable semi-annually on each January 15 and July 15. On September 19, 2019, the Issuer issued €850 million (SEK 8,908 million equivalent) aggregate principal amount, outstanding as of June 30, 2020, of 3.000% senior notes due 2027 (the "**2027 Notes**"). The 2027 Notes were issued under and governed by the New York law governed 2027 Notes Indenture. The 2027 Notes will mature on September 15, 2027. Interest on the 2027 Notes is payable semi-annually on each March 15 and September 15. On December 13, 2019, the Issuer issued €75 million (SEK 786 million equivalent) aggregate principal amount of 3.000% senior notes due 2025 through a private placement with Citibank, N.A., London Branch, as trustee (the "**2025 Notes**" and, together with the 2022 Notes, 2024 Notes, 2026 Notes and the 2027 Notes, the "**Existing Notes**"), all of which were outstanding as of June 30, 2020. The 2025 Notes were issued under and governed by the New York law governed 2025 Notes Indenture. The 2025 Notes will mature on March 15, 2025. Interest on the 2025 Notes is payable semi-annually

on each March 15 and September 15. The Issuer expects to redeem €600 million aggregate principal amount of the 2022 Notes with the proceeds from the Offering.

The Existing Notes are senior obligations of the Issuer, rank equally in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Existing Notes and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Existing Notes. The Existing Notes are unsecured and effectively subordinated to any existing and future secured indebtedness of the Issuer, including any amounts owing under the Revolving Credit Facility, the Backstop Revolving Credit Facility, the 2023 Private Placement Notes and certain hedging arrangements, to the extent of the value of assets securing such indebtedness. The Existing Notes are not guaranteed by any of the Issuer's subsidiaries and are structurally subordinated to all existing and future indebtedness of such subsidiaries, including such subsidiaries' obligations under the Revolving Credit Facility, the Backstop Revolving Credit Facility and certain hedging arrangements.

The Issuer may redeem all or part of the Existing Notes at the following repurchase prices (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months of July 15 of each year indicated below:

	Repurchase Price				
	2022 Notes	**2024 Notes**	**2025 Notes**	**2026 Notes**	**2027 Notes**
2019	101.375%	–	–	–	–
2020	100.688%	101.563%	–	–	–
2021	100.000%	100.781%	–	–	–
2022	–	100.000%	101.500%	101.750%	101.500%
2023	–	100.000%	100.750%	100.875%	100.750%
2024	–	–	100.000%	100.000%	100.000%
2025	–	–	–	100.000%	100.000%
2026	–	–	–	–	100.000%
2027	–	–	–	–	–

The Existing Notes Indentures, among other things, further limits the ability of the Issuer and its restricted subsidiaries to (i) make investments or other restricted payments; (ii) create liens; (iii) sell assets and subsidiary stock; (iv) pay dividends or make other distributions or repurchase or redeem capital stock or subordinated debt; (v) engage in certain transactions with affiliates; (vi) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (vii) engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications.

Among other exceptions, (i) the 2022 and 2024 Notes Indenture permits the incurrence of indebtedness by the Issuer so long as the consolidated fixed charge coverage ratio (including *pro forma* application of the proceeds thereof) is not greater than 2.0 to 1.0, *provided* that the aggregate amount of indebtedness incurred by restricted subsidiaries of the Issuer that are not guarantors does not exceed €250 million at any one time outstanding and (ii) the 2025 Notes Indenture, the 2026 Notes Indenture and the 2027 Notes Indenture each permit the incurrence of indebtedness by the Issuer so long as the consolidated fixed charge coverage ratio (including *pro forma* application of the proceeds thereof) is not greater than 2.0 to 1.0, *provided* that the aggregate amount of indebtedness incurred by restricted subsidiaries of the Issuer that are not guarantors does not exceed the greater of 6.4% of ERC (as defined therein) and €300 million at any one time outstanding.

The Existing Notes Indentures provide for certain events of default, including, among others, defaults under other debt instruments which (i) are caused by the failure to pay principal on the indebtedness at its stated maturity prior to expiration of any applicable grace period or (ii) result in the acceleration of such indebtedness prior to its maturity, and, in each case, the principal amount of such indebtedness (together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been accelerated) aggregates €55 million or more.

DESCRIPTION OF THE NOTES

The following is a description of the €600 million in aggregate principal amount of 4.875% Senior Notes due 2025 (the "**Notes**" or the "**2025 Notes**").

The Notes will be issued by Intrum AB (publ), a company incorporated in Sweden (the "**Issuer**").

In this "*Description of the Notes*," the "**Issuer**" refers only to Intrum AB (publ), and any successor obligor to Intrum AB (publ) under the Indenture, and not to any of its Subsidiaries. You can find the definitions of certain terms used in this description under "*—Certain Definitions*."

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

The Issuer will issue the Notes under an indenture, to be dated as of the Issue Date (the "**Indenture**"), among, *inter alios*, the Issuer and Citibank, N.A., London Branch as trustee (the "**Trustee**"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*." The terms of the Notes include those stated in the Indenture. The Indenture will not be qualified under, and will not incorporate any provision of, or be subject to the terms of, the Trust Indenture Act. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Notes issued on the Issue Date and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture and the Intercreditor Agreement in their entirety. Copies of the Indenture and the Intercreditor Agreement are available as described under "*Listing and General Information—Admission to trading and listing*."

The registered Holder of a Note will be treated as the owner of it for all purposes. In general, only registered Holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes offered hereby:

- will be senior obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including obligations under the Existing Notes, the RCF Facility Agreement, the Backstop RCF Agreement, certain Hedging Obligations, the MTNs, the Private Placement Notes and the Commercial Paper Program;

- will be senior in right of payment to any Subordinated Indebtedness of the Issuer;

- will be effectively subordinated to any existing and future secured obligations of the Issuer, including obligations under the RCF Facility Agreement, the Private Placement Notes, the Backstop RCF Agreement and certain Hedging Obligations, to the extent of the value of the property and assets securing such obligations; and

- will be structurally subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors, including such subsidiaries' obligations under the RCF Facility Agreement and the Backstop RCF Agreement.

Initially, none of the Issuer's Subsidiaries will Guarantee the Notes and the Issuer will not have any obligation to cause any of its Subsidiaries to Guarantee the Notes in the future (except as required under the circumstances described below under the caption "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*)."

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and any Guarantor, including Holders. The Notes and any Guarantee thereof will be effectively subordinated to creditors (including trade creditors and the obligations under the RCF Facility Agreement, the Private Placement Notes (to the extent of the value of the property and assets of the relevant subsidiaries of the Issuer securing the Private Placement Notes), the Backstop RCF Agreement and certain Hedging Obligations) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than any Guarantor). As of June 30, 2020, after giving effect to the Transactions, the Issuer's Subsidiaries would have had no external debt, including interest-bearing notes, loans and borrowings (but excluding trade payables, liens, shareholder loans and finance lease obligations), other than the Guarantees of Indebtedness under the RCF Facility Agreement and the Backstop RCF Agreement. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). If the due date for any payment or redemption in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Principal and maturity

The Issuer will issue €600 million in aggregate principal amount of Notes in this Offering on the Issue Date. The Notes offered hereby will mature on August 15, 2025. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Notes shall be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments or other modifications of the Indenture or any other action by the Holders, except as otherwise provided in the Indenture, including under "*—Additional Notes*."

Interest

Interest on the Notes offered hereby will accrue at the rate of 4.875% per annum and will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on May 15 and November 15, commencing on November 15, 2020;
- be payable to the Holder of record of Notes on the Clearing System Business Day immediately preceding the related interest payment date, or to the extent certificated securities ("**Definitive Registered Notes**") have been issued, to the Holders of record of the Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*"), the Issuer is permitted to issue additional Notes of the same or different series, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("*Additional Notes*"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the maturity date, and the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed;

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes; and

(9) any relevant limitation language with respect to any Note Guarantee (as defined below).

In the Issuer's sole discretion, the aforementioned Officer's Certificate may include provisions pertaining to (a) the redemption of such Additional Notes, in whole or in part, including, but not limited to, pursuant to any special mandatory redemption in the event that the release from any escrow into which proceeds of the issuance of such Additional Notes are deposited is conditioned on the consummation of any acquisition, Investment, refinancing or other transaction (such redemption, a "**Special Mandatory Redemption**") and (b) the escrow of all or a portion of the proceeds of such Additional Notes and the granting of Liens described in clause (22) of the definition of "Permitted Liens" in favor of the Trustee or a security agent solely for the benefit of the holders of such Additional Notes (and not, for the avoidance of doubt, for the benefit of the holders of any other Notes, including Notes of the same series as such Additional Notes), together with all necessary authorizations for the Trustee or such security agent to enter into such arrangements provided that, for so long as the proceeds of such Additional Notes are in escrow, such Additional Notes shall benefit only from such Liens and shall not be subject to the Intercreditor Agreement or any Additional Intercreditor Agreement and shall not benefit from any security interest in any collateral that may secure the Notes from time to time. In addition, such Officer's Certificate may include provisions pursuant to which such Additional Notes are issued bearing a temporary CUSIP, ISIN or common code pending the satisfaction of certain conditions, such as the consummation of an acquisition, Investment, refinancing or other transaction, and such Additional Notes bearing a temporary CUSIP, ISIN or common code may be automatically exchanged for new Additional Notes bearing the same CUSIP, ISIN or common code as any existing Notes issued; *provided that* such Additional Notes are of the same series and fungible with the Notes issued on the relevant issue date for U.S. federal income tax purposes. Additional Notes may be designated to be of the same series as any other series of Notes, including the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such other series, including with respect to the items set forth in clauses (1) through (9) in the immediately preceding paragraph (it being understood that any Additional Notes that are substantially identical in all material respects to any other series of Notes but for being subject to a Special Mandatory Redemption shall be deemed to be substantially identical to such series of Notes only following the expiration of any provisions relating to such Special Mandatory Redemption). All series of Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for any applicable series; *provided*, that any Additional Notes that are not fungible with the applicable series of Notes initially offered hereunder for U.S. federal income tax purposes will have a separate ISIN, Common Code, CUSIP or other securities identification number from such Notes. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes*," references to "*Notes*" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any Definitive Registered Notes will be payable at the specified office or agency of one or more Paying Agents in London, in each case, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrars for the Notes*."

Paying Agent and Registrars for the Notes

The Issuer will maintain one or more paying agents (each a "**Paying Agent**") for the Notes, including a Paying Agent in London (the "**Principal Paying Agent**"). The initial Principal Paying Agent for the Notes will be Citibank, N.A., London Branch.

- The Issuer will also maintain one or more registrars (each, a "**Registrar**"). The Issuer will also maintain a transfer agent in London. The initial Registrar in respect of the Notes will be Citibank, N.A., London Branch (the "**Registrar**") and the initial transfer agent will be Citibank, N.A., London Branch. The Registrar, Paying Agent and transfer agent, as applicable, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to Holders. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. Notice of any change in a Paying Agent, Registrar or Transfer Agent may be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Transfer and Exchange

The Notes will initially be issued as follows:

- The Notes sold within the United States to qualified institutional buyers ("**QIBs**") pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "**144A Global Notes**").

- The Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**").

- The Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

No Book-Entry Interest in any Global Note representing one series of Notes and no Definitive Registered Note issued in exchange for a Book-Entry Interest in such series of Notes may be transferred or exchanged for any Book-Entry Interest in any Global Note representing another series of Notes or any Definitive Registered Note issued in exchange for a Book-Entry Interest in another series of Notes.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. During the 40 day distribution compliance period, Book Entry Interests in the Regulation S Global Notes ("**Regulation S Book-Entry Interests**") may be transferred only to non U.S. persons in compliance with Regulation S of the Securities Act or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. Subject to the foregoing, Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of Book Entry Interests in the Rule 144A Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book Entry Interest in the Global Note from which it was transferred and will become a Book Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof, in each case, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not validly withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar, the Paying Agents and the transfer agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate other Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of certain Indebtedness by the Issuer or any of its Restricted Subsidiaries, the Trustee shall, at the request of the Issuer, enter into with the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "**Additional Intercreditor Agreement**"), on substantially similar terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders); *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Issuer shall furnish to the Trustee such documentation in relation thereto as it may reasonably require.

In relation to the Intercreditor Agreement or any Additional Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, however, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by the Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Issuer or its Restricted Subsidiaries that is subject to the Intercreditor Agreement or Additional Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement or any Additional Intercreditor Agreement, (4) secure the Notes (including Additional Notes) or (5) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee to enter into the Intercreditor Agreement, any Additional Intercreditor Agreement or any restatement, replacement, amendment or other modification to reflect the above on each Holder's behalf and the Trustee will not be required to seek the consent of the Holders to perform its obligations under and in accordance with the above provisions.

A copy of the Intercreditor Agreement and/or any Additional Intercreditor Agreement shall be made available to the Holders upon request to the Issuer.

Optional Redemption

Except as set forth herein and under "*—Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer.

At any time prior to August 15, 2022, the Issuer may redeem the 2025 Notes, including any Additional Notes of the same series, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest to, the redemption date, and Additional Amounts, if any.

At any time and from time to time on or after August 15, 2022, the Issuer may redeem the 2025 Notes, including any Additional Notes of the same series, in whole or in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date and Additional Amounts, if any:

Twelve-month period commencing on August 15,	Percentage
2022	102.438%
2023	101.219%
2024 and thereafter	100.000%

At any time and from time to time prior to August 15, 2022, the Issuer may redeem the 2025 Notes, including any Additional Notes of the same series, upon not less than 10 nor more than 60 days' prior notice, with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 104.875% plus accrued and unpaid interest to the redemption date and Additional Amounts, if any, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the 2025 Notes (including the original principal amount of any Additional Notes of the same series), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original principal amount of the 2025 Notes being redeemed (including the original principal amount of any Additional Notes of the same series) remain outstanding immediately thereafter.

General

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering and, in the case of a redemption of the Notes, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided*, however, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

The Issuer may repurchase Notes of any series at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under "*Selection and Notice*" below.

If the Issuer chooses to exercise its optional right to redeem the Notes pursuant to the provisions summarized above, the Issuer may in its discretion redeem one or more series of Notes, either together or separately.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any tender offer or other offer to purchase any series of the Notes, if Holders of not less than 90% of the aggregate principal amount of the then-outstanding Notes of such series validly tender and do not validly withdraw such Notes of such series in such tender offer and the Issuer, or any third party making

such tender offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not validly withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes of such series that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders), plus, to the extent not included in the tender offer payment, accrued and unpaid interest thereon, if any, to, but not including, the repurchase date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then-outstanding Notes of any series have validly tendered and not validly withdrawn such Notes in a tender offer or other offer to purchase for all of the Notes of such series, as applicable, Notes of such series owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge of, or defeasance of, the Indenture, requests that the Trustee distribute to the Holders amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions set forth under "—*Defeasance*" or "—*Satisfaction and Discharge*," the applicable redemption notice will state (i) that Holders will receive such amounts deposited in trust with the Trustee prior to the date fixed for redemption and (ii) such earlier payment date.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes of any series are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes of such series for redemption in compliance with the rules and procedures of Euroclear and Clearstream, or (i) if such Notes are not held through Euroclear or Clearstream, on a *pro rata* basis or (ii) if Euroclear or Clearstream prescribe no method of selection, by use of a pool factor; *provided*, however, that no Note of €100,000 or less in aggregate principal amount shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made in accordance with this paragraph.

The Issuer shall publish notice of redemption in accordance with the prevailing rules of the Luxembourg Stock Exchange applicable to the Securities Official List and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar or deliver such notice in accordance with the rules and procedures of Euroclear or Clearstream, as applicable, in lieu of the aforesaid mailing.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "—*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result

of the redemption or otherwise if the Issuer, Successor Issuer or Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaty (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below under "*—Withholding Taxes*"); or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction,

(each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"), the Issuer, Successor Issuer or Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and not result in any material legal or regulatory burden or any significant additional costs but not including assignment of the obligation to make payment with respect to the Notes and not including changing the jurisdiction of the Issuer, Successor Issuer or Guarantor, as applicable). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must be publicly announced and become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

- All payments made by or on account of the Issuer, a Successor Issuer or a Guarantor (a "**Payor**") on the Notes or any Note Guarantees, as defined below, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(3) Sweden or any political subdivision or Governmental Authority thereof or therein having power to tax;

(4) any jurisdiction from or through which payment on any such Note or Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents on their behalf, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(5) any other jurisdiction in which the Payor is incorporated or organized, engaged in a trade or business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Taxing Jurisdiction**"),

will at any time be required from any payments made by a Payor with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

(2) any Taxes to the extent that they are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Note Guarantee;

(4) any estate, inheritance, gift, sales, value added, use, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;

(6) any Taxes imposed on or with respect to a payment to any Holder who is a fiduciary or a partnership or any Person other than the sole beneficial owner of payment or such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly;

(7) any Taxes withheld or deducted pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such Sections), any U.S. Treasury regulations promulgated thereunder, any official interpretations thereof or any agreements (including an intergovernmental agreement or any law implementing any such agreement) entered into in connection with the implementation thereof; or

(8) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request. The Payor shall

attach to each certified copy or other evidence, as applicable, a certificate stating (x) that the amount of Tax evidenced by the certified copy was paid in connection with payments under or with respect to the Notes then outstanding upon which such Taxes were due and (y) the amount of such withholding tax paid per €1,000 of principal amount of the Notes.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, any Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar taxes, charges or levies (including interest and penalties to the extent resulting from a failure by the Payor to timely pay amounts due) that arise in any Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer of the Notes), and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The Payor will also pay any such taxes, charges, or levies arising in any taxing jurisdiction in connection with the enforcement of the Notes, or any other such document or instrument, following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (in integral multiples of €1,000; *provided* that Notes of €100,000 or less in aggregate principal amount may only be repurchased in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase and Additional Amounts, if any (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, however, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "**Change of Control Offer**") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the

right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agents an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agents the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or the Registrar as applicable will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not validly withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control, or an offer or other transaction that if consummated would result in a Change of Control has been publicly announced and, if applicable, not withdrawn, at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the RCF Facility Agreement and the Backstop RCF Agreement, the occurrence of a change of control would require the repayment of such indebtedness, and under the Existing Indentures, the occurrence of a change of control would require the Issuer to make an offer to holders of the Existing Notes to repurchase the Existing Notes at a purchase price in cash equal to 101% of the principal amount thereof. Future debt of the Issuer or its Subsidiaries may contain similar requirements, or may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

The Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited to the Issuer's then existing financial resources. See "*Risk Factors—Risks related to the Notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture*."

Holders may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Issuer's board of directors, including in connection with a proxy contest.

The definition of "**Change of Control**" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, however, that the Issuer and any of its Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) as if the additional Indebtedness had been Incurred at the beginning of the relevant four quarter period, the Consolidated Fixed Charge Coverage Ratio for the Issuer's most recently ended four fiscal quarters for which internal consolidated financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred is at least 2.0 to 1.0; *provided further* that the aggregate principal amount of Indebtedness Incurred pursuant to this paragraph and clause (11) of the next paragraph by Restricted Subsidiaries that are not Guarantors shall not exceed the greater of 6.4% of ERC and €300 million at any one time outstanding.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (a) the greater of (i) €1,100 million and (ii) 35% of ERC, plus (b) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2)

(a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary so long as (i) the Incurrence of such Indebtedness being guaranteed is permitted under the terms of the Indenture, (ii) if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or to a Note Guarantee then such Guarantee must be subordinated to the same extent as the Indebtedness being guaranteed and (iii) if the Indebtedness being guaranteed is Indebtedness of the Issuer or a Guarantor, such Restricted Subsidiary complies with the covenant described under "—*Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*;" or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, however, that:

(a) if the Issuer or any Guarantor is the obligor under such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes and the Indenture; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a)(i) the Notes (other than any Additional Notes) and any Note Guarantees thereof, (ii) the Existing Notes (including the portion of the Existing Notes that will be redeemed in accordance with the Transactions until the portion is redeemed in accordance with the Transactions), the MTNs, the Private Placement Notes and the Commercial Paper Program, in each case, outstanding on the Issue Date and (iii) any "parallel debt" obligation under the Intercreditor Agreement and any Additional Intercreditor Agreement, (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date after giving *pro forma* effect to the Transactions and (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in sub-clause (a), (b) or (c) of this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(5) Indebtedness (a) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or another Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or any Restricted Subsidiary) or (b) Incurred by the Issuer to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided*, however, with respect to each of clause (5)(a) and (5)(b), that at the time of such acquisition or other transaction (i) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (ii) the Consolidated Fixed Charge Coverage Ratio of the Issuer would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Issuer);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of (A) €195 million and (B) 2.4% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided*, however, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables of the Issuer or a Restricted Subsidiary for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €400 million and 9.5% of ERC; *provided* that the aggregate principal amount of Indebtedness Incurred pursuant to this clause (11) and under the first paragraph of this covenant by Restricted Subsidiaries that are not Guarantors shall not exceed the greater of €300 million and 6.4% of ERC at any one time outstanding;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding

or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1) and (6)(ii) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1) and (6)(ii) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(15) Indebtedness consisting of local lines of credit or working capital facilities not to exceed the greater of 2.1% of ERC and €100 million outstanding at any one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the RCF Facility Agreement and the Backstop RCF Agreement shall be deemed Incurred on the Issue Date under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments or any "parallel debt" obligation relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (12) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(8) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred under this covenant in reliance on a percentage of ERC or Total Assets at the time of Incurrence, such percentage of ERC or Total Assets restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus premiums (including tender premiums), costs and fees in connection with such refinancing; and

(9) for the purpose of determining compliance with clause (1) of the second paragraph of this covenant, ERC shall be measured at the option of the Issuer on (i) the most recent date on which new commitments with respect to such Indebtedness are obtained or (ii) the date on which such Indebtedness is Incurred; and shall be the ERC as of the most recent balance sheet date for which internal ERC calculations are available.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "**Indebtedness**."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date.

For purposes of determining compliance with any euro- or SEK-denominated (as applicable) restriction on the Incurrence of Indebtedness (including any Indebtedness to be Incurred under the first paragraph of this covenant or by reference to a percentage of ERC or Total Assets) or for purposes of calculating the Consolidated Fixed Charge Coverage Ratio or Consolidated Leverage Ratio for any other purpose under the Indenture, in each applicable case, the euro or SEK equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness or, at the option of the Issuer, first committed or first Incurred (whichever yields the lower euro or SEK equivalent, as applicable), in the case of Indebtedness Incurred under a revolving credit facility; provided that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro or SEK, as applicable, and such refinancing would cause the applicable ratio or euro- or SEK-denominated restriction, as applicable, to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such ratio or euro- or SEK-denominated restriction, as applicable, shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced plus the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing; (b) subject to clause (c) below, the euro or SEK equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering all or any portion the principal and interest on such Indebtedness, the amount of such Indebtedness expressed in euro or SEK, as applicable, will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor (if any) will incur any Indebtedness (including any Indebtedness permitted to be Incurred pursuant to the second paragraph of this covenant) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee thereof on substantially identical terms (as determined in good faith by the Issuer); *provided*, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral, by virtue of being secured on a junior priority basis, by virtue of being guaranteed by different obligors or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer) any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person (any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "**Restricted Payment**"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "*—Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Original Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (6), (10), (11), (12) and (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing January 1, 2016 to the end of the Issuer's most recently ended fiscal quarter prior to the date of such Restricted Payment for which internal consolidated financial statements are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Original Issue Date or otherwise contributed to the equity (other than through

the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Original Issue Date (other than (w) the Capital Contribution, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Original Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries or the merger or consolidation of an Unrestricted Subsidiary into the Issuer or any Restricted Subsidiary (valued at the fair market value of the Issuer's Restricted Investment in such Subsidiary) or the transfer of all of the assets of such Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary (valued at the fair market value of the property received by the Issuer or any Restricted Subsidiary), which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided*, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Issuer or a Restricted Subsidiary; in each case, which Unrestricted Subsidiary was designated as such after the Original Issue Date; provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer or the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale or issuance of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (in each case, other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, through the issuance of Disqualified Stock or Designated Preference Shares, through an Excluded Contribution and to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6)(ii) below) of the Issuer; *provided*, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of (a) Preferred Stock of the Issuer made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or (b) Preferred Stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of such Restricted Subsidiary, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall be required to make a Change of Control Offer under "*—Change of Control*" and shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), in each case from Management Investors or where such purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) is made as a hedge against a management incentive scheme or other employee bonus scheme in which a bonus or other incentive payment is payable in the relevant Capital Stock or is based on the price of the relevant Capital Stock; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to €15 million per fiscal year (with unused amounts in any fiscal year of up to €10 million being permitted to be carried over into the next fiscal year); *provided further that*, such amounts will be increased by an amount equal to the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the July 2019 Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph of this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or amounts constituting or to be used for purposes of making payments (i) in connection with the Transactions (including, for the avoidance of doubt, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with the Transactions) or (ii) to the extent specified in clauses (2), (3), (5), (7) (only to the extent that such payments do not exceed the amount of tax that the Issuer and its Restricted Subsidiaries would owe without taking into account the Tax Sharing Agreement with such Parent or Unrestricted Subsidiary and provided that the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby), and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration or payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent in an amount not to exceed in any year 6% of the Issuer's Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of 3.4% of ERC and €145 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided*, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided*, however, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by any Parent or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and

(17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that the Consolidated Leverage Ratio of the Issuer on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 3.00 to 1.00.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (17) above, or is permitted pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by an Officer or the Board of Directors of the Issuer acting in good faith. For purposes hereof, unsecured Indebtedness shall not be deemed to be subordinate or junior to Indebtedness that is secured by virtue of it not being secured.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes (or any Note Guarantee in the case of Liens of any Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien (in each case, including pursuant to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement) for so long as such Indebtedness is so secured.

Any such Lien created in favor of the Notes pursuant to clause (2) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock held by the Issuer or any Restricted Subsidiary or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(2) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the RCF Finance Documents and the Backstop RCF Agreement) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date after giving *pro forma* effect to the Transactions, including, without limitation, the Indenture, the Notes and the Intercreditor Agreement;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, *that* the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements not prohibited by the Indenture or securing Indebtedness or other obligations of the Issuer or a Restricted Subsidiary not prohibited by the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) (x) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or (y) any encumbrance or restriction pursuant to a joint venture, co-investment or similar agreements (and any agreements ancillary or consequential thereto) that impose restrictions on the transfer of the rights, property or assets of the joint venture, co-investment vehicle or other entity the subject of any such agreement(s);

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements, co-investment and other similar or related agreements and instruments, in each case, entered into in the ordinary course of business or where the Issuer determines that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—*Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Existing Notes Indentures, the RCF Facility Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date after giving pro forma effect to the Transactions or (ii) in comparable financings (as determined in good faith by the Issuer) and where the Issuer determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "—*Limitation on Liens*;" or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of an Officer or the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by an Officer or the Board of Directors of the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary), Indebtedness secured by a Permitted Lien or Indebtedness under the RCF Facility Agreement or any other Indebtedness Incurred pursuant to clause (1) of the second paragraph of the "*—Limitation on Indebtedness*" covenant; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a) the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase *Pari Passu* Indebtedness at a price of no more than 100% of the principal amount of such *Pari Passu* Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Issuer shall redeem, repay or repurchase *Pari Passu* Indebtedness that is Public Debt pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to all Holders to purchase their Notes at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase and/or redeems Notes pursuant to the redemption provisions set forth above under the caption "*—Optional Redemption*," in each case on a *pro rata* basis with any such other *Pari Passu* Indebtedness that is purchased; or (iii) to prepay, repay or purchase any Indebtedness that is secured by a Lien on the assets or property which were the subject of the Asset Disposition (other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary);

(b) to the extent the Issuer or such Restricted Subsidiary elects, within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, to redeem the Notes of any series pursuant to the redemption provisions set forth above under the caption "*—Optional Redemption*" and/or (at the option of the Issuer or Restricted Subsidiary) purchase the Notes of any series pursuant to an offer to all Holders of such series of Notes at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest;

(c) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, however, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; or

(d) any combination of the foregoing,

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Except as set forth in the second succeeding paragraph, for purposes of determining compliance with the provisions of this covenant, the euro equivalent of any Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the first paragraph of this covenant will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day (or the 546th day, in the case of any Net Available Cash committed to be used pursuant to any definitive binding agreement or commitment approved by the Board of Directors of the Issuer pursuant to clause (c) of the first paragraph of this covenant) after the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €90 million, the Issuer will be required to make an offer ("**Asset Disposition Offer**") to all Holders of Notes of each series issued under the

Indenture and, to the extent the Issuer elects, to all holders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum aggregate principal amount of such series of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than 100% of the principal amount of such *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such *Pari Passu* Indebtedness, as applicable, and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. For the avoidance of doubt, the Issuer or any Restricted Subsidiary may make an Asset Disposition Offer prior to the expiration of the 366-day or 546-day period, as applicable, referred to above.

To the extent that the aggregate amount of such series of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes of such series surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes of each series and *Pari Passu* Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of the Notes of such series and *Pari Passu* Indebtedness so tendered. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the aggregate principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be purchased pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes of each series and *Pari Passu* Indebtedness or portions of Notes of each series and such *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes of each series and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes of each series or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the relevant Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note of the relevant series (or amend the Global Note), and the Trustee or the Registrar, as applicable, upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition; *provided* that such Indebtedness is not, directly or indirectly, secured by any Lien on any of the assets or property of the Issuer and its Restricted Subsidiaries (including Capital Stock of a Restricted Subsidiary of the Issuer);

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary;

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €90 million and 1.5% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(6) any Capital Stock or assets of a kind referred to in clause (3)(c) of the first paragraph of this covenant.

The Issuer will comply, to the extent applicable, with the requirements of any applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (any such transaction or series of related transactions, "**Affiliate Transaction**") involving aggregate value in excess of €30 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €75 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer. Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(ii) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2) and (14) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date after giving *pro forma* effect to the Transactions as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate, similar entity or Co-Investment Vehicle that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate, similar entity or Co-Investment Vehicle;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(12) any transaction effected as part of a Qualified Receivables Financing;

(13) the performance of any transactions or obligations of any Person or any of its Subsidiaries under the terms of any transaction arising out of, or payments made pursuant to or for the purposes of funding, any agreement or instrument in effect at the time such Person is acquired by the Issuer or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the Indenture; *provided* that such agreements or instruments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence

on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation; and

(14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter or opinion from an Independent Financial Advisor stating that (i) the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis or (ii) that the transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2020, annual reports containing, to the extent applicable, the following information:

(a) audited consolidated balance sheets of the Issuer as of the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year (in each case, with comparable prior-year periods), including footnotes to such financial statements and the report of the independent auditors on the financial statements;

(b) unaudited pro forma income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year (unless such pro forma information has been provided in a previous report pursuant to clause (2) or (3) below);

(c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies;

(d) a description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements and

(e) material risk factors in a level of detail comparable to the English language version of the Issuer's annual report for the year ended December 31, 2019 and material recent developments (to the extent not previously reported pursuant to clauses (2) and (3) below);

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ending September 30, 2020, all quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Issuer and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments (to the extent not previously reported pursuant to clause (3) below); and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes or change in auditors of the Issuer, or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. The filing of an Annual Report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Subsidiaries other than any Unrestricted Subsidiary (as applicable) separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries other than any Unrestricted Subsidiary (as applicable), which reconciliation shall include the following items: net revenues, EBITDA, ERC, net income, cash, total assets, total debt and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. Notwithstanding the foregoing, in the event the Issuer either (i) posts copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise provides substantially comparable availability of such reports (as determined by the Issuer in good faith), it will be deemed to have delivered such information by making it available to the Trustee.

In addition, so long as the Notes remain outstanding and during any period during which the Parent is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Parent shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger and Consolidation

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "**Successor Issuer**") will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement or such Additional Intercreditor Agreement (to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Fixed Charge Coverage Ratio of the Successor Issuer would not be less than the Consolidated Fixed Charge Coverage Ratio was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Issuer will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer and (b) the Issuer and its Restricted Subsidiaries may undertake a Permitted Reorganization.

Notwithstanding the preceding clauses (3) and (4) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with, merge into or transfer all or a portion of its assets to an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

Suspension of Covenants on Achievement of Investment Grade Status

If, on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day (the "**Suspension Date**") and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness

will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

The Issuer shall notify the Trustee and the Holders that the two conditions set forth in the first paragraph under this heading have been satisfied; *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors

The Issuer will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Public Debt or any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee or other Indebtedness, as applicable, is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee of the Notes, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

The Indenture will provide that, in the event that on any date the MTNs and any Eligible MTN Replacement Indebtedness that contains a covenant substantially similar to the MTN Negative Pledge Provision have been repaid in full, the Issuer will procure that the Restricted Subsidiaries which Guarantee any Indebtedness under the RCF Facility Agreement will each, within 60 days of such date, become a Guarantor and, if applicable, execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of the RCF Facility Agreement.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee of the Notes.

Each Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as such Restricted Subsidiary is an Excluded Subsidiary or the Incurrence of such Guarantee is not required to be granted by operation of the Agreed Security Principles or could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Note Guarantee of a Guarantor will automatically and unconditionally terminate and release (and thereupon will terminate and discharge and be of no further force and effect):

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;

- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

- upon the defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*;"

- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in the case of any Restricted Subsidiary that after the Issue Date is required to Guarantee the Notes pursuant to the first paragraph of this covenant, upon the release or discharge of the Guarantee of Indebtedness by such Restricted Subsidiary that resulted in the obligation to Guarantee the Notes; *provided* that no Event of Default would arise as a result and such Restricted Subsidiary does not Guarantee any other Public Debt of the Issuer or any Guarantor;
- in connection with the implementation of a Permitted Reorganization; or
- as described under "—*Amendments and Waivers*."

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Securities Official List of the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts (where the Notes are initially so listed, prior to the delisting of the Notes from the Securities Official List of the Luxembourg Stock Exchange) to obtain and thereafter to maintain a listing of the Notes on another stock exchange deemed appropriate by the Board of Directors or a member of Senior Management.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders in any jurisdiction or any category of Holders where (1) the solicitation of such consent, waiver or amendment, including in connection with any tender or exchange offer, or (2) the payment of the consideration therefor could reasonably be interpreted as requiring the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws, the laws of the United Kingdom and the laws of the European Union or any of its member states), which the Issuer in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of Holders.

Events of Default

Each of the following is an "**Event of Default**" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply with the provisions of the covenant described under "—*Certain Covenants—Merger and Consolidation*;"

(4) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with any of the Issuer's obligations under the covenants described under "—*Change of Control*" above (other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(5) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of any grace period provided in such Indebtedness ("**payment default**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**") and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €55 million or more;

(7) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(8) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of €55 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**"); and

(9) any Note Guarantee of a Significant Subsidiary or a group of Guarantors that when taken together (as of the end of the most recently completed fiscal year), would constitute a Significant Subsidiary, ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 10 days (the "*guarantee provisions*").

However, a default under clauses (4), (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (4), (5), (6) or (8), the Issuer does not cure such default within the time specified in clauses (4), (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "—*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall have been remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee indemnity and/or security against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and a responsible officer of the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute a Default, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by

such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). If any amendment, supplement or waiver will only affect one series of Notes, only the holders of a majority in aggregate principal amount of the then outstanding Notes of that affected series (and not the consent of the holders of the majority of all Notes) shall be required. However, without the consent of Holders holding not less than 90% of the then-outstanding aggregate principal amount of Notes affected (*provided* that if any amendment, supplement or waiver will only affect one series of the Notes, then only the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Notes of that affected series (and not the consent of the holders of at least 90% of all Notes) shall be required), an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of, or extend the Stated Maturity of, any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—*Optional Redemption*;"

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal, interest or Additional Amounts, if any, on or with respect to such Holder's Notes on or after the due date therefor;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(9) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Document to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes in accordance with the Indenture;

(7) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*," to add Guarantees with respect to the Notes, to add Collateral for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(8) to evidence and provide for the acceptance and appointment under the Note Documents of a successor Trustee and pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document.

The Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes (or Notes of the relevant series) have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its and any Guarantor's obligations under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust.

The Issuer at any time may terminate its and any Guarantors' obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provisions and the security default provisions described under "*—Events of Default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of

Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "—*Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5), (6), (7) (other than with respect to the Issuer), (8) or (9) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be; *provided* that, if requested by the Issuer, the Trustee will distribute any amounts deposited in trust to the Holders prior to the Stated Maturity or redemption date, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose), euros or euro-denominated European Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; *provided* that, if requested by the Issuer, the Trustee will distribute any amounts deposited in trust to the Holders prior to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)). If requested by the Issuer in writing no later than two Business Days prior to such distribution to the Trustee and Principal Paying Agent (which request may be included in the applicable notice of redemption pursuant to the above referenced Officer's Certificate) the Trustee shall distribute any amount deposited to the Holders prior to the Stated Maturity or the redemption date, as the case may be; *provided* that the Notes shall be marked down on the date of early repayment and such early repayment will not occur prior to the record date set for redemption. For the avoidance of doubt, the distribution and payment

to the Holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a depositary for the clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Citibank, N.A., London Branch will be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then-outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification and security of the Trustee by the Issuer for any loss, liability and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, such notices will be posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered by or on behalf of the Issuer in accordance with the rules and procedures of Euroclear and Clearstream, as applicable, in lieu of the aforesaid mailing.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

Except as otherwise set forth in an Officer's Certificate relating to any Additional Notes, the euro is the sole currency of account and payment for all sums payable by the Issuer and any Guarantors under or in connection with the Notes and any Note Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge of the obligations of the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and any Guarantor will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and any Guarantor will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and any Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Note Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Issuer are held outside the United States, and any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and any Note Guarantees, the Issuer will in the Indenture, and any Guarantor will in any Supplemental Indenture, irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and any Additional Intercreditor Agreements will be governed by the laws of England and Wales.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case, whether or not Incurred by such Person in connection with such Person becoming

a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**Additional Assets**" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the Agreed Security Principles as set out in an annex to the RCF Facility Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"**Applicable Premium**" means the greater of:

(1) 1% of the principal amount of such Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Note at August 15, 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note through August 15, 2022 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or the Paying Agent.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, transfer, issuance or other disposition of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*Change of Control*" and/or the provisions described above under the caption "*—Certain Covenants—Merger and Consolidation*" and not by the provisions described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*;" *provided further* that the sale or transfer of all or substantially all of the economic benefit of a portfolio of loans or receivables (or any specified portion thereof) pursuant to a derivative instrument or otherwise will, subject to the next succeeding sentence, constitute

an Asset Disposition of the underlying portfolio assets (or specified percentage thereof) for all purposes of the Indenture (*a* "**Synthetic Sale**"). Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, receivables or other rights or assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment, facilities or inventory or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Issuer*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of, or pursuant to, an equity incentive or compensation plan approved by the Board of Directors of the Issuer or an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*;"

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than €115 million or, if greater, 1.4% of Total Assets;

(8) any Restricted Payment that is permitted to be made, under and in compliance with the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with the granting of Liens permitted by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*;"

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing, sub-licensing, lease or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases, subleases, assignments or other dispositions of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes or loans receivable arising in the ordinary course of business, or the conversion or exchange of receivables for notes or loans receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person in relation to information technology, accounting and other clerical or ancillary functions; *provided*, however, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(18) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings not prohibited by the Indenture;

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(20) any transfer, termination, unwinding or other disposition of Hedging Agreements not for speculative purposes; and

(21) dispositions arising as a result of a Permitted Reorganization.

"**Associate**" means (1) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"**Backstop RCF Agreement**" means the multicurrency revolving credit facility agreement originally dated December 6, 2019, among, *inter alios*, the Issuer, as borrower, and Swedbank AB (publ), as facility agent and security agent, as amended from time to time.

"**Board of Directors**" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board), or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; (3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof and (4) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"**Bund Rate**" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to August 15, 2022 (the "reference date"); *provided*, however, that if the period from the redemption date to the reference date is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to the reference date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Oslo, Norway, Stockholm, Sweden, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided*, however, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("*TARGET*") payment system is open for the settlement of payments.

"**Capital Contribution**" means the contribution of Lock TopCo AS to the Issuer on June 27, 2017.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any Lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date after giving *pro forma* effect to the Transactions.

"**Change of Control**" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such

terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"**Clearing System Business Day**" means any day on which the depositary for Euroclear and Clearstream is open for business.

"**Clearstream**" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Co-Investment Vehicle**" means any Person (including any Restricted Subsidiary of the Issuer) (i) that is acquired or established (or that exists) primarily for the purpose of the ownership, acquisition, sale, financing and related functions of receivables and similar or related assets, (ii) that does not undertake any business activity other than any such business activities related to the activities in clause (i) of this definition and ancillary activities related thereto, (iii) that does not own any assets other than (A) loans, receivables and similar or related assets, (B) cash and Cash Equivalents, (C) other *de minimis* assets, (iv) with respect to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such Person's financial condition or cause such Person to achieve certain levels of operating results (other than its proportionate share of any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain such Person's corporate existence) and (v) in the case of a Non-Leveraged Minority Co-Investment Vehicle, such Person is not subject to (and shall not agree to become subject to) any consensual encumbrance or consensual restriction on the ability of such Person to pay dividends or make any other distributions to holders of the economic interests in such Person, other than requirements for such Person to maintain a commercially agreed minimum amount of liquidity (including to fund ongoing operating expenses) and any other restriction that, in the good faith determination of the Issuer or its senior management, does not materially adversely affect the ability of the Issuer to meet its payment obligations under the Indenture; *provided* that (1) any such Co-Investment Vehicle that is a Restricted Subsidiary may only Incur Indebtedness and Liens that are not prohibited by the Indenture, (2) any and all Indebtedness and other obligations of any Co-Investment Vehicle outstanding at any time qualify as Non-Recourse Obligations and (3) no Co-Investment Vehicle may make any dividends or other distributions except, directly or indirectly (taking into account any other arrangement entered into among the co-investors in connection with their investment in the Co-Investment Vehicle, but excluding for the avoidance of doubt any other economic interest, including under any debt servicing arrangements), to its co-investors on a basis proportionate (or, in the case of dividends or distributions to the Issuer or any Restricted Subsidiary, on a basis at least proportionate) to the economic interest of each investor (including the Issuer or a Restricted Subsidiary).

On or prior to the time of the initial Investment by the Issuer or any Restricted Subsidiary in a Co-Investment Vehicle that is not a Restricted Subsidiary, the Issuer shall designate such Co-Investment Vehicle to be either a Leveraged Minority Co-Investment Vehicle or a Non-Leveraged Minority Co-Investment Vehicle; *provided* that such designation shall not be subsequently revoked or reclassified; *provided further* that a Non-Leveraged Minority Co-Investment Vehicle may not incur any Indebtedness at any time.

"**Commercial Paper Program**" means the Issuer's SEK 1,252,000,000 (or its euro equivalent) commercial paper program pursuant to the terms and conditions of the notes dated August 31, 2011.

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Competition Laws**" means any national, federal, state, foreign, multinational or supranational antitrust, competition or trade regulation statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate actions or transactions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition or effectuating foreign investment.

"**Consolidated EBITDA**" for any period (the "**Relevant Period**") means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; provided that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted or not prohibited by the Indenture (in each case whether or not successful), in each case, as determined in good faith by an Officer of the Issuer;

(6) other than with respect to any Co-Investment Vehicle, any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period; and

(7) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"**Consolidated Fixed Charge Coverage Ratio**" means, as of the date of determination, the ratio of:

(1) the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements are available to

(2) the sum of Consolidated Interest Expense for such period,

provided that the Consolidated Fixed Charge Coverage Ratio and each element thereof shall be calculated on a *pro forma* basis for each relevant period and *pro forma* calculations will be made in good faith by a responsible financial or accounting officer of the Issuer (including any *pro forma* expenses and cost savings and cost reduction synergies to the extent they have occurred or are reasonably expected to occur within the next twelve months following the date of such calculation as a result of, or that would result from any actions by the Issuer or any of its Restricted Subsidiaries including, without limitation, (i) in connection with any cost reduction or cost savings program, (ii) in connection with any transaction, investment, acquisition (including, without limitation, acquisition of business entities or property and assets constituting a division or line of business) or disposition or (iii) in connection with any restructuring, corporate reorganization or otherwise (and, in the case of sub-clauses (i) and (iii), steps have been taken to realize such expenses and cost savings and cost reduction synergies), in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Issuer (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared));

provided further without limiting the application of the previous proviso, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(3) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period and (b) the Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Issuer or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and the continuing Restricted Subsidiaries in connection with such Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(4) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(5) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

(6) if the Issuer or any Restricted Subsidiary has incurred any Indebtedness since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is an incurrence of Indebtedness or both, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; *provided*, *however*, that, other than for the purposes of the calculation of the Consolidated Fixed Charge Coverage Ratio under clause (5) of the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*," the pro forma calculation of the Consolidated Fixed Charge Coverage Ratio shall not give effect to (a) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*;"

(7) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such period;

(8) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such period; and

(9) for purposes of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," *pro forma* effect will be given to the Transactions, including the issuance of Notes on the Issue Date and the use of proceeds thereof, as if they had occurred at the beginning of the applicable period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Issuer (including, to the extent applicable, in respect of cost savings and cost reduction synergies).

If any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement).

"**Consolidated Income Taxes**" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of the Issuer and its Restricted Subsidiaries, whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority, in each case excluding (but only to the extent not paid or required to be remitted by the Issuer or any Restricted Subsidiary or not promptly reimbursed by such Leveraged Minority Co-Investment Vehicle) any such taxes or other payments attributable to any Leveraged Minority Co-Investment Vehicle.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, but excluding amortization of debt issuance costs, fees and expenses and the expensing of any financing fees;

(3) non-cash interest expense;

(4) the net payments (if any) on Interest Rate Agreements and Currency Agreements (excluding amortization of fees and discounts and unrealized gains and losses);

(5) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(6) the consolidated interest expense that was capitalized during such period;

(7) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; and

(8) interest accrued on any Indebtedness of a Parent that is Guaranteed by the Issuer or any Restricted Subsidiary or secured by a Lien on the assets of the Issuer or any Restricted Subsidiary (less any interest accrued on any Indebtedness of the Issuer or any Restricted Subsidiary that was funded with the proceeds of such Guaranteed Indebtedness).

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing and (iii) interest expense or other items listed above attributable to any Leveraged Minority Co-Investment Vehicle (but only to the extent not paid by the Issuer or any Restricted Subsidiary or not promptly reimbursed by such Leveraged Minority Co-Investment Vehicle).

"**Consolidated Leverage**" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis (excluding (i) Hedging Obligations except to the extent provided in clause (c) of the sixth paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (ii) any Indebtedness attributable to any Leveraged Minority Co-Investment Vehicle).

"**Consolidated Leverage Ratio**" means, as of any date of determination, the ratio of:

(1) Consolidated Leverage at such date to

(2) the Consolidated EBITDA of the Person for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements are available;

provided that for the purposes of calculating Consolidated EBITDA for such period (or, in the case of clause (4), Consolidated Leverage as of such date) if, as of such date of determination:

(1) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

(4) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such period;

(5) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such period; and

(6) for purposes of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," *pro forma* effect will be given to the Transactions, including the issuance of Notes on the Issue Date and the use of proceeds thereof, as if they had occurred at the beginning of the applicable period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income or any component thereof, calculations shall be made on a *pro forma* basis and (a) *pro forma* calculations will be made in good faith by a responsible financial or accounting officer of the Issuer (including any *pro forma* expenses and cost savings and cost reduction synergies to the extent they have occurred or are reasonably expected to occur within the next twelve months following the date of such calculation as a result of, or that would result from any actions by the Issuer or any of its Restricted Subsidiaries including, without limitation, (i) in connection with any cost reduction or cost savings program, (ii) in connection with any transaction, investment, acquisition (including, without limitation, acquisition of business entities or property and assets constituting a division or line of business) or disposition or (iii) in connection with any restructuring, corporate reorganization or otherwise (and, in the case of sub-clauses (i) and (iii), steps have been taken to realize such expenses and cost savings and cost reduction synergies), in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Issuer (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared)); and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis on the basis of IFRS; *provided*, however, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or (other than in the case of a Leveraged Minority Co-Investment Vehicle) could have been distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes issued on the Issue Date or the Indenture, (c) contractual restrictions in effect on the Issue Date after giving *pro forma* effect to the Transactions (including pursuant to the RCF Facility Agreement and the Intercreditor Agreement) and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date after giving *pro forma* effect to the Transactions and (d) restrictions specified in the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*"), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed (including by way of a loan) by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or distribution to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Issuer and its Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense, or other costs related to the Transactions, in each case, as determined in good faith by the Issuer;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off;

(13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes;

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the RCF Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original RCF Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"**Designated Preference Shares**" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (2) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"**Disinterested Director**" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case, on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, however, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"**Eligible MTNs Replacement Indebtedness**" means any Indebtedness Incurred in accordance with the Indenture that refinances the MTNs; *provided* that Eligible MTNs Replacement Indebtedness shall not include any Public Debt (other than the issuance of medium term notes under the existing financing arrangement for the MTNs or any other similar customary arrangements for the issuance of medium term notes) or a syndicated Credit Facility or any refinancing thereof.

"**Equity Offering**" means (1) a sale of Capital Stock of the Issuer (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than a sale to an Affiliate of the Issuer or a Restricted Subsidiary, or (2) the sale of Capital Stock or other securities (other than to an Affiliate of the Issuer or a Restricted Subsidiary), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Issuer or any of its Restricted Subsidiaries.

"**ERC**" means, for any date of calculation, the aggregate amount of estimated remaining gross collections projected to be received by the Issuer and its Restricted Subsidiaries (excluding any such estimated remaining gross collections attributable to a Leveraged Minority Co-Investment Vehicle) from all Portfolio Assets owned directly or indirectly by the Issuer and its Restricted Subsidiaries during the period of 84 months, as calculated by the Portfolio ERC Model, as at the last day of the month most recently ended prior to the date of calculation calculated to give pro forma effect to any Purchase and Sales that have occurred subsequent to such period, including any such Purchase to be made with the proceeds of such Indebtedness giving rise to the need to calculate ERC.

"**Escrowed Proceeds**" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"**Euroclear**" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"**European Government Obligations**" means any security that is (1) a direct obligation of Belgium, The Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means all members of the European Union as of January 1, 2004.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Issuer after the Issue Date as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"**Excluded Subsidiary**" means (1) any Subsidiary that is not a Wholly Owned Subsidiary of the Issuer, (2) any Subsidiary, including any regulated entity that is subject to net worth or net capital or similar capital and surplus restrictions, that is prohibited or restricted by applicable law, accounting policies or by contractual obligation existing on the Issue Date after giving pro forma effect to the Transactions (so long as such contractual obligations were not incurred in contemplation of the Transactions) and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of such agreements (or, with respect to any Subsidiary acquired by the Issuer or a Restricted Subsidiary after the Issue Date (and so long as such contractual obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so acquired) from providing a Note Guarantee, or if such Note Guarantee would require governmental (including regulatory) or third party consent, approval, license or authorization, (3) any special purpose securitization vehicle (or similar entity), including any Receivables Subsidiary, (4) any not for profit Subsidiary, (5) any Subsidiary which, in the reasonable judgment of the Issuer, would be required to register as an "investment company" within

the meaning of the Investment Company Act, (6) any Subsidiary which is a Co-Investment Vehicle and (7) each Unrestricted Subsidiary.

"**Existing Notes**" means the Existing June 2017 Notes, Existing July 2019 Notes, Existing September 2019 Notes and Existing December 2019 Notes.

"**Existing Notes Indentures**" means the Existing June 2017 Notes Indenture, Existing July 2019 Notes Indenture, Existing September 2019 Notes Indenture and Existing December 2019 Notes Indenture.

"**Existing June 2017 Notes**" means the Issuer's (i) outstanding €750 million aggregate principal amount of 2.750% senior notes due 2022 issued on June 26, 2017 and (ii) €900 million aggregate principal amount of 3.125% senior notes due 2024 issued on June 26, 2017.

"**Existing June 2017 Notes Indenture**" means the indenture dated June 26, 2017 among, *inter alios*, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the Existing June 2017 Notes (as amended, restated, supplemented or otherwise modified from time to time).

"**Existing July 2019 Notes**" means the Issuer's €800 million aggregate principal amount of 3.500% senior notes due 2026 issued on July 31, 2019.

"**Existing July 2019 Notes Indenture**" the indenture dated July 31, 2019 among, *inter alios*, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the Existing July 2019 Notes (as amended, restated, supplemented or otherwise modified from time to time).

"**Existing December 2019 Notes**" means the Issuer's €75 million aggregate principal amount of 3.000% senior notes due 2025 issued on December 13, 2019.

"**Existing December 2019 Notes Indenture**" means the indenture dated December 13, 2019 among, *inter alios*, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the Existing December 2019 Notes (as amended, restated, supplemented or otherwise modified from time to time).

"**Existing September 2019 Notes**" means the Issuer's €850 million aggregate principal amount of 3.000% senior notes due 2027 issued on September 19, 2019.

"**Existing September 2019 Notes Indenture**" means the indenture dated September 19, 2019 among, *inter alios*, the Issuer, as issuer, and Citibank, N.A., London Branch, as trustee which governs the Existing September 2019 Notes (as amended, restated, supplemented or otherwise modified from time to time).

"**fair market value**" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors, as applicable, in good faith.

"**Fitch**" means Fitch Ratings, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Guarantor**" means any Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"**Holder**" means each Person in whose name the Notes are registered on the relevant Registrar's books, which shall initially be the respective nominee of Clearstream and Euroclear.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Issuer is, or may be, required to comply; *provided* that (other than with respect to the covenant described under the caption "*Reports*" or as otherwise specified in the Indenture to be IFRS as applicable on the Issue Date or on any other specified date) at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election.

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (other than any Lien Incurred pursuant to clause (32)(i) of the definition of Permitted Liens); *provided*, *however*, *that* the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (a) Subordinated Shareholder Funding, (b) any asset retirement obligations, (c) any prepayments of deposits received from clients or customers in the ordinary course of business, or (d) any obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the foregoing, the term "Indebtedness" excludes any accrued expenses and trade payables.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(3) Non-Recourse Obligations Incurred by any Co-Investment Vehicle that primarily have the attributes of an indirect equity interest in the assets of such Co-Investment Vehicle and are not debt for borrowed money (as determined in the good faith judgment of the Issuer);

(4) payment obligations under any derivative agreement or contract related to a Synthetic Sale that represent income from, proceeds of sales of or other returns on or in respect of, the assets subject to such Synthetic Sale; or

(5) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, however, that such firm or appraiser is not an Affiliate of the Issuer.

"**Initial Investors**" means Nordic Capital Fund VIII Limited and any funds, partnerships or special purpose vehicles managed, advised or controlled, directly or indirectly, by Nordic Capital Fund VIII Limited or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Original Issue Date between, amongst others, the Issuer, the lenders under the RCF Facility Agreement, the senior agent under the RCF Facility Agreement, and the Trustee, as may be amended from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap

agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, however, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*:"

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of the designation of such Subsidiary as an Unrestricted Subsidiary less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Company Act**" means the U.S. Investment Company Act of 1940, as amended.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"**Investment Grade Status**" shall occur when the Notes receive any two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of “BBB-” or higher from Fitch,

or, in each case, the equivalent of such rating by such respective rating organization or, if no rating of Moody’s, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

“**Issue Date**” means August 5, 2020.

“**July 2019 Issue Date**” means July 31, 2019.

“**Leveraged Minority Co-Investment Vehicle**” means a Co-Investment Vehicle that is not a Restricted Subsidiary and that at the time of the initial Investment by the Issuer or any Restricted Subsidiary in such Co-Investment Vehicle has Indebtedness outstanding or is intended to Incur any Indebtedness in the future in the good faith determination of senior management of the Issuer.

“**Lien**” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“**Management Advances**” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €10 million in the aggregate outstanding at any time.

“**Management Investors**” means the current or, to the extent any Voting Stock held by them were received in their capacity as such, former, officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

“**Market Capitalization**” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the Issuer on the date of the declaration of the relevant dividend or on the date of the declaration or formal approval of the relevant distribution or other payment, as applicable, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock on the Nasdaq Stockholm for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend or the date of the declaration or formal approval of the relevant distribution or other payment, as applicable.

“**Moody’s**” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“**MTNs**” means, collectively, the SEK 2,900 million in aggregate principal amount of the Issuer’s medium term notes due July 3, 2023 and SEK 1,100 million in aggregate principal amount of the Issuer’s medium term notes due November 22, 2021.

“**MTNs Negative Pledge Provision**” means the restrictions existing as of the date of the Offering Memorandum in the program governing the MTNs prohibiting the Issuer and its Subsidiaries from providing security or guarantees for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by the Issuer, its Subsidiaries or any other Person.

“**Nationally Recognized Statistical Rating Organization**” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding or Incurrence of any Indebtedness, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"**Non-Leveraged Minority Co-Investment Vehicle**" means a Co-Investment Vehicle that is not a Restricted Subsidiary other than a Leveraged Minority Co-Investment Vehicle.

"**Non-Recourse Obligations**" means, with respect to any Co-Investment Vehicle, obligations under any Indebtedness, Capital Stock, derivative instrument, profit participation note or loan, risk participation agreement or any similar arrangement of such Co-Investment Vehicle as to which neither the Issuer nor any of the Restricted Subsidiaries (other than such Co-Investment Vehicle, if applicable):

(1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), other than equity commitment, equity support undertaking or similar arrangement (*provided* that neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such Person's financial condition or cause such Person to achieve certain levels of operating results (other than its proportionate share of any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain such Person's corporate existence)); or

(2) is directly or indirectly liable as a guarantor or which subjects any property or assets of the Issuer or a Restricted Subsidiary (other than such Co-Investment Vehicle, if applicable) to any Lien,

in each case, other than any guarantee and/or Lien in respect of such obligations whereby the liability of the Issuer or any Restricted Subsidiary (other than such Co-Investment Vehicle, if applicable) thereunder is limited in recourse to its interest in, or obligation of, such Co-Investment Vehicle (including, without limitation on the Capital Stock, Indebtedness, securities, derivative instruments, profit participation notes or loans, risk participation agreement and any similar arrangements of such Co-Investment Vehicle) or its commitment in relation thereto and the assets of such Co-Investment Vehicle.

"**Note Documents**" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

"**Note Guarantee**" means a senior guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"**Offering Memorandum**" means the offering memorandum dated July 24, 2020 relating to the offering of the Notes.

"**Officer**" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, General Counsel, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"**Original Issue Date**" means June 26, 2017.

"**Parent**" means any Person of which the Issuer at any time becomes a Subsidiary after the Issue Date.

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) general corporate overhead expenses, including (a) professional fees and expenses and other administrative, general corporate and operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain any Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to officers and employees of such Parent and to pay reasonable directors' fees and to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent and to pay fees and expenses, as incurred, of an acquisition, where the proceeds of such acquisition were contributed to or combined with the Issuer or its Related Subsidiaries in an aggregate amount pursuant to this clause (b) not to exceed €2 million in any fiscal year; or (c) costs and expenses with respect to any litigation or other dispute relating to the ownership, directly or indirectly, by any Parent;

(5) other fees, expenses and costs of a Parent relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent, in an amount not to exceed €2 million in any fiscal year; and

(6) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

(a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"**Pari Passu Indebtedness**" means Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Note Guarantees.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permissible Jurisdiction**" means any member state of the European Union (other than Greece, Ireland, Portugal, Italy and Spain so long as European Government Obligations issued, or unconditionally guaranteed, by the governments of such jurisdictions do not have a rating of "BBB-" or higher from S&P and "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization)), Norway and the United Kingdom.

"**Permitted Asset Swap**" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"**Permitted Holders**" means, collectively, (1) the Initial Investors or any Affiliate thereof, (2) Senior Management, (3) any Related Person of any of the foregoing and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of disputes or judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*;"

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date after giving pro forma effect to the Transactions and any extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date after giving pro forma effect to the Transactions;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*;"

(11) Investments taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of €270 million and 3.3% of Total Assets; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*;"

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9), (11) and (14) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, receivables, loans, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;"

(17) Investments in the Notes and any other Indebtedness of the Issuer or any Restricted Subsidiary;

(18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation;

(19) Investments in joint ventures in a Similar Business or in Unrestricted Subsidiaries having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding not to exceed the greater of €180 million and 2.2% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(20) Investments (including, but not limited to, Investments in the form of Capital Stock, Indebtedness, derivative instruments, profit participation notes or loans and/or risk participation agreements), directly or indirectly, in any Co-Investment Vehicle (other than a Leveraged Minority Co-Investment Vehicle) that are made in the ordinary course of business; and

(21) Investments (including, but not limited to, Investments in the form of Capital Stock, Indebtedness, derivative instruments, profit participation notes or loans and/or risk participation agreements), directly or indirectly, in any Leveraged Minority Co-Investment Vehicle that are made in the ordinary course of business, when taken together with all other Investments made pursuant to this clause (21) that are at the time outstanding not to exceed the greater of €650 million and 13.8% of ERC.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens to secure all obligations in respect of Indebtedness Incurred pursuant to clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" *provided* that Liens securing such Indebtedness may have priority status in respect of the proceeds from the enforcement of any collateral that may secure the Notes from time to time;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) [Reserved];

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens (including, for the avoidance of doubt, Liens created pursuant to the general banking conditions of a bank operating in the Netherlands), rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date after giving *pro forma* effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided further* that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness (other than Indebtedness Incurred pursuant to clause (5)(a) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*") that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture, co-investment or similar arrangement pursuant to any joint venture, co-investment or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts securing Indebtedness incurred under clause (15) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" with local financial institutions;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities (including holders of a specific series of Additional Notes and not any other series) or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of 5.0% of ERC and €210 million at any one time outstanding;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of any Unrestricted Subsidiary;

(27) any security granted over the marketable securities portfolio described in clause (9) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(30) Liens securing Indebtedness in an aggregate principal amount not to exceed €250 million outstanding at any one time Incurred pursuant to the first paragraph or clauses (5)(b), (11) or (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and, in each case, any Refinancing Indebtedness in respect thereof;

(31) Liens to secure all Indebtedness described under clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" *provided* that Liens securing such Indebtedness may have priority status in respect of the proceeds from the enforcement of any collateral that may secure the Notes from time to time;

(32) (i) Liens over the Capital Stock, Indebtedness or securities of, or Investments in, any Leveraged Minority Co-Investment Vehicle to secure the Non-Recourse Obligations of such Leveraged Minority Co-Investment Vehicle and (ii) Liens over assets of a Co-Investment Vehicle that is a Restricted Subsidiary and not a Guarantor to secure Non-Recourse Obligations of such Co-Investment Vehicle under Capital Stock, Indebtedness, securities, derivative instruments, profit participation notes or loans, risk participation agreements or any similar arrangements to holders thereof (*provided* that any such Liens in favor of Persons that are not the Issuer or a Restricted Subsidiary do not entitle such Person to recover more than its *pro rata* share of such assets (or proceeds thereof) based on the direct or indirect proportionate economic interest in such assets held by such Person);

(33) a Lien over assets that are subject to a Synthetic Sale; and

(34) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (33) (other than clause (25)); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

"**Permitted Reorganization**" means, unless an Event of Default is continuing, any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving any Parent, the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intercompany receivables and payables among any Parent that is a Guarantor, the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis; *provided* that: (a) substantially all of the business and assets of the Issuer or such Restricted Subsidiaries remain owned by the Issuer (or the Successor Issuer if the Issuer is not the surviving entity) or its Restricted Subsidiaries, (b) any payments or assets distributed by the Issuer or its Restricted Subsidiaries in connection with such Reorganization remain within the Issuer (or the Successor Issuer if the Issuer is not the surviving entity) and its Restricted Subsidiaries and (c) any assignment, transfer or assumption of intercompany receivables or payables from the Issuer or a Restricted Subsidiary to a Parent in connection with a Reorganization shall only be permitted to be made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Portfolio Assets**" means all (a) Right to Collect Accounts, (b) performing, sub performing or charged-off accounts, loans, receivables, mortgages, debentures and claims, and (c) other similar assets or instruments which, for the avoidance of doubt, shall in each case exclude any Trust Management Assets and any Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, cash and bank accounts,

loans, receivables, mortgages, debentures, claims or other similar assets or instruments which are or will (from acquisition) be held on trust for a third party which is not the Issuer or any Restricted Subsidiary.

"**Portfolio ERC Model**" means the models and methodologies that the Issuer uses to calculate the value of its ERC and those of its Subsidiaries, consistently with its most recent audited financial statements as of such date of determination.

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Private Placement Notes**" means the €160 million aggregate principal amount of the Issuer's private placement bonds due 2023.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or any similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Offering**" means any offering of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of Receivables Assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer) and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**RCF Facility Agreement**" means the multicurrency revolving credit facility agreement originally dated December 6, 2019, among, *inter alios*, the Issuer, as borrower, and Swedbank AB (publ), as facility agent and security agent, as amended from time to time.

"**RCF Finance Documents**" means the RCF Facility Agreement and such other documents identified as "Finance Documents" pursuant to the RCF Facility Agreement.

"**Receivables Assets**" means any receivables of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto, including all collateral securing such receivable, all contracts and all guarantees or other obligations in respect of such receivable, proceeds collected on such receivable and other assets which are the good faith determination of the Issuer required to be transferred or in respect of which security interest are in the good faith determination of the Issuer required to be granted in connection with asset securitization transactions and any related Hedging Obligations, in each case, whether now existing or arising in the future.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in any Receivables Assets.

"**Receivables Repurchase Obligation**" means any obligation of a seller of Receivables Assets in a Qualified Receivables Financing to repurchase Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Receivables Assets) which engages in no activities other than in connection with the financing of Receivables Assets of the Issuer and its Subsidiaries, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on Receivables Assets transferred by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**Redemption**" means the redemption of €600 million of the Issuer's €750 million aggregate principal amount of Existing June 2017 Notes.

"**Refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, however, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) other than in the case of Capitalized Lease Obligations that would have been classified as operational leases in accordance with IAS 17, such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Issuer or a Guarantor was the obligor on the Indebtedness being refinanced, such Refinancing Indebtedness is incurred either by the Issuer or by a Guarantor;

(4) if the Indebtedness being refinanced is expressly subordinated to the Notes or any Note Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Note Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(5) if the Indebtedness being refinanced constitutes Indebtedness Incurred pursuant to clause (5)(a) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," the Refinancing Indebtedness is Incurred by the Issuer; and

(6) any Capitalized Lease Obligations that would have been classified as operational leases in accordance with IAS 17 may only be refinanced or replaced with similar Capitalized Lease Obligations as determined by the Issuer in good faith,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness; *provided* that it is used to refinance the amounts used to discharge in full such Credit Facility or other Indebtedness within three months of the relevant termination, discharge or repayment.

"**Related Person**" means, with respect to any Person:

(1) any controlling equity holder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Initial Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Related Taxes**" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* that such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*;" or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"**Reversion Date**" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"**Right to Collect Account**" means a performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument that is owned by a person that is not the Issuer or one of its Restricted Subsidiaries (a "*Third Party*") and in respect of which (a) such Third Party is unable or unwilling to dispose of the relevant performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument to the Issuer or a Restricted Subsidiary; and (b) the Issuer or a Restricted Subsidiary is entitled to collect and retain substantially all of the amounts due under such performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument or to receive amounts equivalent thereto.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission or any successor thereto.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**SEK**" means the lawful currency of Sweden.

"**Senior Management**" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent and with an equity investment in excess of €50,000.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (1) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date after giving *pro forma* effect to the Transactions and (2) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Guarantees pursuant to a written agreement.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Issuer by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, however, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"**Subsidiary**" means, with respect to any Person:

(1) other than any Co-Investment Vehicle, any corporation, association, *société d'exercice libéral* or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement or other arrangement that effectively transfers voting power) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof;

(2) other than any Co-Investment Vehicle, any partnership, joint venture, limited liability company or similar entity (other than entities covered by clause (a) of this definition) of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; or

(3) in the case of any Co-Investment Vehicle, any corporation, association, partnership, joint venture, limited liability company or other entity of which more than 50% of the economic interests in the Investments held by all investors in such entity (taking into account any all arrangements entered into among the co-investors in connection with their Investment in such entity, but excluding for the avoidance of doubt any other economic interest, including under any debt servicing arrangements) are at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof and such Person or any Subsidiary of such Person otherwise controls such entity.

"**Successor Parent**" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent or Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the RCF Facility Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Total Assets**" means the consolidated total assets of the Issuer and its Restricted Subsidiaries in accordance with IFRS (excluding any assets of a Leveraged Minority Co-Investment Vehicle) as shown on the most recent balance sheet of such Person calculated to give pro forma effect to any Purchase and Sales that have occurred subsequent to such period, including any such Purchase to be made with the proceeds of such Indebtedness giving rise to the need to calculate Total Assets.

"**Transactions**" means the issuance of the Notes, the Redemption and the payment or incurrence of any fees, expenses or charges associated with any of the foregoing.

"**Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended.

"**Trust Management Assets**" means Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, loans, receivables, mortgages, debentures, claims, cash and bank accounts or other similar assets or instruments held by the Issuer or a Restricted Subsidiary on trust for a beneficiary which is not the Issuer or a Restricted Subsidiary.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but excluding the Issuer) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of the Notes sold to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (each, a "**Rule 144A Global Note**"). Each series of the Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (each, a "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Regulation S prohibits initial purchasers of the Notes under Regulation S from offering, selling or delivering the Notes within the United States or to or for the account or benefit of U.S. persons for the period through and including the 40th day after the later of the commencement of the Offering and the closing of the Offering (the "**Distribution Compliance Period**"). Beneficial interests in the Rule 144A Global Note may not be exchanged for beneficial interests in the Regulation S Global Note at any time except in the circumstances described below. See "*—Transfers.*" In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream, which may change from time to time.

Ownership of interests in a Rule 144A Global Note (the "**Rule 144A Book-Entry Interests**") and ownership of interests in a Regulation S Global Note (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**"), as applicable, will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold Book-Entry Interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued in minimum denominations of €100,000, and integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear or Clearstream, or their respective nominees, as applicable, will be considered the sole holder of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither the Issuer, the Principal Paying Agent, the Transfer Agent, the Registrar nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note, or any portion thereof. The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit the participants' accounts on a proportionate basis, with adjustments to prevent fractions, by lot or on such other basis as they deem fair and appropriate, including pool factor; *provided* that no Book-Entry Interest of less than €100,000 principal amount, may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes, including principal, premium, if any, interest and additional amounts, if any, to the Principal Paying Agent for onward payment to Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," the Issuer will pay additional amounts as may be necessary for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or any of their respective agents will treat the registered holders of the Global Notes, *i.e.*, the common depositary for Euroclear or Clearstream or their respective nominees, as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of Book-Entry Interests through Euroclear or Clearstream in euro.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Book-Entry Interest only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of Book-Entry Interests, reserve the right to exchange the Global Notes for definitive registered notes in certificated form (the "**Definitive Registered Notes**") and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Book-Entry Interests in the Global Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Book-Entry Interests to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Book-Entry Interests must transfer its Book-Entry Interests in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*." Book-Entry Interests will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in compliance with Regulation S or in accordance with Rule 144A or any other exemption available under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note and *vice versa* with respect to transfers involving an exchange of a Rule 144A Book-Entry Interest for a Regulation S Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only as described under "*Description of the Notes—Transfer and Exchange*," if required, only if the transferor first delivers to the Trustee a written certificate, in the form provided in the Indenture, to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issue, or cause to be issued, Definitive Registered Notes to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable, in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests, and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, each of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Definitive Registered Note as the absolute owner thereof and no person will be liable for treating the registered holder as such.

Ownership of the Definitive Registered Notes will be evidenced through registration from time to time at the registered office of the Issuer and such registration is a means of evidencing title to the Notes.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers is responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be listed on the Securities Official List of the Exchange. Transfers of Book-Entry Interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar or the Principal Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. As the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Certain United States federal income tax considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for the discussion of FATCA (as defined under "—Foreign Account Tax Compliance Act"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the unearned income Medicare contribution tax or the alternative minimum tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons that are tendering any notes in the Redemption, persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an "applicable financial statement" (as defined in Section 451 of the Code), U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States, U.S. holders that hold Notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase Notes for cash pursuant to this Offering at their "issue price" (the first price at which a substantial amount of Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code.

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Potential contingent payment debt treatment

The contingent obligation to pay additional amounts or redeem the notes early may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." We intend to take the position that the forgoing contingencies will not cause the notes to be treated as contingent payment debt instruments. Our position is uncertain and is not binding on the IRS. If the IRS successfully takes a contrary position, U.S. holders would generally be required to treat any gain recognized on the sale or other disposition of the notes as ordinary income rather than as capital gain. Furthermore, U.S. holders would be required to accrue

interest income on a constant yield determined at the time of issuance of the notes, with adjustments to such accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. U.S. holders should consult their tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

Payments and accruals of stated interest

Stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the foreign currency interest payment (determined based on the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such stated interest, but may recognize foreign currency exchange gain or loss attributable to the actual disposition of the foreign currency so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes, or who is otherwise required to accrue interest prior to receipt, will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in foreign currency that has accrued for such year determined by translating such amount into U.S. dollars at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. Alternatively, an accrual basis U.S. holder may make an election (which must be applied consistently to all debt instruments held by the electing U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and cannot be changed without the consent of the IRS) to translate accrued interest income into U.S. dollars using the spot rate of exchange on the last day of the interest accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period), or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss with respect to accrued stated interest income on the date such interest is received. The amount of foreign currency exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency payment received (determined based on the spot rate of exchange on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally will not be treated as an adjustment to interest income or expense.

Original issue discount

The Notes may be issued with OID for U.S. federal income tax purposes. In such event, U.S. holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

In the event that the Notes are issued with OID, the amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, *provided* that

each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period and decreased by the amount of any payments previously made on the Notes that were not stated interest payments. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID, if any, on the Notes will be determined for any accrual period in foreign currency and then translated into U.S. dollars in accordance with either of the two alternative methods described above in the third paragraph under "*—Payments and accruals of stated interest.*"

A U.S. holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the foreign currency payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. The rules governing OID instruments are complex and prospective purchasers should consult their own tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income in accordance with the U.S. holder's method of tax accounting as described above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, decreased by payments on the Note other than stated interest and increased by any OID previously accrued by such U.S. holder with respect to such Note. The cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date. If the Note is traded on an established securities market, a cash basis taxpayer (and, if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of the Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate of exchange on the date of taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder (and, if it so elects, an accrual basis U.S. holder) will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be treated as ordinary income or loss. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of a Note generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date of the sale, exchange, retirement, redemption or other taxable disposition, and the U.S.

dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate of exchange on the date the U.S. holder purchased the Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, if any, which will be treated as discussed above under "*—Payments of stated interest*" or "*—Original Issue Discount*," as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued and unpaid interest and OID, if any) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of foreign currency exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Foreign tax credit

Stated interest income and OID, if any, on a Note generally will constitute foreign source income and generally will be considered passive category income in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws.

Any non-U.S. withholding taxes withheld at the rate applicable to the relevant non-U.S. holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. There are significant complex limitation on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the credibility or deductibility of any withholding taxes.

Any foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income expense.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of interest (including the accrual of OID, if any) on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to timely provide a taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with, or establish an exemption from, the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability by filing the appropriate claim for a refund with the IRS and provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Treasury Regulations that require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Information with respect to foreign financial assets

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in certain accounts maintained by certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Pursuant to section 1471 through 1474 of the Code (provisions commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold U.S. tax on certain "foreign passthru payments" made after December 31, 2018, to the extent such payments are treated as attributable to certain U.S. source payments. Under proposed Treasury Regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final Treasury Regulations are issued. Obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining foreign passthru payments are published in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Swedish tax considerations

The following summary outlines certain Swedish tax consequences relating to holders of Notes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address, *inter alia*, situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*), the tax consequences of a write-down or conversion of the Notes, the existence of the ability of relevant regulatory authorities to effect such a write-down or conversion, any tax consequences following a variation or substitution (instead of redemption) of any Notes or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes in Sweden. Investors should consult a professional tax adviser regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Holders not tax resident in Sweden

Payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Notes should not be subject to Swedish income tax, *provided* that such a holder (i) is not a resident of Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in Sweden with which the Notes are effectively connected.

However, broadly speaking, *provided* that the Notes are deemed to be securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode or continuous stay in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, are liable for capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal or any amount that is considered to be interest for Swedish tax purposes except in relation to certain payments of interest (and other distributions on Notes) to a private individual (or the estate of a deceased individual) who is (or was) resident in Sweden for Swedish tax purposes (see "*Holders tax resident in Sweden*" below).

Holders tax resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realizes a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, or in certain cases a clearing institution within the EEA or the United Kingdom, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

Certain United Kingdom tax considerations

The following is a general description of certain U.K. tax consequences relating to the Notes and is based on current U.K. tax law and HM Revenue & Customs ("**HMRC**") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all U.K. tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply.

Prospective noteholders should consult their own tax advisors on the U.K. tax consequences of owning and disposing of the Notes in their particular circumstances.

Stamp duty and stamp duty reserve tax ("**SDRT**")

No liability to U.K. stamp duty will arise on the issue of the Notes to holders. If no register of the Notes is maintained in the U.K., (i) U.K. stamp duty will not normally be payable in connection with a transfer of the Notes, *provided* that any instrument of transfer is executed and retained outside the U.K. and no other action is taken in the U.K. by the transferor or transferee, and (ii) no U.K. SDRT will be payable in respect of the issue of or any agreement to transfer the Notes. In any event, the Notes are expected to fall within an exemption for debt instruments, so there should be no charge to U.K. stamp duty or SDRT for a purchaser on any subsequent transfer of the Notes.

Information reporting

Information relating to securities and certain cross-border arrangements may be required to be provided to HMRC in certain circumstances. This may include the value of the securities, details of the holders or beneficial owners of the securities (or the persons for whom the securities are held), details of the persons to whom payments derived from the securities are or may be paid and information and documents in connection with transactions relating to the securities. Information may be required to be provided by, amongst others, the holders of the securities, persons by (or via) whom payments derived from the securities are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the securities on behalf of others, persons who are a UK intermediary or UK relevant tax payer, as defined in the UK International Tax Enforcement (Disclosable Arrangements) Regulations 2020, where that legislation applies, and certain registrars or administrators.

In certain circumstances, the information obtained by HMRC may be provided to tax authorities in other countries.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, or entities that are deemed to hold the assets of such plans (together with ERISA Plans, "**Plans**")) and certain persons (who are "parties in interest" within the meaning of Section 3(14) of ERISA, or "disqualified persons" within the meaning of Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code.

Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Plan or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to a Plan, is generally considered to be a fiduciary of such Plan. Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or any Similar Law (as defined below).

Non-U.S. plans, (as described in Section 4(b)(4) of ERISA), "governmental plans" (as defined in Section 3(32) of ERISA) and certain "church plans" (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code (collectively, "**Similar Law**"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Each Plan should consider the fact that none of the Issuer, the Initial Purchasers or the guarantors or any of their respective affiliates (the "**Transaction Parties**") is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective Plan purchaser on an arm's length basis.

Prohibited transaction exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Initial Purchasers, the Trustee, the Transfer Agents or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA, Section 4975(d)(20) of the Code (which exempt certain transactions between a Plan and non-fiduciary service providers to a Plan) or Prohibited Transaction Class Exemption ("**PTCE**") 84-14 (relating to transactions effected by an "independent qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate

accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "**Class Exemptions**") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes, or that all of the conditions for any such exemption will be satisfied. Because of the foregoing, the Notes should not be purchased or held by any person investing the assets of any Plan, unless such purchase and holding (i) are entitled to exemption relief from the prohibited transaction provisions of ERISA and the Code and are otherwise permissible under all applicable Similar Laws or (ii) would not otherwise constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any violation of applicable Similar Laws.

The foregoing is general in nature and is not intended to be all inclusive. Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes. The sale of a Note to a Plan is in no respect a representation by any Transaction Party or any of their respective affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

Representation

Accordingly, by acceptance of a Note, or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Note constitutes assets of any Plan; or (ii) (a) the purchase and holding of the Notes or any interest therein by it will not constitute a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws, and (b) none of the Issuer, the Initial Purchasers or the guarantors or any of their respective affiliates is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") relating to the Notes between the Issuer and the Initial Purchasers, the Issuer will agree to sell the Notes to the Initial Purchasers and the Initial Purchasers will agree, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement will provide that the Initial Purchasers are obligated, severally and not jointly, to purchase all of the Notes, if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the Purchase Agreement will provide that the purchase commitments of the other Initial Purchasers may be increased up to a specified amount or that the Purchase Agreement may be terminated.

The Purchase Agreement will provide that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial Offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

We have agreed to provide the Initial Purchasers certain customary fees or discounts for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement will provide that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We will agree, subject to certain limited exceptions, not to offer, sell, contract to sell, issue or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, the Issuer or any other member of the Group during the period from the date of the Purchase Agreement through and including the date that is 90 days after the date of the Purchase Agreement.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes: (i) in the United States to QIBs in compliance with Rule 144A; and (ii) outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S. Until 40 days after the commencement of the Offering, an offer or sale of the Notes within the United States by a broker-dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A. In addition, as Nykredit Bank A/S and Swedbank AB (publ) and their affiliates are not registered with the SEC as U.S. registered broker dealers, they will effect offers and sales of the Notes solely outside of the United States. Nordea Bank Abp's ability to engage in U.S. securities dealings is limited under the U.S. Bank Holding Company Act and it may not underwrite, offer or sell securities that are offered or sold in the United States. Nordea Bank Abp will only underwrite, offer and sell the Notes that are part of its allotment solely outside the United States. Terms used in this paragraph have the meanings given to them by Rule 144A and Regulation S, as applicable. Resales of the Notes are restricted as described under "*Transfer Restrictions*."

Each Initial Purchaser will represent, warrant and agree with us that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction

where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions.*"

One or more Initial Purchasers may make offers or sales of the Notes in the United States through an affiliate or any other U.S. registered broker-dealers pursuant to applicable U.S. securities laws.

The Issuer will also agree that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there is currently no market. We have applied for the Notes to be admitted to the Securities Official List of the Exchange, without admission to trading on one of the securities markets operated by the Exchange; however, we cannot assure you that such listing will be obtained, or, if obtained, will be maintained.

The Initial Purchasers have advised us that they intend to make a market for the Notes as permitted by applicable law after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. We cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "**T+ 8**"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding five business days will be required, by virtue of the fact that the Notes initially will settle in T+8, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing and the next succeeding five business days should consult their own advisors.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open market to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Notes. See "*Risk Factors—Risks Related to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

The Initial Purchasers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory, commercial banking or such other services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions, including in connection with the Transactions. In connection with our strategy to review and evaluate selective acquisitions,

co-investment arrangements and other business combinations, we and our shareholders regularly engage mergers and acquisition advisors and other financial advisors to assist us. Certain of the Initial Purchasers and their affiliates may have in the past or may be currently advising us or other interested parties, and the Initial Purchasers and their affiliates may advise us or other interested parties from time to time on other transactions in the future. Certain of the Initial Purchasers are arrangers and/or lenders under the Revolving Credit Facility, the Backstop Revolving Facility, the Existing MTN Program and the Existing Commercial Paper Program. The Initial Purchasers or their affiliates may also, from time to time, hold bonds or loans of, or acquire equity positions in the Issuer and its subsidiaries and affiliates in normal course, including allocations of the Notes, the Existing Notes, the Existing MTNs, the 2023 Private Placement Notes or the Existing Commercial Paper Program. The proceeds of the Offering will be used to repay outstanding indebtedness under the 2022 Notes. As a result, certain of the Initial Purchasers that are holders of the 2022 Notes may receive a portion of the proceeds of the Offering. The Initial Purchasers and their affiliates may, from time to time, engage in transactions with, and perform services for, the Issuer and its subsidiaries and affiliates in the ordinary course of their business. The Issuer currently provides debt collection and related services to certain of the Initial Purchasers and/or their affiliates and may continue to provide such services in the future.

Affiliates of certain of the Initial Purchasers have in the past and may in the future sell portfolios of overdue debt and other overdue receivables to the Issuer or its subsidiaries. In the past we have entered into co-investment arrangements with affiliates of certain of the Initial Purchasers or their affiliates to purchase portfolios of overdue debt and other receivables and may enter into similar arrangements in the future.

In addition, certain of the Initial Purchasers or their affiliates are or may be in the future party to certain of our hedging arrangements and other financing and/or debt arrangements and may hold other proprietary positions in us, our current or future subsidiaries and affiliates and/or financial intermediaries and the financial instruments issued by any of them.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- to U.S. investors that we reasonably believe to be QIBs in compliance with Rule 144A; and
- outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S.

We use the terms "**offshore transaction**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable state securities laws, that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales in reliance on Rule 144A or Regulation S, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto, and, in each case, in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

(a) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of a party that is a QIB; or

(b) a non-U.S. person purchasing the Notes in an offshore transaction in compliance with Regulation S.

(3) It acknowledges that none of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of the Notes, other than the information contained in this Offering Memorandum which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, as applicable, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the end of the resale restriction periods described below only: (i) to the Issuer or any subsidiary thereof; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB who purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur

outside the United States to non-U.S. persons in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer: (a) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them; and (b) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date (as defined below). The foregoing restrictions on resale will apply (i) in case of Notes sold in reliance on Rule 144A, from the Issue Date until the date that is one year after the later of the Issue Date and the last date that the Issuer or any of its affiliates was the owner of the Notes or (ii) in case of Notes sold in reliance on Regulation S, 40 days after the later of the commencement of this Offering and the closing of this Offering (each, a "**Resale Restriction Period**") and will not apply after the applicable Resale Restriction Period ends.

(6) It understands that, by its purchase, holding and disposition of the Notes or any interest therein, it shall be deemed to have represented and covenanted that, either (a) it is not acquiring the Notes or any interest therein for or on behalf of (and for so long as it holds the Notes or any interest therein will not be and will not be acting on behalf of) (i) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I, (ii) any "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code, (iii) any entity the assets of which are considered to include "plan assets" of any plans described above in subsections (i) or (ii) (within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as amended by Section 3(42) of ERISA), or (iv) any plan, such as a foreign plan (as described in Section 4(b)(4) of ERISA), governmental plan (as defined in Section 3(32) of ERISA) or church plan (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) that is not subject to Title I of ERISA but that is subject to any federal, state, local, non-U.S. or other laws or regulations that are similar to Title I of ERISA or Section 4975 of the Code (a "**Similar Law**") (each a "**Plan**"), or (b) (i) the acquisition, holding and disposition of the Notes or any interest therein are exempt from the prohibited transaction restrictions of Section 406 of ERISA and Section 4975 of the Code (or in the case of a plan that is subject to a Similar Law, exempt from the analogous provisions of such Similar Law), pursuant to one or more applicable statutory or administrative exemptions and (ii) none of the Issuer, the Initial Purchasers or the guarantors or any of their respective affiliates is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the notes.

(7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT ("**REGULATION S**") AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") THAT IS [RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)] ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED

INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER: (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE, AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ACCEPTING THIS SECURITY OR ANY INTEREST THEREIN EACH HOLDER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS SECURITY OR ANY INTEREST THEREIN EITHER:

(X) IT IS NOT ACQUIRING THIS SECURITY OR ANY INTEREST THEREIN FOR OR ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS SECURITY WILL NOT BE AND WILL NOT BE ACTING ON BEHALF OF) (I) ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED) THAT IS SUBJECT TO TITLE I OF ERISA, (II) ANY "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) ANY ENTITY THE UNDERLYING ASSETS OF WHICH ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY PLANS DESCRIBED ABOVE IN SUBSECTIONS (I) OR (II) (WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA), OR (IV) ANY PLAN, SUCH AS A FOREIGN PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA), GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA) OR CHURCH PLAN (AS DEFINED IN SECTION 3(33) OF ERISA OR SECTION 4975(G)(3) OF THE CODE) THAT IS NOT SUBJECT TO TITLE I OF ERISA, BUT THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW**") (EACH A "**PLAN**"), OR

(Y) (I) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR ANY INTEREST THEREIN ARE EXEMPT FROM THE PROHIBITED TRANSACTION RESTRICTIONS OF SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE (OR IN THE CASE OF A PLAN THAT IS SUBJECT TO A SIMILAR LAW, EXEMPT FROM THE ANALOGOUS PROVISIONS OF SUCH SIMILAR LAW), PURSUANT TO ONE OR MORE APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTIONS AND (II) NONE OF THE ISSUER, THE INITIAL PURCHASERS OR THE GUARANTORS OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING, OR WILL ACT, AS A FIDUCIARY TO ANY PLAN WITH RESPECT TO THE DECISION TO ACQUIRE OR HOLD THIS SECURITY OR IS UNDERTAKING TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR GIVE ADVICE IN A FIDUCIARY CAPACITY WITH RESPECT TO THE DECISION TO ACQUIRE OR HOLD THIS SECURITY.

The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, FOR U.S. FEDERAL INCOME TAX PURPOSES. UPON WRITTEN REQUEST, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD CONTACT THE ISSUER AT HESSELMANS TORG 14, NACKA, SE 105 24 STOCKHOLM, SWEDEN, ATTENTION: TREASURER.

Each purchaser of the Notes will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as to holders of the Notes.

(1) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(2) It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(3) If it is a non-U.S. person in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the Distribution Compliance Period (as defined below), it shall not make any offer or sale of the Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 of Regulation S. The "Distribution Compliance Period" means the 40-day period following the issue date for the Notes.

(4) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(5) It acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or an agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(6) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(7) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the Distribution Compliance Period, it shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act.

(8) It understands that the Notes sold pursuant to Regulation S will bear an applicable restrictive U.S. Securities Act legend referred to under "*Transfer Restrictions*" in this Offering Memorandum. The applicable Regulation S restrictive legend will be removed at the earlier of (1) the Distribution Compliance Period and (2) the earliest date or dates permitted under U.S. federal securities laws.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York state law and English law, by Advokatfirman Vinge KB with respect to matters of Swedish law and by Advokatfirmaet Wiersholm AS with respect to matters of Norwegian law. Certain legal matters will be passed upon for the Initial Purchasers by Ropes & Gray International LLP with respect to matters of U.S. federal and New York state law and English law and by Roschier Advokatbyrå AB with respect to matters of Swedish law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Issuer as of December 31, 2019 and 2018, included in the Offering Memorandum, have been audited by Ernst & Young AB, independent auditors, as stated in their reports appearing herein.

ENFORCEMENT OF FOREIGN JUDGMENTS AND SERVICE OF PROCESS

The Issuer is a public limited liability company incorporated under the laws of Sweden.

Many of our directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, most of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, we have appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Sweden upon those persons or us or over our subsidiaries *provided* that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the Issuer has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Sweden, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in Sweden or elsewhere outside the United States.

Sweden

It is not established by Swedish judicial precedent or otherwise by Swedish law that a power of attorney or a mandate of agency, including the appointment of a service of process agent, can be made irrevocable and therefore any powers of attorney or mandates of agency issued by a Swedish party can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the Swedish party giving such powers.

The principal rule is that foreign judgments are neither recognized nor enforced in Sweden, unless such judgments pertain to a civil or commercial matter (but not for example bankruptcy) rendered by a court of another EU Member State or member state of the Economic Free Trade Association ("**EFTA**"), or judgments rendered by a court of another Nordic country.

The United States and Sweden do not currently have a convention or treaty providing for the reciprocal recognition and enforcement of court judgments, other than arbitral awards, in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States in civil and commercial matters, whether or not predicated solely upon U.S. federal or state securities laws, would not be directly enforceable, either in whole or in part, in Sweden.

In order to enforce any such judgment in Sweden, proceedings must therefore be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in Sweden, or an administrative tribunal or executive or other public authority of Sweden. Enforcement of any such judgments in Sweden, would not be recognized or enforceable in Sweden as a matter of right without a retrial on its merits (but will be persuasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of Sweden). However, there is Swedish case law to indicate that such judgments:

(a) that are based on contract which expressly exclude the jurisdiction of the courts of Sweden;

(b) that were rendered under observance of due process of law;

(c) against which there lies no further right to appeal; and

(d) the recognition of which would not manifestly contravene fundamental principles of the legal order or the public policy of Sweden,

should be acknowledged without retrial on its merits.

Any legal proceedings in the courts of Sweden will be conducted in Swedish and a court or enforcement authority in Sweden may require, as a further condition for admissibility and/or enforceability the translation into Swedish of any relevant document, and assistance from Swedish authorities in the service of process in connection with foreign proceedings might require the observance of certain procedural and other regulations.

Pursuant to the provisions of the 2012 Brussels Regulation, a judgment entered against a company in the courts of a Member State (as defined therein, *i.e.* all EU Member States) and which is enforceable in such a

Member State, will be directly enforceable in Sweden upon the satisfaction of the formal requirements of the 2012 Brussels Regulation without any declaration of enforceability being required. It should be noted, however, that a party may apply for refusal of recognition or refusal of enforcement, as applicable, in accordance with the 2012 Brussels Regulation. Such an application shall be submitted to the relevant district court (Sw. *tingsrätt*) in Sweden.

With regard to the provisions of the 2007 Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the "**Lugano Convention**"), a judgment entered against a company in the courts of a Contracting State (as defined in therein, *i.e.* all EU Member States and member states of the EFTA other than Liechtenstein (namely Iceland, Switzerland and Norway)) and which is enforceable in such Contracting State, will be directly enforceable in Sweden only upon the satisfaction of the following requirements: (a) that a motion for enforcement has been filed with the relevant district court (Sw. *tingsrätt*) in Sweden as provided by law and has been granted; (b) that no appeals lie against the judgment entered in the courts of such Contracting State; (c) that the courts of such Contracting State had jurisdiction; (d) that summons has been duly served on the respondent in the proceedings before the courts of such Contracting State; (e) that the judgment is not inconsistent with a prior judgment given between the same parties in the same matter; and (f) that the judgment does not contravene fundamental principles of the legal order or the public policy of Sweden.

Judgements which are not within the scope of the 2012 Brussels Regulation or Lugano Convention would, with very limited exceptions, not be recognized or enforced in Sweden without a retrial on the merits. This would for example apply to judgments from United States and other non-EU/EFTA countries. As a result, as the United Kingdom has left the EU, an English court judgement entered against a company incorporated in Sweden may not be recognized or enforceable in Sweden (absent any replacement arrangements being put in place and disregarding that the United Kingdom during a transition period will continue being classified as a Member State for the purposes of the 2012 Brussels Regulation and a Contracting State for the purposes of the Lugano Convention).

Swedish courts may award judgments or give awards in currencies other than the local currency, but the judgment debtor has the right under the laws of Sweden to pay the judgment debt (even though denominated in a foreign currency) in the local currency at the rate of exchange prevailing at the date of payment (however, the judgment creditor may, subject to availability of the foreign currency, convert such local currency into the foreign currency after payment and remove such foreign currency from Sweden), and a choice of currency provisions by the parties to an agreement may not be upheld by Swedish courts to constitute a right to refuse payment in Swedish kronor.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting requirements under the reporting requirements of Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

LISTING AND GENERAL INFORMATION

Admission to trading and listing

Application has been made to the Exchange for the Notes to be admitted to the Securities Official List of the Exchange, in accordance with the rules and regulations of the Exchange.

The Company may publish or make available any notices (including financial notices) on the official website of the Exchange (www.bourse.lu), to the extent and in the manner permitted by the rules of the Exchange.

For so long as the Notes are listed on the Exchange and the rules and regulations of the Exchange so require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the financial statements included in this Offering Memorandum;
- the annual and interim financial statements required to be provided under the caption "*Description of the Notes—Reports*;"
- the Intercreditor Agreement;
- this Offering Memorandum; and
- the Indenture relating to the Notes (which includes the form of the Notes).

We will maintain a principal paying agent and a transfer agent in London for as long as any of the Notes are listed on the Exchange. We reserve the right to vary such appointment and we will publish notice of such change of appointment, to the extent and in the manner permitted by such rules, posted on the official website of the Exchange (www.bourse.lu).

According to the Rules and Regulations of the Exchange, the Notes will be freely transferable on the Exchange in accordance with applicable law.

Clearing information

The Notes sold pursuant to Rule 144A of the U.S. Securities Act and the Notes sold pursuant to Regulation S of the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear. Each set of the Notes has been assigned the common codes and International Securities Identification Numbers ("**ISINs**") set out below:

	ISIN	Common Code
Rule 144A Global Note	XS2211137059	221113705
Regulation S Global Note	XS2211136168	221113616

Incorporation of the Issuer

Intrum AB (publ) is a public limited liability company under the laws of Sweden, registered in 2001 (corporate identity number 556607-7581). The Issuer has been listed on the Nasdaq Stockholm exchange since June 2002 and was listed on the Nasdaq Stockholm, Large Cap list in 2016. As of December 31, 2019, the share capital in the Issuer amounted to SEK 2,899,805 and the number of shares to 131,541,320, of which 600,000 are treasury shares. The Issuer's registered place of business is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden.

Consents and authorizations

We have obtained all necessary consents, approvals and authorizations in the applicable jurisdiction of incorporation of the Issuer in connection with the issuance and performance of the Notes.

Offering memorandum

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the prospects of the Company since December 31, 2019, the date of our most recent audited consolidated financial statements;

- there has been no material adverse change in the financial or trading position of the Company since June 30, 2020, the date of our most recent unaudited interim consolidated financial statements; and

- the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the date of its incorporation, which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

We accept responsibility for the information contained in this Offering Memorandum. To our best knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. No person is authorized in connection with the Offering to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. This Offering Memorandum may only be used for the purposes for which it has been published.

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable laws.

Any websites mentioned in this Offering Memorandum do not form part of this Offering Memorandum.

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OFFERING MEMORANDUM

intrum

INTRUM AB (PUBL)

€600 million 4.875% Senior Notes due 2025

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Unaudited Interim Financial Statements of Intrum AB (publ) as of and for the Six Months Ended June 30, 2020, prepared in accordance with IAS 34 as adopted by the EU

Financial reports

Consolidated earnings statement in summary

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Change %	Full year 2019
Revenues from clients	2,340	2,178	4,654	4,315	9,704	9,368
Revenue on portfolio investments calculated using the effective interest method	1,542	1,604	3,197	3,203	6,586	6,589
Positive revaluations of Portfolio investments	44	294	43	414	549	920
Negative revaluations of Portfolio investments	–41	–292	–676	–396	–1,172	–892
Total revenue	3,885	3,784	7,218	7,536	15,668	15,985
Cost of sales	–2,234	–2,053	–4,636	–4,189	–10,254	–9,807
Gross earnings	1,651	1,731	2,583	3,347	5,414	6,178
Sales, marketing and administrative expenses	–405	–571	–959	–1,200	–2,356	–2,597
Goodwill impairment					–2,700	–2,700
Participation in associated companies and joint ventures	102	315	183	675	687	1,179
EBIT	1,348	1,475	1,807	2,822	1,045	2,060
Net financial items	–482	–348	–983	–748	–2 ,156	–1,921
Earnings before tax	866	1,127	824	2,074	–1,111	139
Tax	–195	–248	–185	–456	–153	–424
Net earnings for the period	671	879	638	1,618	–1,265	–285
Of which attributable to:						
Parent company's shareholders	654	821	628	1547	–1281	–362
Non-controlling interest	17	58	10	71	16	77
Net earnings for the period	671	879	638	1,618	–1,265	–285
Average no of shares before and after dilution, '000	121,401	131,094	130,511	131,492	130,085	131,066
Earnings per share before and after dilution						
Profit from continuing operations, SEK	5.39	6.26	4.81	11.79	–9.85	–2.76
Total earnings per share before and after dilution, SEK	5.39	6.26	4.81	11.79	–9.85	–2.76

Consolidated statement of comprehensive earnings in summary

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Change %	Full year 2019
Net earnings for the period	671	879	638	1,618	–1,265	–285
Other comprehensive earnings, items that will be reclassified to profit and loss:						
Currency translation difference	–1,019	202	–734	565	–970	318
Other comprehensive earnings, items that will not be reclassified to profit and loss:						
Remeasurement of pension liability		0		0		–32
Comprehensive earnings for the period	–348	1,081	–96	2,183	–2,268	1
Of which attributable to:						
Parent company's shareholders	–209	1,023	–119	2,112	–2,315	–94
Non-controlling interest	–139	58	23	71	47	95

SEKm	Second quarter		6 months			Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	Change %	2019
Comprehensive earnings for the period	–348	1,081	–96	2,183	–2,268	1

Consolidated balance sheet in summary

SEKm	30 June 2020	30 June 2019	31 Dec 2019
ASSETS			
Intangible fixed assets			
Goodwill	32,809	35,036	33,358
Capitalized expenditure for IT development and other intangibles	834	1,079	802
Client relationships	5,687	4,398	6,079
Total intangible fixed assets	39,330	40,513	40,239
Tangible fixed assets			
Right-of-use assets	840	676	888
Investment property	11	2	0
Other tangible fixed assets	199	236	212
Total tangible fixed assets	1,050	914	1,100
Other fixed assets			
Shares in joint ventures	6,507	5,815	6,539
Other shares and participations	1	5	0
Portfolio investments	28,032	26,228	28,508
Deferred tax assets	1,326	585	1,300
Other long-term receivables	151	196	183
Total other fixed assets	36,017	32,829	36,530
Total fixed assets	76,397	74,256	77,869
Current Assets			
Accounts receivable	1,288	1,647	1,860
Inventory of real estate	395	332	382
Client funds	1,039	1,161	1,060
Tax assets	339	242	382
Other receivables	1,292	1,918	1,334
Prepaid expenses and accrued earnings	1,208	1,091	1,343
Cash and cash equivalents	2,879	1,237	1,906
Total current assets	8,440	7,628	8,267
TOTAL ASSETS	84,837	81,884	86,136
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	19,313	24,433	22,014
Attributable to non-controlling interest	2,902	2,381	2,879
Total shareholders' equity	22,215	26,814	24,893
Long-term liabilities			
Liabilities to credit institutions	9,101	9,393	6,186
Bond loans	40,840	34,065	40,644
Long-term leasing liabilities	650	492	474
Other long-term liabilities	669	1,025	1,303
Provisions for pensions	402	268	387
Other long-term provisions	18	45	19
Deferred tax liabilities	1,388	1,981	1,938
Total long-term liabilities	53,068	47,269	50,951
Current liabilities			
Liabilities to credit institutions	0	3	0
Bond loans	1,000	0	1,000
Commercial paper	1,252	2,480	2,794
Client funds payable	1,039	1,161	1,060
Accounts payable	487	419	512
Earnings tax liabilities	943	430	422
Advances from clients	75	95	88

SEKm	30 June 2020	30 June 2019	31 Dec 2019
Short-term leasing liabilities	228	199	443
Other current liabilities	1,491	744	810
Accrued expenses and prepaid earnings	3,000	2,256	3,014
Other short-term provisions	39	14	149
Total current liabilities	9,554	7,801	10,292
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	84,837	81,884	86,136

Consolidated statement of changes in shareholders' equity

SEKm	2020 Attributable to Parent Company's shareholder	2020 Non-controlling interest	2020 Total	2019 Attributable to Parent Company's shareholder	2019 Non-controlling interest	2019 Total
Opening balance, January 1	22,014	2,879	24,893	23,666	2,006	25,672
Share dividend	–1,332		–1,332	–1,247		–1,247
Repurchase of shares	–1,250		–1,250	–86		–86
Change in Group structure				–12	304	292
Divestment of shares in company with non-controlling interest						
Comprehensive earnings for the period	–119,	23	–96	2,112	71	2,183
Closing balance, March 31	19,313	2,902	22,215	24,433	2,381	26,814

Consolidated cash flow statement in summary

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Full year 2019
Operating activities					
EBIT	1,348	1,475	1,807	2,822	2,060
Depreciation/amortisation and impairment write-down	371	311	709	599	4,284
Amortisation/revaluation of purchased debt	991	1,066	2,755	2,046	4,155
Other adjustment for items not included in cash flow	–130	–275	–292	–670	–1,059
Interest received	–19	16	30	22	62
Interest paid	40	–137	–598	–708,	–1,454
Other financial expenses paid	–22	–45	–80	–35	–483
Earnings tax paid	–131	–100	–211	–213	–802
Cash flow from operating activities before changes in working capital	2,447	2,310	4,119	3,863	6,763
Changes in factoring receivables	29	–75	23	–71	–47
Other changes in working capital	423	–338	1,025	–543	–324
Cash flow from operating activities	2,899	1,897	5,167	3,249	6,392
Investing activities					
Purchases of tangible and intangible fixed assets	–192	–140	–315	–349	–699
Portfolio investments in receivables and inventory of real estate	–1,326	–1,416	–2,981	–2,925	–7,612
Acquisition of subsidiaries and joint ventures	–6	–1,937	–6	–1,958	–5,135
Liquid assets in acquired/divested subsidiaries	0	337	0	344	384
Proceeds from divestment of subsidiaries and associated companies	0	0	0	1,488	1,488
Other cash flow from investing activities	141	–20	293	–18	–72
Cash flow from investing activities	–1,383	–3,176	–3,009	–3,418	–11,646
Financing activities					
Borrowings and repayment of loans	976	2,517	1,525	1,385	7,229
Repurchase of shares	–760	–86	–1,250	–86	–86
Share dividend to parent company's shareholders	–1,332	–1,247	–1,332	–1,247	–1,247
Dividend to non-controlling shareholders	0				–58
Cash flow from financing activities	–1,116	1,184	–1,057	52	5,838
Total change in liquid assets	400	–95	1,101	–117	584

SEKm	Second quarter April–June 2020	April–June 2019	6 months Jan–June 2020	Jan–June 2019	Full year 2019
Opening balance of liquid assets	2,598	1,333	1,906	1,348	1,348
Exchange rate differences in liquid assets	–120	–1	–128	6	–26
Closing balance of liquid assets	2,879	1,237	2,879	1,237	1,906
Group total					
Cash flow from operating activities	2,899	1,897	5,167	3,249	6,392
Cash flow from investing activities	–1,383	–3,176	–3,009	–3,418	–11,646
Cash flow from financing activities	–1,116	1,184	–1,057	52	5,838

Earnings statement – parent company

SEKm	Second quarter April–June 2020	April–June 2019	Full year 2019
Revenues	271	116	402
Gross earnings	271	116	402
Sales and marketing expenses	–12	–12	–25
Administrative expenses	–354	–348	–793
EBIT	–95	–244	–416
Earnings from subsidiaries	114	158	1181
Exchange rate differences on monetary items classified as expanded investment and hedging activities	268	–772	–578
Net financial items	–333	–237	–970
Earnings before tax	–46	–1,095	–783
Tax	32	0	96
Net earnings for the period	–14	–1 095	–687

Net earnings for the period corresponds to comprehensive earnings for the period.

Balance sheet – parent company

SEKm	30 June 2020	30 June 2019	31 Dec 2019
ASSETS			
Fixed assets			
Intangible fixed assets	231	89	141
Tangible fixed assets	12	12	13
Financial fixed assets	70,715	51,822	69,627
Total fixed assets	70,958	51,923	69,781
Current assets			
Current receivables	547	15,925	1,484
Cash and cash equivalents	636	100	220
Total current assets	1,183	16,025	1,704
TOTAL ASSETS	72,141	67,948	71,485
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	11,546	13,735	14,142
Total shareholders' equity	11,831	14,020	14,427
Long-term liabilities	55,658	45,870	50,192
Current liabilities	4,652	8,058	6,866
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	72,141	67,948	71,485

Interim report

Other information

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 271 M (116) for the quarter and earnings before tax of SEK–46 M (1,095). The Parent Company invested SEK 102 M (61) in fixed assets during the quarter and had, at the end of the quarter, SEK 636 M (100) in cash and cash equivalents. The average number of employees was 59 (68).

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company. In addition to appearing in the financial statements, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report.

The accounting principles applied by the Group and the Parent Company are essentially unchanged compared with the 2019 Annual Report.

Changes in IFRS standards as of 1 January 2020 have not had any material impact on this interim report.

Transactions with related parties

Neither during the quarter nor during the full-year, have any significant transactions occurred between Intrum and other closely related companies, boards or Group management teams.

Market development and outlook

In Intrum's integrated business model, consisting of credit management services and portfolio investments, we see favourable development in both areas, even though Q1, 2020 has been impacted by considerable macroeconomic insecurity, which, in the short term affects our clients decision making. Much of the groundwork has now been done to enable us to start the execution of our production transformation programme in the credit management operations. Intrum will gradually centralise, standardise and improve large parts of the collection process. In the future, we anticipate the actions being taken in this area will continuing to improve efficiency and the CMS margin.

Significant risks and uncertainties

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, Brexit, compliance and changes in regulations, reputation risks, tax risks, risks attributable to IT and information management, risks attributable to acquisitions, market risks, liquidity risks, credit risks, risks inherent in portfolio investments and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2019 Annual Report. No significant risks are considered to have arisen besides those described in the Annual Report.

New segmentation as of 2020

To reflect Intrum's growth in southern Europe, a third segment has been established, comprising Intrum's markets in southern Europe, in parallel with the existing Credit Management Services and Portfolio Investments segments. Accordingly, as of 2020, Intrum is organised and into, and will report on three segments, these being Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain). At the same time, the previous segmentation into four geographical regions is being discontinued.

Fair value of financial instruments

Most of the Group's financial assets and liabilities (portfolio investments, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, bonds, commercial papers, accounts payable and other liabilities) are carried in the accounts at amortised cost. For most of these financial instruments, the carrying amount is assessed to be a good estimate of fair value. For outstanding bonds with a total carrying value of SEK 41,840 M (34,065) at the end of the quarter, fair value is, however, calculated at SEK 38,591 M (34,523). The Group also holds forward exchange contracts and other financial assets of SEK 345 M (204), as well as financial liabilities of SEK 327 M (356) carried at fair value in the earnings statement.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 April–30 June 2020, 75,479,916 shares were traded for a total value of SEK 11,081 M, corresponding to 60 percent of total number of shares at the end of the period. The highest price paid during the period 1 April–30 June 2020 was SEK 199.70 (5 June) and the lowest was SEK 114.10 (2 April). On the last trading day of the period, 30 June 2020, the price was SEK 171 (latest paid). During the period 1 April–30 June 2020, Intrum's share price rose by 37 percent, while Nasdaq OMX Stockholm rose by 19 percent.

Shareholders

30 June 2020	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	47.7
AMF Försäkring & Fonder	8,264,116	6.8
Handelsbanken Fonder	5,073,970	4.2
Swedbank Robur Fonder	5,041,271	4.2
Vanguard	2,702,898	2.2
Första AP-fonden	2,294,409	1.9
TIAA - Teachers Advisors	1,880,261	1.6
Degroof Petercam	1,708,092	1.4
Lannebo Fonder	1,445,177	1.2
Avanza Pension	1,308,659	1.1
Nordnet Pensionsförsäkring	1,241,394	1.0
C WorldWide Asset Management	1,110,941	0.9
BlackRock	1,034,130	0.9
TimesSquare Capital Management	1,016,795	0.8
Norges Bank	1,052,105	0.9
Total, fifteen largest shareholders	92,903,174	76.7
Total number of shares excluding treasury shares	121,120,918	

Source: Modular Finance Holdings and Intrum

Treasury holdings of 600,000 shares are not included in the number of shares outstanding. The proportion of Swedish ownership amounted to 33.9 percent (institutions 6.3 percentage points, mutual funds 16.9 percentage points and private individuals 10.7 percentage points).

Currency exchange rates

	Closing rate 30 June 2020	Closing rate 30 June 2019	Average rate April–June 2020	Average rate April–June 2019	Average rate Jan–June 2020	Average rate Jan–June 2019
1 EUR=SEK	10.49	10.55	10.65	10.61	10.66	10.51
1 CHF=SEK	9.85	9.50	10.04	9.42	10.02	9.31
1 NOK=SEK	0.96	1.09	0.97	1.09	0.99	1.08
1 HUF=SEK	0.0294	0.0326	0.0303	0.0329	0.0308	0.0328

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

For further information, please contact

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Anders Engdahl is the contact under the EU Market Abuse Regulation.

The information in this interim report 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 provided under the auspices of the contact person above for publication on 23 July 2020 at 08.00 a.m. CET.

Year-end reports, interim reports and other financial information are available via www.intrum.com

Denna delårsrapport finns även på svenska.
Stockholm 23 July 2020

Mikael Ericson
President and CEO

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

Definitions

Result concepts, key figures and alternative indicators

Consolidated net revenues

Consolidated net revenues include external credit management earnings (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription earnings, etc.), earnings from portfolio investments operations (collected amounts less amortisation and revaluations for the period) and other earnings 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 earnings statement.

Operating margin

The operating margin consists of operating earnings expressed as a percentage of net revenues.

Adjusted net revenues/revenues

Net revenue/revenues excluding portfolio revaluations and other items affecting comparability.

Adjusted operating earnings (EBIT)

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

Adjusted operating margin

Adjusted operating earnings (EBIT) in relation to adjusted net revenue/revenue.

Cash revenue

An alternative performance indicator that includes net revenues and cashflow from gross collections and cash flow from joint ventures.

External revenue

Revenue from Intrum's external clients and revenue generated from Real Estate Owned assets (REO).

Internal revenue

Predominantly related to revenue paid by the Portfolio Investment segment to Credit Management Services and Strategic Markets segments for collection activities made on the behalf of Intrum's own portfolios.

EBITDA

EBITDA is defined as operating earnings (EBIT) adding back deprecation and amortisations of tangible and intangible assets.

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. For rolling 12-month and full-year figures, pro forma adjustments are also added.

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 portfolio revaluations, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, 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.

Portfolio investments

The investments for the period in portfolios of overdue receivables, with and without collateral, investments in real estate and in joint ventures whose operations entail investing in portfolios of receivables and properties.

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.

Amortisation percentage

Amortisation on portfolio investments during the period, as a percentage of collections.

Return on portfolio investments (ROI)

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees (financial services), 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 segment's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. The definition of average book value is based on using average values for the quarters.

Estimated remaining collections, ERC

The estimated remaining collections represent the nominal value of the expected future collection on the Group's portfolio investments, including Intrum's anticipated cash flows from investments in joint ventures.

Cashflow from joint ventures

The cashflow received by Intrum in form of distributions and dividends from investments in non-consolidated joint ventures.

Cash multiple

Estimated remaining collections (ERC) on all the Group's portfolio investments, as a share of the total book value amount.

Replenishment investment level

Replenishment investment level defined as keeping 12 month forward ERC divided by last 12 month MoM multiple (quarterly using 1/4 of full year).

Organic growth

Organic growth refers to the average increase in net revenues in local currency, adjusted for revaluations of portfolio investments 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.

Segment earnings

Segment earnings relate to the operating earnings of each segment, Credit Management and Financial Services, excluding common costs for sales, marketing and administration.

Operating margin, segment

The operating margin, segment consists of service line earnings expressed as a percentage of net revenues.

Net debt

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

RTM

The abbreviation RTM refers to figures on a rolling 12-month basis.

Pro forma adjustments

Businesses that have been acquired during the period are included on a pro forma basis during the entire twelve month period.

Net debt/Cash EBITDA

This key figure refers to net debt divided Cash EBITDA on a rolling 12-month basis. The key figure is included among the Group's financial targets, is an important measure for assessing the level of the Group's borrowings and is a widely accepted measure of financial capacity among lenders. This key figure is calculated in accordance with the definitions stated in the terms of the Group's revolving syndicated loan facility, which means, among other things, that participations in non-consolidated joint ventures is only included to the extent that earnings are distributed to Intrum and that operations acquired during the period are included on a pro forma-basis throughout the 12-month period.

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.

About Intrum

Intrum is the industry-leading provider of Credit Management Services with a presence in 24 markets in Europe. Intrum helps companies prosper by offering solutions designed to improve cash flows and long-term profitability and by caring for their customers. To ensure that individuals and companies get the support they need to become free from debt is one important part of the company's mission. Intrum has around 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2019, the company generated revenues of SEK 16.0 billion. Intrum is headquartered in Stockholm, Sweden and the Intrum share is listed on the Nasdaq Stockholm exchange. For further information, please visit www.intrum.com.

Business model

We ensure that companies are paid by offering two types of services. Credit Management-services focusing on late payments (that is, collection), as well as purchasing of portfolios of overdue receivables. Beyond this, we offer a full range of services covering companies' entire credit management chain.

Intrum as an investment

Growing market – The market for our services is growing. With digitisation, credit sales are increasing, the market is being consolidated and new types of receivables are being sold as companies and banks seek to focus more on their core operations.

Market-leading position – Intrum is the industry leader in Europe, with a presence in 24 countries. We also have partners in another 160 countries. Our size allows us to partner with clients across several markets. Our broad knowledge spans multiple industries and we have opportunities to invest in new technologies and innovative solutions.

A complete range – Intrum offers a complete range of credit management services, covering companies' complete credit management chains.

Considerable trust and 100 years of experience – Our work can only be performed if we have our clients' complete trust and conduct our operations ethically and with respect for the end-customer. Our 100 years of experience demonstrate the strength of our business model and our view of business. We build long-term partnerships with our clients.

Intrum leads the way towards a sound economy – A functioning credit market is a prerequisite for the business community, and consequently for society as a whole, to perform properly. Intrum plays an important role in this context.

Financial calendar 2020

23 October 2020, Interim report for the third quarter

28 January 2021,
Year-end-report 2020

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Interim report

SEKm, unless otherwise indicated	Second quarter			6 months			Rolling 12 months	Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	July 2019–June 2020	2019
Revenues	3,885	3,784	3	7,218	7,536	–4	15,667	15,985
Adjusted revenue	3,882	3,780	3	7,852	7,341	7	16,291	15,780
Operating earnings (EBIT)	1,348	1,475	–9	1,807	2,822	–36	1,045	2,060
EBIT adjusted	1,345	1,561	–14	2,440	2,911	–16	5,737	6,208
Earnings per share, SEK	5.39	6.26	–14	4.81	11.79	–59	–9.85	–2.76
Cash flow from operating activities	2,899	1,897	53	5,167	3,249	59	8,311	6,392
Adjusted segment earnings Credit Management Services	383	460	–17	803	872	–8	1,724	1,793
Adjusted segment earnings Strategic Markets	345	337	2	447	440	2	1,125	1,118
Adjusted segment earnings Portfolio Investments	1,003	1,214	–17	2,040	2,503	–18	4,484	4,947
Portfolio investments	1,267	1,436	–12	2,917	2,713	8	7,528	7,324
Carrying value portfolio investments	34,945	32,377	8	34,945	32,377	8	34,945	35,429
Return on portfolio investments, ROI, %	11	15		8	15		11	15
Adjusted return on portfolio investments, ROI, %	11	15		11	15		13	15
Cash EBITDA	2,709	2,670	1	5,342	4,984	7	11,246	11,444
Net Debt/RTM Cash EBITDA							4.4	4.3

Revenues by type

SEKm	Second quarter			6 months			Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	2019
External Credit Management revenues	2,250	2,099	7	4,498	4,044	11	8,930
Gross cash collections	2,536	2,672	–5	5,320	5,267	1	10,772
Other Portfolio Investment segment revenues	90	78	15	155	271	–43	438
Associate earnings cash contribution	101	45	124	253	85	198	197
Cash revenue	4,977	4,895	2	10,227	9,667	6	20,337
Portfolio investment amortisations	–994	–1,068	–7	–2,123	–2,064	3	–4,183
Portfolio investment revaluations	3	2	50	–633	18	–3.616	28
Associate earnings cash contribution	–101	–45	–124	–253	–85	198	–197
Total revenues	3,885	3,784	3	7,218	7,536	–4	15,985

Change in revenue

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Full year 2019
Organic growth	–7	–14	–9	–4	–2
Acquired growth	12	16	14	13	18
Portfolio revaluations	0	0	–9	0	0
Exchange rates	–2	2	0	3	3
Total	3	4	–4	12	19

Items affecting comparability in operating earnings

Change in revenues, %	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Full year 2019
Positive revaluations of portfolio investments	44	294	43	414	920
Negative revaluations of portfolio investments	–41	–292	–676	–396	–892
Integration costs Lindorff	–	–33	–	–68	–224
Transaction costs for M&A	–	–21	–	–111	–274
Received compensation for terminated BPO contract	–	1	–	147	147
Impairment write-down of goodwill	–	–	–	–	–2,700
Efficiency improvement programme	–	–	–	–	–656
Other items affecting comparability	–	–35	–	–75	–469
Total items affecting comparability in operating earnings	3	–86	–633	–89	–4,148

Net financial items specification

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	Second quarter Change %	6 months Jan–June 2020	6 months Jan–June 2019	6 months Change %	Full year 2019
Interest earnings	10	16	–38	30	22	36	63
Interest costs	–423	–356	19	–874	–696	26	–1,512
Interest cost on leasing liability according to IFRS 16	–10	–12	–17	–20	–22	–9	–43
Exchange rate differences	3	50	–94	1	32	–97	18
Amortisation of borrowing costs	–22	–21	5	–40	–42	–5	–94
Commitment fee	–31	–16	94	–65	–29	124	–80
Other financial items	–9	–9	–	–15	–13	15	–273
Total net financial items	–482	–348	39	–983	–748	31	–1,921

Cash flow and investments

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Full year 2019
Cash flow from operating activities	2,899	1,897	5,167	3 249	6,392
Cash flow from investing activities	–1,383	–3,176	–3,009	–3 418	–11,646
Total cash flow from operating and investing activities	1,516	–1,279	2,158	–169	–5,254
Repurchase of shares	–760	–86	–1,250	–86	–86
Changes from other financing activities	–356	1,270	193	138	5,924
Cash flow for the period	400	–95	1,101	–117	584

Assets and financing

SEKm	30 June 2020	30 June 2019	31 Dec 2019
Liquid assets	2,879	1,237	1,906
Portfolio investments total	34,945	32,377	35,429
Client relationships	5,686	4,398	6,079
Goodwill	32,809	35,036	33,358
Other assets	8,518	8,836	9,364
Total assets	84,837	81,884	86,136
Shareholders' equity	22,215	26,814	24,893
Net Debt	49,716	44,972	49,105
Net Debt/Cash EBITDA as per covenant definition	4.4	4.3	4.3

Quarterly overview

Group

SEKm	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018
Revenues	3,885	3,333	4,663	3,786	3,784	3,752	3,517	3,180
Adjusted revenues	3,882	3,969	4,662	3,777	3,780	3,561	3,441	3,180
Operating earnings (EBIT)	1,348	459	–2,137	1,375	1,475	1,347	1,003	838
EBIT adjusted	1,345	1,095	1,821	1,476	1,561	1,350	1,236	1,095
Cash EBITDA	2,709	2,633	3,063	2,609	2,670	2,314	2,401	2,247
Net earnings	671	–33	–2,482	579	879	739	482	396
Earnings per share, SEK	5.39	–0.25	–18.84	4.26	6.26	5.63	3.70	3.02
Return on equity, %	13	0	–42	9	13	12	8	7
Equity per share, SEK	159.46	165.62	168.12	193.28	187.54	188.55	195.16	177.58
Cash flow from operating activities per share, SEK	23.88	17.37	14.03	9.97	14.47	10.30	13.81	9.25
Number of employees (FTEs)	9,366	9,188	9,430	8,959	8,542	8,133	7,711	7,571

Credit Management Services

SEKm	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
Revenues	1,590	1,705	1,792	1,764	1,741	1,716
– thereof external clients	1,048	1,139	1,182	1,190	1,194	1,179
– thereof intercompany revenues	542	566	610	574	547	537
Adjusted revenues	1,590	1,705	1,793	1,765	1,740	1,716
Segment earnings	383	420	255	459	448	396
Adjusted segment earnings	383	420	430	490	460	412
Items affecting comparability	–	–	–176	–30	–12	–15
Adjusted operating margin, %	24	25	24	28	26	24

Strategic Markets

SEKm	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
Revenues	1,265	1,194	1,665	961	975	834
– thereof external clients	1,202	1,108	1,610	899	905	766
– thereof intercompany revenues	63	86	55	62	70	68
Adjusted revenues	1,265	1,194	1,665	961	973	659
Segment earnings	345	102	–2,702	153	334	241
Adjusted segment earnings	345	102	517	161	337	103
Items affecting comparability	–	–	–3,219	–8	–3	138
Adjusted operating margin, %	27	9	31	17	35	16

Portfolio Investments

SEKm	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018
Gross cash collections	2,536	2,784	2,826	2,679	2,671	2,594	2,663	2,507
Portfolio amortisations	–994	–1,129	–1,058	–1,061	–1,068	–996	–1,055	–998
Portfolio revaluation	3	–636	1	9	2	16	76	0
Other Portfolio Investment segment revenues	90	66	98	68	80	193	57	50
Revenue	1,635	1,085	1,867	1,695	1,685	1,807	1,741	1,558
Segment earnings	1,006	401	1,195	1,246	1,215	1,306	1,057	849
Adjusted segment earnings	1,003	1,037	1,208	1,236	1,214	1,289	982	837
Portfolio investments	1,267	1,650	3,780	831	1,436	1,277	5,444	927
Total carrying value of portfolio investments	34,945	36,297	35,429	33,196	32,377	31,392	32,261	25,772
– thereof purchased receivables	28,032	29,026	28,508	26,279	26,228	25,628	24,830	23,914
– thereof joint ventures	6,507	6,855	6,539	6,546	5,815	5,477	4,746	1,703
– thereof real estate	406	416	382	371	334	287	2,685	155
Adjusted return on portfolio investments, %	11	11	14	15	15	16	13	17
Amortisation ratio, %	39	41	37	40	40	38	40	40
ERC	64,674	68,551	64,995	61,310	60,896	58,686	57,382	47,874
Cash multiple	1.85	1.89	1.83	1.87	1.88	1.87	1.94	2.00

Five year overview

Group

SEKm	2019	2018	2017	2016	2015
Revenues	15,985	13,442	9,434	5,869	5,419
Adjusted revenues	15,780	13,131	9,437	5,824	5,387
EBIT	2,060	3,978	2,728	1,921	1,577
Adjusted EBIT	6,208	4,500	3,128	1,866	1,599
Net earnings	–285	1,943	1,503	1,468	1,172
Earnings per share, SEK	–2.76	14.18	14.62	20.15	15.92
Return on equity, %	–2	8	11	41	38
Equity per share, SEK	168.12	195.16	170.59	55.88	42.66
Cash flow from operating activities per share, SEK	48.77	48.10	–	46.64	39.74
Number of employees (FTEs)	8,766	7,910	6,293	3,865	3,738

Group

SEKm	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018	Quarter 2 2017	Quarter 2 2016
Revenues	3,885	3,784	3,630	1,796	1,421
Adjusted revenues	3,882	3,780	3,408	1,755	1,404
EBIT	1,348	1,475	1,240	476	457
Adjusted EBIT	1,345	1,561	1,241	598	450
Cash EBITDA	2,709	2,670	2,769	1,158	890
Net earnings	671	879	701	98	354
Earnings per share, SEK	5.39	6.26	5.33	1.32	4.85
Return on equity, %	13	13	12	3	43
Equity per share, SEK	159.46	187.54	176.30	161.12	43.77
Cash flow from operating activities per share, SEK	23.88	14.47	12.77	9.46	9.61
Number of employees (FTEs)	9,366	8,542	7,886	4,369	3,832

Reconciliation of alternative performance measures

SEKm	Second quarter April–June 2020	Second quarter April–June 2019	6 months Jan–June 2020	6 months Jan–June 2019	Rolling 12 months July 2019–June 2020	Full year 2019
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	–41	–292	–676	–396	–1,172	–892
Impact from early terminated BPO	–	2	–	177	0	177
Total items affecting comparability in revenues	3	4	–633	195	–623	205
Items affecting comparability in operating earnings						
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	–41	–292	–676	–396	–1,172	–892
Integration costs Lindorff	–	–33	–	–68	–156	–224
Transaction costs for M&A	–	–21	–	–111	–163	–274
Impact from early terminated BPO contract	–	1	–	147	–	147
Impairment write-down of goodwill	–	0	–	0	–2,700	–2,700
Efficiency improvement programme	–	0	–	0	–656	–656
Other items affecting comparability	–	–35	–	–75	–394	–469
Total items affecting comparability in operating earnings	3	–86	–633	–89	–4,692	–4,148
Items affecting comparability by earnings statement line						
Revenues from clients	–	0	–	177	0	177
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	–41	–292	–676	–396	–1,172	–892
Cost of sales	–	–20	–	–72	–747	–819
Sales, marketing and administration costs	–	–68	–	–212	–622	–834
Impairment write-down of goodwill	–	–	–	–	–2,700	–2,700
Total items affecting comparability in operating earnings	3	–86	–633	–89	–4,692	–4,148
Other items affecting comparability by segment						
Credit Management Services	–	–12	–	–28	–207	–235
Strategic Markets	–	–3	–	135	–3,227	–3,092
Portfolio Investments	–	–1	–	–1	–14	–15
Common costs	–	–71	–	–212	–622	–834
Total other items affecting comparability	–	–88	–	–107	–4,069	–4,176
Adjusted revenue						
Revenues	3,885	3,784	7,218	7,536	15,667	15,985
Items affecting comparability	–3	–4	633	–195	623	–205
Adjusted revenue	3,882	3,780	7,852	7,341	16,291	15,780
Adjusted EBIT						
EBIT	1,348	1,475	1,807	2,822	1,045	2,060
Items affecting comparability	–3	86	633	89	4,692	4,148
Total adjusted EBIT	1,345	1,561	2,440	2,911	5,737	6,208

SEKm	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	July 2019–June 2020	2019
Portfolio Investment segment earnings excluding revaluations						
Portfolio Investment segment earnings	1,006	1,215	1,406	2,520	4,484	4,947
Revaluations	–3	–1	633	–17	623	–28
Portfolio Investment segment earnings excluding revaluations	1,003	1,214	2,040	2,503	5,107	4,919
Average carrying value						
Average carrying value receivables	28,530	25,928	28,270	25,529	27,961	26,669
Average carrying value joint ventures	6,682	5,646	6,523	5,281	6,612	5,643
Average carrying value real estate	411	311	394	1,510	394	1,534
Total average carrying value	35,622	31,885	35,187	32,320	34,967	33,846
Return including revaluations	11	15	8	15	11	15
Return excluding revaluations	11	15	11	15	13	15
Cash EBITDA						
EBIT	1,348	1,475	1,807	2,822	1,045	2,060
Depreciation and amortisation	371	311	709	599	1,356	1,246
Portfolio amortisations	994	1,068	2,123	2,064	4,242	4,183
Portfolio revaluations	–3	–2	633	–18	623	–28
Adjustments according to loan covenants:						
Adjustment earnings from joint ventures	–102	–315	–183	–675	–687	–1,179
Adjustment cash flow from joint ventures	101	45	253	85	365	197
Goodwill impairment	–	–	–	–	2,700	2,700
Items affecting comparability	–	88	–	107	1,369	1,476
Other pro forma adjustments	–	–	–	–	233	789
Cash EBITDA	2,709	2,670	5,342	4,984	11,246	11,444
Net debt						
Liabilities to credit institutions	9,101	9,396	9,101	9,396	9,101	6,186
Bond loans	41,840	34,065	41,840	34,065	41,840	41,644
Provisions for pensions	402	268	402	268	402	387
Commercial paper	1,252	2,480	1,252	2,480	1,252	2,794
Cash and cash equivalents	–2,879	–1,237	–2,879	–1,237	–2,879	–1,906
Net debt at end of period	49,716	44,972	49,716	44,972	49,716	49,105
Net Debt/RTM Cash EBITDA					4.4	4.3

Unaudited Interim Financial Statements of Intrum AB (publ) as of and for the Six Months Ended June 30, 2019, prepared in accordance with IAS 34 as adopted by the EU

Financial reports

Consolidated income statement in summary

SEK m	Second quarter April–June 2019	Second quarter April–june 2018	6 months Jan–June 2019	6 months Jan–June 2018	Rolling 12 months July 2018–June 2019	Full year 2018
Revenues from clients	2,178	2,091	4,315	3,735	7,820	7,240
Revenue on Portfolio investments calculated using the effective interest method	1,604	1,540	3,203	2,998	6,319	6,114
Positive revaluations of Portfolio investments	294	216	414	261	948	795
Negative revaluations of Portfolio investments	−292	−217	−396	−249	−854	−707
Total revenue	**3,784**	**3,630**	**7,536**	**6,745**	**14,233**	**13,442**
Cost of sales	−2,053	−1,898	−4,189	−3,616	−7,942	−7,369
Gross earnings	**1,731**	**1,732**	**3,347**	**3,129**	**6,291**	**6,073**
Sales, marketing and administrative expenses	−571	−492	−1,200	−992	−2,409	−2,201
Participation in joint ventures	315	0	675	0	781	106
Operating earnings (EBIT)	**1,475**	**1,240**	**2,822**	**2,137**	**4,663**	**3,978**
Net financial items	−348	−344	−748	−667	−1,444	−1,363
Earnings before tax	**1,127**	**896**	**2,074**	**1,470**	**3,219**	**2,615**
Tax	−248	−194	−456	−320	−735	−599
Net income from continuing operations	**879**	**702**	**1,618**	**1,150**	**2,484**	**2,016**
Profit from discontinued operations, net of tax	0	−1	0	−85	12	−73
Net earnings for the period	**879**	**701**	**1,618**	**1,065**	**2,496**	**1,943**
Of which attributable to:						
Parent company's shareholders	821	701	1,547	1,065	2,418	1,936
Non-controlling interest	58	0	71	0	78	7
Net earnings for the period	**879**	**701**	**1,618**	**1,065**	**2,496**	**1,943**
Average no of shares before and after dilution, '000	131,094	131,442	131,192	131,492	131,242	131,391
Earnings per share before and after dilution						
Profit from continuing operations, SEK	6.26	5.34	11.79	8.75	18.33	14.73
Profit from discontinued operations, SEK	0.00	−0.01	0.00	−0.65	0.59	−0.56
Total earnings per share before and after dilution, SEK	**6.26**	**5.33**	**11.79**	**8.10**	**18.42**	**14.18**

Consolidated statement of comprehensive income in summary

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	6 months Jan–June 2019	6 months Jan–June 2018	Rolling 12 months July 2018–June 2019	Full year 2018
Net income for the period	879	701	1,618	1,065	2,496	1,943
Other comprehensive income, items that will be reclassified to profit and loss:						
Currency translation difference	202	123	565	902	210	547
Other comprehensive income, items that will not be reclassified to profit and loss:						
Remeasurement of pension liability	0	0	0	0	6	6
Comprehensive income for the period	**1,081**	**824**	**2,183**	**1,967**	**2,712**	**2,496**
Of which attributable to:						
Parent company's shareholders	1,023	824	2,112	1,967	2,631	2,486
Non-controlling interest	58	0	71	0	81	10
Comprehensive income for the period	**1,081**	**824**	**2,183**	**1,967**	**2,712**	**2,496**

Consolidated balance sheet in summary

SEKm	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Intangible fixed assets			
Goodwill	35,036	31,783	33,055
Capitalized expenditure for IT development and other intangibles	1,079	449	456
Client relationships	4,398	1,867	3,670
Total intangible fixed assets	**40,513**	**34,099**	**37,181**
Tangible fixed assets			
Right-of use assets	676	0	0
Investment property	2	0	256
Other tangible fixed assets	236	252	237
Total tangible fixed assets	**914**	**252**	**493**
Other fixed assets			
Shares in joint ventures	5,815	1,726	4,746
Other shares and participations	5	4	1
Portfolio investments	26,228	24,244	24,830
Deferred tax assets	585	722	620
Other long-term receivables	196	41	33
Total other fixed assets	**32,829**	**26,737**	**30,230**
Total fixed assets	**74,256**	**61,088**	**67,904**
Current Assets			
Accounts receivable	1,647	778	719
Inventory of real estate	332	132	2,429
Client funds	1,161	873	917
Tax assets	242	394	273
Other receivables	1,918	1,391	1,553
Prepaid expenses and accrued income	1,091	502	890
Cash and cash equivalents	1,237	968	1,348
Total current assets	**7,628**	**5,038**	**8,129**
TOTAL ASSETS	**81,884**	**66,126**	**76,033**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	24,433	23,147	23,666
Attributable to non-controlling interest	2,381	3	2,006
Total shareholders' equity	**26,814**	**23,150**	**25,672**
Long-term liabilities			
Liabilities to credit institutions	9,393	1,356	6,534
Bond loans	34,065	32,883	33,254
Long-term leasing liabilities	492	0	0
Other long-term liabilities	1,025	404	395
Provisions for pensions	268	193	263
Other long-term provisions	45	11	5
Deferred tax liabilities	1,981	1,258	1,729
Total long-term liabilities	**47,269**	**36,105**	**42,180**
Current liabilities			
Liabilities to credit institutions	3	1	296
Bond loans	0	1,000	1,000
Commercial paper	2,480	800	2,123
Client funds payable	1,161	873	917
Accounts payable	419	548	488
Income tax liabilities	430	611	241
Advances from clients	95	65	59
Short-term leasing liabilities	199	0	0
Other current liabilities	744	1,107	852
Accrued expenses and prepaid income	2,256	1,753	2,056
Other short-term provisions	14	113	149
Total current liabilities	**7,801**	**6,871**	**8,181**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**81,884**	**66,126**	**76,033**

Consolidated statement of changes in shareholders’ equity

SEKm	2019 Attributable to Parent Company’s shareholders	2019 Non-controlling interest	2019 Total	2018 Attributable to Parent Company’s shareholders	2018 Non-controlling interest	2018 Total
Opening Balance, January 1	**23,666**	**2,006**	**25,672**	**22,436**	**3**	**22,439**
Change in accounting principles according to IFRS 9				50		50
Dividend	−1,247		−1,247	−1,250		−1,250
Repurchase of shares	−86		−86	−56		−56
Changes in Group structure	−12	304	292			0
Comprehensive income for the period	2,112	71	2,183	1,967		1,967
Closing Balance, June 30	**24,433**	**2,381**	**26,814**	**23,147**	**3**	**23,150**

Consolidated cash flow statement in summary

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	6 months Jan–June 2019	6 months Jan–June 2018	Full year 2018
Cash flows from continuing operations					
Operating activities					
Operating earnings (EBIT)	1,475	1,240	2,822	2,137	3,978
Depreciation/amortization and impairment write-down	311	353	599	530	900
Amortization/revaluation of purchased debt	1,066	1,003	2,046	1,877	3,854
Other adjustment for items not included in cash flow	−275	−224	−670	−207	−351
Interest received	16	13	22	25	60
Interest paid	−176	−118	−708	−633	−1,244
Other financial expenses paid	−7	−32	−35	78	−42
Income tax paid	−100	−85	−213	−209	−590
Cash flow from operating activities before changes in working capital	**2,310**	**2,150**	**3,863**	**3,598**	**6,565**
Changes in factoring receivables	−75	−50	−71	−70	−67
Other changes in working capital	−338	−421	−543	−401	−344
Cash flow from operating activities	**1,897**	**1,679**	**3,249**	**3,127**	**6,154**
Investing activities					
Purchases of tangible and intangible fixed assets	−140	−80	−349	−156	−306
Portfolio investments in receivables and inventory of real estate	−1,416	−1,840	−2,925	−3,241	−6,872
Acquisition of subsidiaries and joint ventures	−1,937	−1,663	−1,958	−1,663	−8,587
Liquid assets in acquired/divested subsidiaries	337	0	344	−400	−400
Proceeds from divestment of subsidiaries and associated companies	0	0	1,488	7,511	7,511
Other cash flow from investing activities	−20	718	−18	714	729
Cash flow from investing activities	**−3,176**	**−2,865**	**−3,418**	**2,765**	**−7,925**
Financing activities					
Borrowings and repayment of loans	2,517	873	1,385	−4,534	3,533
Repurchase of shares	−86	−56	−86	−56	−56
Share dividend to parent company's shareholders	−1,247	−1,250	−1,247	−1,250	−1,250
Cash flow from financing activities	**1,184**	**−433**	**52**	**−5,840**	**2,227**
Cash flows from continuing operations	−95	−1,619	−117	52	456
Cash flows from discontinued operations	0	0	0	−372	−372
Total change in liquid assets	**−95**	**−1,619**	**−117**	**−320**	**84**
Opening balance of liquid assets	**1,333**	**2,583**	**1,348**	**1,253**	**1,253**
Exchange rate differences in liquid assets	−1	4	6	35	11
Closing balance of liquid assets	**1,237**	**968**	**1,237**	**968**	**1,348**
Thereof liquid assets in discontinued operations	0	0	0	0	0
Discontinued operations					
Cash flow from operating activities	0	0	0	13	13
Cash flow from investing activities	0	0	0	−589	−589
Cash flow from financing activities	0	0	0	204	204
Group total					
Cash flow from operating activities	1,897	1,679	3,249	3,140	6,167
Cash flow from investing activities	−3,176	−2,865	−3,418	2,176	−8,514
Cash flow from financing activities	1,184	−433	52	−5,636	2,431

Net financial items specification

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018– June 2019	Full year 2018
Interest income	16	13	23	22	25	−12	57	60
Interest costs	−356	−302	18	−696	−591	18	−1,350	−1,245
Interest cost from the amortization according to the effective interest method of borrowing costs	−21	−19	11	−42	−39	8	−85	−82
Interest cost on leasing liability according to IFRS 16	−12	0		−22	0		−22	0
Currency exchange rate differences	50	−5	−1,100	32	−8	−500	59	19
Commitment fee	−16	−30	−47	−29	−49	−41	−81	−101
Other financial items	−9	−1	800	−13	−5	160	−22	−14
Total net financial items	**−348**	**−344**	**1**	**−748**	**−667**	**12**	**−1,444**	**−1,363**

Financial overview

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Revenues	3,784	3,630	4	7,536	6,745	12	14,233	13,442
Adjusted revenues	3,780	3,408	11	7,341	6,510	13	13,962	13,131
Operating income (EBIT)	1,475	1,240	19	2,822	2,137	32	4,663	3,978
EBIT adjusted	1,561	1,196	31	2,911	2,169	34	5,242	4,500
Net earnings	879	701	25	1,618	1,065	52	2,496	1,943
Earnings per share, SEK	6.26	5.33	17	11.79	8.10	46	18.42	14.18
Return on equity, %	13	12		9	9		10	8
Equity per share, SEK	187.54	176.30	6	187.54	176.30	6	187.54	195.16
Cash flow from operating activities per share, SEK	14.47	12.77	13	24.77	23.78	4	49.08	48.10
CMS revenues	2,716	2,651	2	5,266	4,860	8	9,886	9,480
—thereof external clients	2,099	2,042	3	4,044	3,649	11	7,443	7,048
—thereof intercompany revenues	617	609	1	1,222	1,211	1	2,443	2,432
Adjusted CMS revenues	2,714	2,428	12	5,089	4,637	10	9,709	9,257
—thereof external clients	2,097	1,819	15	3,867	3,426	13	7,266	6,825
—thereof intercompany revenues	617	609	1	1,222	1,211	1	2,443	2,432
Adjusted service line margin CMS, %	29	28		26	27		26	27
Investments in portfolios	1,436	2,385	−40	2,713	3,758	−28	10,809	11,854
Total carrying value of portfolio investments	32,377	26,102	24	32,377	26,102	24	32,377	32,261
—thereof purchased receivables	26,228	24,244	8	26,228	24,244	8	26,228	24,830
—thereof joint ventures	5,815	1,726		5,815	1,726	237	5,815	4,746
—thereof real estate	334	132	153	334	132	153	334	2,685
Return on portfolio investments, %	15	14		15	14		15	14
Amortization percentage, %	40	39	1	39	39	1	39	39
ERC	60,896	49,313	21	60,896	49,313	21	60,896	57,382
Cash multiple	1.88	2.03	−9	1.88	2.03		1.88	1.94
Average number of employees	8,542	7,886	3	8,363	7,846	7	8,168	7,910

Quarterly overview

SEKm	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017	Quarter 3 2017
Revenues	3,784	3,752	3,517	3,180	3,630	3,115	3,101	2,986
Adjusted revenues	3,780	3,561	3,441	3,180	3,408	3,102	3,145	2,985
Operating income (EBIT)	1,475	1,347	1,003	838	1,240	897	807	977
EBIT adjusted	1,561	1,350	1,236	1,095	1,196	973	1,008	1,036
Net earnings	879	739	482	396	701	364	443	615
Earnings per share, SEK	6.26	5.63	3.70	3.02	5.33	2.77	3.37	4.68
Return on equity, %	13	12	8	7	12	6	8	11
Equity per share, SEK	187.54	188.55	195.16	177.58	176.03	179.63	170.59	166.46
Cash flow from operating activities per share, SEK	14.47	10.30	13.81	9.25	12.77	11.01	—	—
CMS revenues	2,716	2,550	2,403	2,217	2,651	2,209	2,251	2,155
—thereof external clients	2,099	1,945	1,776	1,623	2,042	1,607	1,695	1,628
—thereof intercompany revenues	617	605	627	594	609	602	556	627
Adjusted CMS revenues	2,714	2,375	2,403	2,217	2,428	2,209	2,251	2,155
—thereof external clients	2,097	1,770	1,776	1,623	1,819	1,607	1,695	1,628
—thereof intercompany revenues	617	605	627	594	609	602	556	627
Adjusted service line margin CMS, %	29	22	27	27	28	25	27	28
Investments in portfolios	1,436	1,277	5,444	927	2,385	1,373	2,784	1,177
Total carrying value of portfolio investments	32,377	31,392	32,261	25,772	26,102	22,721	21,242	19,096
—thereof purchased receivables	26,228	25,628	24,830	23,914	24,244	22,598	21,149	19,054
—thereof joint ventures	5,815	5,477	4,746	1,703	1,726	0	0	0
—thereof real estate	334	287	2,685	155	132	123	93	42
Return on portfolio investments, %	15	16	15	17	15	15	15	20
Amortization percentage, %	40	38	40	40	39	38	39	39
ERC	60,896	58,686	57,382	47,874	49,313	46,929	44,603	40,179
Cash multiple	1.88	1.87	1.94	2.00	2.03	2.08	2.10	2.11
Average number of employees	8,542	8,133	7,711	7,571	7,886	7,806	8,349	8,349

Five year overview

SEKm	2018	2017	2016	2015	2014
Revenues	13,442	9,434	5,869	5,419	4,958
Adjusted revenues	13,131	9,437	5,824	5,387	4,925
Operating income (EBIT)	3,978	2,728	1,921	1,577	1,382
EBIT adjusted	4,500	3,128	1,866	1,599	1,313
Net earnings	1,943	1,503	1,468	1,172	1,041
Earnings per share, SEK	14.18	14.62	20.15	15.92	13.48
Return on equity, %	8	11	41	38	32
Equity per share, SEK	195.16	170.59	55.88	42.66	39.92
Cash flow from operating activities per share, SEK	48.10	—	46.64	39.74	34.98
Average number of employees	7,910	6,293	3,865	3,738	3,694

SEKm	Quarter 2 2019	Quarter 2 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015
Revenues	3,784	3,630	1,796	1,421	1,419
Adjusted revenues	3,780	3,408	1,755	1,404	1,374
Operating income (EBIT)	1,475	1,240	476	457	428
EBIT adjusted	1,561	1,241	598	450	383
Net earnings	879	701	98	354	324
Earnings per share, SEK	6.26	5.33	1.32	4.85	4.38
Return on equity, %	13	12	3	43	44
Equity per share, SEK	187.54	176.30	161.12	43.77	37.90
Cash flow from operating activities per share, SEK	14.47	12.77	9.46	9.61	10.09
Average number of employees	8,542	7,886	4,369	3,832	3,771

Reconciliation of alternative performance measures

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	6 months Jan–June 2019	6 months Jan–June 2018	Rolling 12 months July 2018–June 2019	Full year 2018
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	−292	−217	−396	−249	−854	−707
Impact from early terminated BPO	2	223	177	223	177	223
Total items affecting comparability in revenues	**4**	**222**	**195**	**235**	**271**	**311**
Items affecting comparability in operating income						
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	−292	−217	−396	−249	−854	−707
Integration costs Lindorff	−33	−109	−68	−174	−246	−352
Transaction costs for M&A	−21	−43	−111	−57	−278	−224
Impact from early terminated BPO contract	1	218	147	218	107	178
Other items affecting comparability	−35	−21	−75	−31	−256	−212
Total items affecting comparability in operating income	**−86**	**44**	**−89**	**−32**	**−579**	**−522**
Items affecting comparability by income statement line						
Revenues from clients	0	223	177	223	177	223
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	−292	−217	−396	−249	−854	−707
Cost of sales	−20	−67	−72	−90	−42	−60
Sales, marketing and administration costs	−68	−111	−212	−177	−808	−773
Total items affecting comparability in operating income	**−86**	**44**	**−89**	**−32**	**−579**	**−522**
Revaluations of portfolio investments by geographical region						
Northern Europe	9	2	−6	16	−45	−23
Central & Eastern Europe	133	−21	190	2	297	109
Western & Southern Europe	−142	−12	−152	−32	−178	−58
Iberian Peninsula & Latin America	2	30	−14	26	20	60
Total revaluations of portfolio investments	**2**	**−1**	**18**	**12**	**94**	**88**
Other items affecting comparability by geographical region						
Northern Europe	−22	−22	−39	−46	−101	−108
Central & Eastern Europe	−22	−66	−38	−95	−117	−174
Western & Southern Europe	−24	−54	−132	−78	−432	−378
Iberian Peninsula & Latin America	−21	187	102	175	−23	50
Total other items affecting comparability	**−88**	**45**	**−107**	**−44**	**−673**	**−610**
Other items affecting comparability by service line						
Credit Management Services	−17	158	106	136	−86	−56
Portfolio Investments	−1	−2	−1	−3	−2	−4
Common costs	−71	−111	−212	−177	−585	−550
Total other items affecting comparability	**−88**	**45**	**−107**	**−44**	**−673**	**−610**

Reconciliation of alternative performance measures (Continued)

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	6 months Jan–June 2019	6 months Jan–June 2018	Rolling 12 months July 2018–June 2019	Full year 2018
Adjusted revenue						
Revenues	3,784	3,630	7,536	6,745	14,233	13,442
Items affecting comparability	−4	−222	−195	−235	−271	−311
Adjusted revenue	**3,780**	**3,408**	**7,341**	**6,510**	**13,962**	**13,131**
EBIT Adjusted						
Operating income (EBIT)	1,475	1,240	2,822	2,137	4,663	3,978
Items affecting comparability	86	−44	89	32	579	522
Total EBIT Adjusted	**1,561**	**1,196**	**2,911**	**2,169**	**5,242**	**4,500**
Portfolio income excluding revaluations						
Portfolio income	1,195	857	2,485	1,671	4,278	3,464
Revaluations	−2	1	−18	−12	−94	−88
Portfolio income excluding revaluations	**1,193**	**858**	**2,467**	**1,659**	**4,184**	**3,376**
Average carrying value						
Average carrying value receivables	25,928	23,421	25,529	22,697	25,236	22,990
Average carrying value joint ventures	5,646	863	5,281	863	3,771	2,373
Average carrying value real estate	311	128	1,510	113	233	145
Total average carrying value	**31,885**	**24,412**	**32,319**	**23,672**	**29,240**	**25,508**
Return including revaluations	**15**	**14**	**15**	**14**	**15**	**14**
Return excluding revaluations	**15**	**14**	**15**	**14**	**14**	**13**
Cash EBITDA						
EBIT	1,475	1,240	2,822	2,137	4,663	3,978
Deprecation	311	353	599	530	969	900
Amortization on portfolios	1,068	1,003	2,064	1,889	4,117	3,942
Cash EBITDA	**2,854**	**2,596**	**5,485**	**4,556**	**9,749**	**8,820**
Adjustments according to loan covenants:						
Participation in associated companies and joint ventures excl dividend	−270	0	−590	0	−696	−106
Items affecting comparability	86	−44	89	32	579	522
Other pro forma adjustments	52	0	198	0	738	540
Cash EBITDA as per covenant definition	**2,722**	**2,552**	**5,182**	**4,588**	**10,370**	**9,776**
Net debt						
Liabilities to credit institutions	9,396	1,357	9,396	1,357	9,396	6,830
Bond loans	34,065	33,883	34,065	33,883	34,065	34,254
Provisions for pensions	268	193	268	193	268	263
Commercial paper	2,480	800	2,480	800	2,480	2,123
Cash and cash equivalents	−1,237	−968	−1,237	−968	−1,237	−1,348
Net debt at end of period	**44,972**	**35,265**	**44,972**	**35,265**	**44,972**	**42,122**
Net Debt/RTM Cash EBITDA as per covenant definition	**—**	**—**	**—**	**—**	**4.3**	**4.3**

Operating segments

Service lines

Revenues

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Credit Management Services	2,716	2,651	2	5,266	4,860	8	9,886	9,480
Portfolio Investments	1,685	1,588	6	3,492	3,096	13	6,790	6,394
Elimination of intercompany transactions	−617	−609	1	−1,222	−1,211	1	−2,443	−2,432
Total revenues	**3,784**	**3,630**	**4**	**7,536**	**6,745**	**12**	**14,233**	**13,442**

Revenues by type

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
External Credit Management revenues	2,099	2,042	3	4,044	3,649	11	7,443	7,048
Collections on portfolio investments	2,672	2,542	5	5,267	4,887	8	10,436	10,056
Amortization of portfolio investments	−1,068	−1,002	7	−2,064	−1,889	9	−4,117	−3,942
Revaluation of portfolio investments	2	−1	−300	18	12	50	94	88
Other revenues from Financial Services	79	49	61	271	86	215	377	192
Total revenues	**3,784**	**3,630**	**4**	**7,536**	**6,745**	**12**	**14,233**	**13,442**

Service line earnings

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Credit Management Services	781	845	−8	1,419	1,371	4	2,481	2,433
Portfolio Investments	1,215	880	38	2,520	1,706	48	4,414	3,600
Common costs	−521	−485	7	−1,117	−940	19	−2,232	−2,055
Total service line earnings	**1,475**	**1,240**	**19**	**2,822**	**2,137**	**32**	**4,663**	**3,978**

Adjusted revenues

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	Fx adjusted %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Fx adjusted %	Rolling 12 months July 2018–June 2019	Full year 2018
Credit Management Services	2,714	2,428	12	10	5,089	4,637	10	7	9,709	9,257
Portfolio investments	1,683	1,589	6	4	3,474	3,084	13	10	6,696	6,306
Elimination of intercompany transactions	−617	−609	1		−1,222	−1,211	1		−2,443	−2,432
Total adjusted revenues	**3,780**	**3,408**	**11**	**9**	**7,341**	**6,510**	**13**	**10**	**13,962**	**13,131**

Service lines (continued)

Adjusted service line earnings

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	Fx adjusted %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Fx adjusted %	Rolling 12 months July 2018– June 2019	Full year 2018
Credit Management Services	798	687	16	14	1,313	1,235	6	4	2,567	2,489
Portfolio Investments	1,214	883	37	35	2,503	1,697	47	45	4,322	3,516
Common costs	−451	−374	21	18	−905	−763	19	16	−1,647	−1,505
Total adjusted service line earnings	**1,561**	**1,196**	**31**	**29**	**2,911**	**2,169**	**34**	**31**	**5,242**	**4,500**

Service line margin adjusted

%	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018– June 2019	Full year 2018
Credit Management Services	29	28		26	27		26	27
Portfolio Investments	72	56		72	55		65	56
Adjusted EBIT margin	**41**	**35**		**40**	**33**		**38**	**34**

Regions

Revenues from external clients

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	1,080	1,022	6	2,054	1,951	5	4,083	3,980
Central & Eastern Europe	1,125	882	28	2,184	1,761	24	4,213	3,790
Western & Southern Europe	757	645	17	1,613	1,229	31	2,948	2,564
Iberian Peninsula & Latin America	822	1,081	–24	1,685	1,804	–7	2,990	3,109
Total revenues from external clients	**3,784**	**3,630**	**4**	**7,536**	**6,745**	**12**	**14,233**	**13,442**

Intercompany revenues

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	91	86	6	177	165	7	348	336
Central & Eastern Europe	193	173	12	383	353	8	767	737
Western & Southern Europe	96	88	9	195	170	15	397	372
Iberian Peninsula & Latin America	77	205	–62	152	384	–60	35	267
Elimination	–457	–552	–17	–907	–1,072	–15	–1,547	–1,712
Total intercompany revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Revenues from clients excluding portfolio revenues

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	690	683	1	1,346	1,296	4	2,700	2,650
Central & Eastern Europe	262	249	5	517	477	8	1,056	1,016
Western & Southern Europe	627	348	80	1,202	662	82	2,001	1,461
Iberian Peninsula & Latin America	599	811	–26	1,250	1,300	–4	2,063	2,113
Total revenues from clients excluding portfolio revenues	**2,178**	**2,091**	**4**	**4,315**	**3,735**	**16**	**7,820**	**7,240**

Regions (continued)

Operating income (EBIT)

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	420	380	11	704	658	7	1,340	1,294
Central & Eastern Europe	522	274	91	946	567	67	1,756	1,377
Western & Southern Europe	345	72	379	692	166	317	754	228
Iberian Peninsula & Latin America	188	514	−63	480	746	−36	813	1,079
Total Operating income (EBIT)	**1,475**	**1,240**	**19**	**2,822**	**2,137**	**32**	**4,663**	**3,978**
Net financial items	−348	−344	1	−748	−667	12	−1,444	−1,363
Earnings before tax	**1,127**	**896**	**26**	**2,074**	**1,470**	**41**	**3,219**	**2,615**

Carrying value portfolio investments

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Full year 2018
Northern Europe	8,379	7,237	16	8,379	7,237	16	7,567
Central & Eastern Europe	8,075	7,961	1	8,075	7,961	1	7,789
Western & Southern Europe	11,405	6,787	68	11,405	6,787	68	10,443
Iberian Peninsula & Latin America	4,518	4,117	10	4,518	4,117	10	6,462
Total carrying value at end of period	**32,377**	**26,102**	**24**	**32,377**	**26,102**	**24**	**32,261**

Adjusted revenues

SEKm	Second quarter April–June 2018	Second quarter April–June 2019	Change %	Fx adjusted %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Fx adjusted %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	1,071	1,020	5	4	2,060	1,935	6	4	4,127	4,002
Central & Eastern Europe	992	903	10	7	1,994	1,759	13	10	3,916	3,681
Western & Southern Europe	899	657	37	35	1,765	1,261	40	37	3,126	2,622
Iberian Peninsula & Latin America	818	828	−1	−3	1,522	1,555	−2	−5	2,793	2,826
Total adjusted revenues	**3,780**	**3,408**	**11**	**9**	**7,341**	**6,510**	**13**	**10**	**13,962**	**13,131**

EBIT adjusted

SEKm	Second quarter April–June 2019	Second quarter April–June 2018	Change %	Fx adjusted %	6 months Jan–June 2019	6 months Jan–June 2018	Change %	Fx adjusted %	Rolling 12 months July 2018–June 2019	Full year 2018
Northern Europe	433	400	8	7	749	688	9	7	1,486	1,425
Central & Eastern Europe	411	361	14	12	794	660	20	17	1,576	1,442
Western & Southern Europe	511	139	267	265	976	277	252	249	1,363	664
Iberian Peninsula & Latin America	207	296	−30	−32	392	544	−28	−31	817	969
Total EBIT adjusted	**1,561**	**1,196**	**31**	**29**	**2,911**	**2,169**	**34**	**31**	**5,242**	**4,500**

Regions (continued)

EBIT margin adjusted

%	Second quarter		Change %	6 months		Change %	Rolling 12 months	Full year
	April–June 2019	April–June 2018		Jan–June 2019	Jan–June 2018		July 2018–June 2019	2018
Northern Europe	40	39		36	36		36	36
Central & Eastern Europe	41	40		40	38		40	39
Western & Southern Europe	57	21		55	22		44	25
Iberian Peninsula & Latin America	25	36		26	35		29	34
Adjusted EBIT margin	**41**	**35**		**40**	**33**		**38**	**34**

Income statement—parent company

SEKm	6 months Jan–June 2019	6 months Jan–June 2018	Full year 2018
Revenues	116	88	215
Gross earnings	**116**	**88**	**215**
Sales and marketing expenses	–12	–30	–46
Administrative expenses	–348	–356	–726
Operating earnings (EBIT)	**–244**	**–298**	**–557**
Income from subsidiaries	158	1,643	2,008
Exchange rate differences on monetary items classified as expanded investment and hedging activities	–772	–1,219	–589
Net financial items	–237	–94	–516
Earnings before tax	**–1,095**	**32**	**346**
Tax	0	0	–191
Net earnings for the period	**–1,095**	**32**	**155**

Statement of comprehensive income—parent company

SEKm	6 months Jan–June 2019	6 months Jan–June 2018	Full year 2018
Net earnings for the period	–1,095	32	155
Total comprehensive income	**–1,095**	**32**	**155**

Balance sheet—parent company

SEKm	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Fixed assets			
Intangible fixed assets	89	13	43
Tangible fixed assets	12	0	5
Financial fixed assets	51,822	49,175	54,969
Total fixed assets	**51,923**	**49,188**	**55,017**
Current assets			
Current receivables	15,925	9,658	11,751
Cash and cash equivalents	100	68	251
Total current assets	**16,025**	**9,726**	**12,002**
TOTAL ASSETS	**67,948**	**58,914**	**67,019**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	13,735	16,036	16,162
Total shareholders' equity	**14,020**	**16,321**	**16,447**
Long-term liabilities	45,870	36,402	42,995
Current liabilities	8,058	6,191	7,577
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**67,948**	**58,914**	**67,019**

Other information

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 116 M (88) for the first half of the year and earnings before tax of SEK −1,095 M (32), including share dividends and gains on disposals attributable to subsidiaries of SEK 158 M (1,643). Earnings for the first half of 2018 included the Parent Company's gains on disposals of subsidiaries, which corresponded to amounts differing from the earnings in the consolidated accounts. During the first half of the year, the Parent Company invested SEK 61 M (7) in fixed assets and held cash and cash equivalents of SEK 100 M (68). The average number of employees was 68 (72).

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company.

In addition to appearing in the financial statements, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report.

The accounting principles applied by the Group and the Parent company are substantially unchanged in comparison to the Annual Report 2018, however with the exceptions noted below.

The Group applies IFRS 16 Leases as of 2019. See also Note 1 in the 2018 Annual Report. 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. Exceptions are short-term leases and leases for assets with a low value, where the leasing cost is recognized on a straight-line basis. The right of use asset is recognised with linear amortisation over the term of the contract. The lease liability is recognised including interest expenses in accordance with the effective interest rate method. The implementation of IFRS 16 entails the recognition of leasing liabilities for leases which were previously classified as operational leases under IAS 17. The liabilities are calculated as the present value of future minimum lease payments discounted at the incremental borrowing rate. Intrum applied the modified retroactive method, meaning that the effect of introducing IFRS 16 was recognised directly against the opening balance without the comparison figures being recalculated. The principal effects on Intrum's accounting were that the Group's total assets increased by SEK 709 M, calculated as per the beginning of 2019, with both an asset and a liability being reported for leases in effect (and where the amount is updated monthly), and with operating earnings improving by a preliminary SEK 40 M annually through the implicit interest expense in the leases being reported in net financial items rather than in operating earnings.

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

Transactions with related parties

During the quarter, there have been no significant transactions between Intrum and other closely related companies, boards or Group management teams.

Market development and outlook

In Intrum's balanced business model, consisting of credit management services and portfolio investments, we see strong development in both areas. Much of the groundwork has now been done to enable us to start the execution of our production transformation program in our credit management operations. Intrum will gradually centralise, standardise and improve large parts of the collection process. We anticipate the actions being taken in this area continuing to improve efficiency and the CMS margin

throughout 2019 and onwards. A continued high level of activity can be observed throughout Europe in the market for past-due credits.

Significant risks and uncertainties

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, Brexit, compliance and changes in regulations, reputation risks, tax risks, risks attributable to IT and information management, risks attributable to acquisitions, market risks, liquidity risks, credit risks, risks inherent in portfolio investments and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2018 Annual Report. No significant risks are considered to have arisen besides those described in the Annual Report.

Fair value of financial instruments

Most of the Group's financial assets and liabilities (portfolio investments, accounts receivable, other receivables, cash and equivalents, liabilities to credit institutions, bonds, commercial papers, accounts payable and other liabilities) are carried in the accounts at amortized cost. For these financial instruments, the carrying amount is assessed to be a good estimate of fair value. The Group also has financial assets and liabilities in the form of currency forward exchange contracts, which are carried in the accounts at fair value in the income statement. They amount to small sums.

Seasonal effects

Intrum's operations are, to some extent, seasonal, since collection is often somewhat lower during the summer holiday months and in months with few working days, but slightly higher during months when end customers receive tax refunds and other one-off payments from public authorities and employers.

Acquisitions

Solvia

During the quarter, Intrum acquired Solvia Servicios Inmobiliaros (Solvia) from Banco Sabadell. The acquisition entails Intrum acquiring 80 percent of the shares in Solvia while Banco Sabadell retains 20 percent. Solvia is one of Spain's leading suppliers of real estate management services.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEKm	Carrying value before acquisition	Fair value adjustments	Fair value
Client relationships	0	708	708
Other tangible and intangible fixed assets	603	−67	536
Deferred tax asset	23	86	109
Other receivables	1,353	−398	955
Cash and bank	337		337
Deferred tax liability	0	−177	−177
Other liabilities and provisions	−403	−12	−415
Net assets	**1,913**		**2,053**
Non-controlling interest			−411
Purchase price paid			1,937
Deferred payment of purchase price			625
Goodwill			920
Cash and bank in acquired company			337

Piraeus Bank Recovery Business Unit

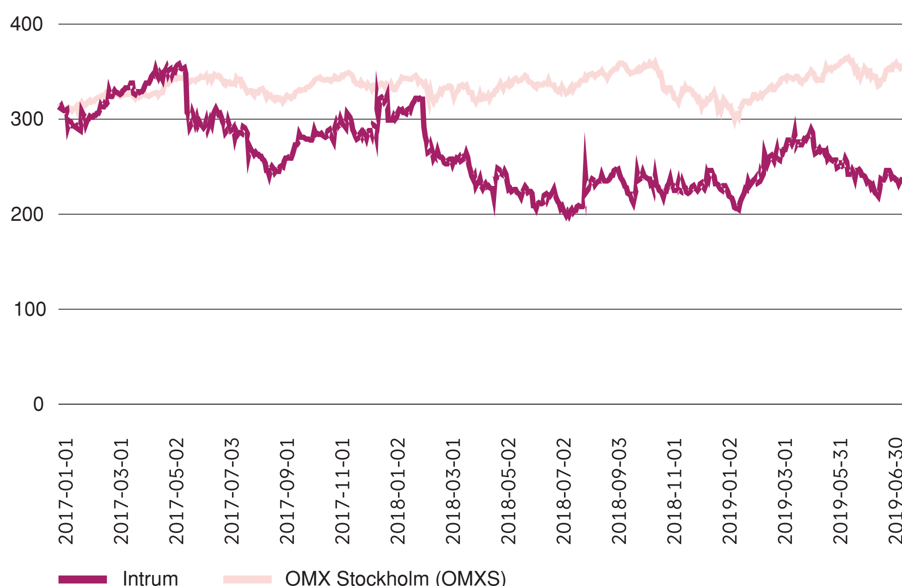
During the quarter, Intrum also agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The operations will be sepa-rated from the bank and consolidated by Intrum in a separate legal entity valued at EUR 410 M. Intrum will acquire 80 percent of the shares in the company for a purchase consideration of EUR 328 M, of which EUR 296 M will be paid in cash on completion of the transaction and the remainder being paid after the end of 2022. The transaction builds on a long-term strategic partnership with Piraeus Bank as the holder of the remaining 20 percent of the shares. The

transaction is expected to be completed in the fourth quarter. The acquisition analysis has yet to be prepared.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 April - 30 June 2019, 19,424,463 shares were traded for a total value of SEK 4,696 M, corresponding to 15 percent of total number of shares at the end of the period. The highest price paid during the period 1 April - 30 June 2019 was SEK 269.70 (1 April) and the lowest was SEK 217.40 (3 January). On the last trading day of the period, 28 June 2019, the price was SEK 238.40 (latest paid). During the period 1 April - 30 June 2019, Intrum's share price fell by 11 percent, while Nasdaq OMX Stockholm rose by 5 percent.

Share price, SEK



Shareholders

30 June 2019	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	44.1
Sampo Oyj	6,877,968	5.3
NN Investment Partners	5,975,421	4.6
Handelsbanken Fonder	4,513,678	3.4
Swedbank Robur Fonder	2,603,738	2.0
AMF Försäkring & Fonder	2,571,940	2.0
Lannebo Fonder	2,465,825	1.9
Vanguard	2,459,660	1.9
Jupiter Asset Management	2,348,228	1.8
BNP Paribas Asset Management	1,813,057	1.4
TIAA—Teachers Advisors	1,720,833	1.3
AFA Försäkring	1,500,971	1.1
Harding Loevner	1,081,415	0.8
BlackRock	1,024,963	0.8
Dimensional Fund Advisors	1,014,558	0.8
Total, fifteen largest shareholders	95,701,211	73.1
Total number of shares:	**130,941,320**	

Source: Modular Finance Holdings and Intrum

Treasury shares, 600,000 shares, are not included in the total number of shares outstanding. Swedish ownership accounted for 24.6 percent (institutions 5.6 percentage points, mutual funds 13.0 percentage points, retail 6.0 percentage points).

Currency exchange rates

	Closing rate 30 June 2019	Closing rate 30 June 2018	Average rate April-June 2019	Average rate April-June 2018	Average rate Jan-June 2019	Average rate Jan-June 2018
1 EUR=SEK	10.55	10.43	10.61	10.33	10.51	10.14
1 CHF=SEK	9.50	9.77	9.42	8.79	9.31	8.67
1 NOK=SEK	1.09	1.10	1.09	1.08	1.08	1.06
1 HUF=SEK	0.0326	0.0317	0.0329	0.0326	0.0328	0.0323

Changes in Group Management

During the quarter, Anders Engdahl took up his position as the new CFO. Danko Maras has left Intrum and Group Management. Cathrine Klouman, Chief Operating Officer, has also left Intrum and Group Management.

Anders Engdahl is the contact under the EU Market Abuse Regulation.

The information in this interim report 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 provided under the auspices of the contact person above for publication on 18 July 2019 at 7.00 a.m. CET.

The Board of Directors and the President provide their assurance that this six-month report provides an accurate overview of the operations, position and earnings of the Company and the Group, and that it also describes the principal risks and sources of uncertainty faced by the Company and its subsidiaries.

Stockholm, 18 July 2019

Per E. Larsson
Chairman of the Board

Magnus Yngen
Deputy Chairman of the Board

Liv Fiksdahl
Board member

Hans Larsson
Board member

Kristoffer Melinder
Board member

Andreas Näsvik
Board member

Magdalena Persson
Board member

Andrés Rubio
Board member

Ragnhild Wiborg
Board member

Mikael Ericson
President and CEO

Review report

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

Introduction

We have reviewed the condensed interim report for Intrum AB (publ) as at June 30, 2019 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 18 July, 2019
Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Definitions

Result concepts, key figures and alternative indicators

Consolidated net revenues

Consolidated net revenues include external credit management income (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), income from portfolio investments operations (collected amounts less amortization and revaluations for the period) and other income from financial services (fees and net interest from financing services).

Operating earnings (EBIT)

Operating earnings consist of net revenues less operating expenses as shown in the income statement.

Operating margin

The operating margin consists of operating earnings expressed as a percentage of net revenues.

Portfolio investments—collected amounts, amortizations and revaluations

Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognized at amortized cost applying the effective interest method, based on a collection forecast established at the acquisition date of each portfolio. Net revenues attributable to portfolio investments consist of collected amounts less amortization for the period and revaluations. The amortization 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.

Organic growth

Organic growth refers to the average increase in net revenues in local currency, adjusted for revaluations of portfolio investments and the effects of acquisitions and divestments of Group companies. Organic growth is a measure of the development of the Group's existing operations that management has the ability to influence.

Service line earnings

Service line earnings relate to the operating earnings of each service line, Credit Management and Financial Services, excluding common costs for sales, marketing and administration.

Service line margin

The service line margin consists of service line earnings expressed as a percentage of net revenues.

Return on portfolio investments

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the service line's earnings in relation to the amount of capital tied up and is included in the Group's financial targets.

Net debt

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

Cash EBITDA

Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortization and revaluations of portfolio investments are added back.

Adjusted operating earnings (EBIT)

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

RTM

The abbreviation RTM refers to figures on a rolling 12-month basis.

Net debt/RTM operating earnings before depreciation and amortization (EBITDA)

This key figure refers to net debt divided by consolidated operating earnings before depreciation, amortization and impairment (EBITDA) on a rolling 12-month basis. The key figure is included among the Group's financial targets, is an important measure for assessing the level of the Group's borrowings and is a widely accepted measure of financial capacity among lenders. This key figure is calculated in accordance with the definitions stated in the terms of the Group's revolving syndicated loan facility, which means, among other things, that participations in joint ventures is only included to the extent that earnings are distributed to Intrum and that operations acquired during the period are included on a pro forma-basis throughout the 12-month period.

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.

Items affecting comparability

Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. These include revaluations of portfolio investments, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, 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 fu-ture earnings trend.

Amortization percentage

Amortization on portfolio investments during the period, as a percentage of collections.

Estimated remaining collections, ERC

The estimated remaining collections represent the nominal value of the expected future collection on the Group's portfolio investments, including Intrum's anticipated cash flows from investments in joint ventures.

Cash multiple

The total of collections to date and estimated remaining collections (ERC) on all the Group's portfolio investments, as a share of the total invested amount.

Portfolio investments

The investments for the period in portfolios of overdue receivables, with and without collateral, investments in real estate and in joint ventures whose operations entail investing in portfolios of receivables and properties.

Region Northern Europe

Region Northern Europe comprises the Group's activities for external clients and debtors in Denmark, Estonia, Finland, Latvia, Lithuania, Norway and Sweden.

Region Central and Eastern Europe

Region Central and Eastern Europe comprises the Group's activities for external clients and debtors in Austria, the Czech Republic, Germany, Greece, Hungary, Poland, Romania, Slovakia and Switzerland.

Region Western and Southern Europe

Region Western and Southern Europe comprises the Group's activities for external clients and debtors in Belgium, France, Ireland, Italy, the Netherlands and the United Kingdom.

Region Iberian Peninsula and Latin America

Region Iberian Peninsula and Latin America comprises the Group's activities for external clients and debtors in Spain, Portugal and Brazil.

Audited Financial Statements of Intrum AB (publ) as of and for the Year Ended December 31, 2019, prepared in accordance with IFRS as adopted by the EU

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Intangible fixed assets	10		
Goodwill		33,358	33,055
Capitalised expenditure for IT development		611	393
Client relationships		6,079	3,670
Other intangible fixed assets		191	63
Total intangible fixed assets		**40,239**	**37,181**
Tangible fixed assets			
Rights of use	30	888	0
Property investments		0	256
Computer hardware	11	53	56
Other tangible fixed assets	11	159	181
Total tangible fixed assets		**1,100**	**493**
Other fixed assets			
Shares and participations in joint ventures	13	6,539	4,746
Other shares and participations		0	1
Portfolio investments	14	28,508	24,830
Deferred tax assets	8	1,300	620
Other long-term receivables	15	183	33
Total other fixed assets		**36,530**	**30,230**
Total fixed assets		**77,869**	**67,904**
Current assets			
Accounts receivable	16	1,860	719
Property holdings		382	2,429
Client funds		1,060	917
Tax assets		382	273
Other receivables	17	1,334	1,553
Prepaid expenses and accrued income	18	1,343	890
Liquid assets	19	1,906	1,348
Total current assets		**8,267**	**8,129**
TOTAL ASSETS		**86,136**	**76,033**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company's shareholders	20		
Share capital		3	3
Other paid-in capital		18,237	18,237
Reserves		1,475	1,175
Retained earnings including net earnings for the year		2,299	4,251
Total shareholders' equity attributable to Parent Company's shareholders		**22,014**	**23,666**
Shareholders' equity attributable to non-controlling interests	12	2,879	2,006
Total shareholders' equity		**24,893**	**25,672**
Long-term liabilities			
Liabilities to credit institutions	23	6,186	6,534
Bond loan	23	40,644	33,254
Non-current lease assets		474	0
Other long-term liabilities		1,303	395
Provisions for pensions	21	387	263
Other long-term provisions	22	19	5
Deferred tax liabilities	8	1,938	1,729
Total long-term liabilities		**50,951**	**42,180**
Current liabilities			

SEK M	Note	31 Dec 2019	31 Dec 2018
Liabilities to credit institutions	23	0	296
Bond loan	23	1,000	1,000
Commercial papers	23	2,794	2,123
Client funds payable		1,060	917
Accounts payable		512	488
Income tax liabilities		422	241
Advances from clients		88	59
Current lease assets		443	0
Other current liabilities		810	852
Accrued expenses and prepaid income	24	3,014	2,056
Other short-term provisions	22	149	149
Total current liabilities		**10,292**	**8,181**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**86,136**	**76,033**

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

CONSOLIDATED CASH FLOW STATEMENT

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

See also Note 20.

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

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

PARENT COMPANY

Income statement

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

Statement of comprehensive income

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

Balance sheet

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

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

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

Cash flow statement

SEK M	Note	2019	2018
Operating activities			
Operating earnings		-416	-557
Amortisation/depreciation and impairment		61	5
Interest received		1,298	1,017
Interest paid		-1,024	-1,351
Payments for other financial expenses			-110
Cash flow from operating activities before changes in working capital		**-81**	**-996**
Changes in working capital		-608	65
Cash flow from operating activities		**-689**	**-931**
Investing activities			
Investments in intangible fixed assets		-156	-38
Investments in tangible fixed assets		-10	-5
Purchases of shares in subsidiaries and associated companies		-3,326	-67
Disposal of subsidiary			1,907
Share dividend from subsidiaries			363
Cash flows from investing activities		**-3,492**	**2,160**
Financing activities			
Borrowings		96,485	26,327
Amortisation of loans		-88,140	-21,430
Net loans to subsidiaries		-2,862	-4,664
Share dividend to Parent Company's shareholders		-1,247	-1,250
Share repurchases		-86	-56
Cash flow from financing activities		**4,150**	**-1,073**
Change in liquid assets		-31	156
Opening balance of liquid assets		251	95
Closing balance of liquid assets	19	220	251

Statement of changes in shareholders' equity

See also Note 20.

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

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

NOTES

Note 1 Significant accounting and valuation principles

General

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

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

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

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

Accounting standards applied

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

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

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

Assumptions

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

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

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

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

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

Changes in accounting principles

Accounting standards that entered into force in 2019

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

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

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

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

Classification issues

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

Consolidation

In subsidiaries

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

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

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

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

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

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

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

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

Associated companies and joint ventures

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

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

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

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

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

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

Joint ventures

The Group applies IFRS 11 Joint arrangements.

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

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

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

Foreign currency

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

Transactions in foreign currency

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

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

Translation of the financial statements of foreign operations

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

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

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

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

Financial assets and liabilities

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

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

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

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

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

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

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

Portfolio investments

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

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

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

in earnings as a deduction item in the calculation of income in accordance with the effective interest method.

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

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

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

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

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

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

Long-term receivables and other receivables

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

Accounts receivable

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

Legal outlays

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

Client funds

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

Cash and cash equivalents

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

Liabilities

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

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

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

Accounts payable

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

Derivative instruments

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

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

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

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

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries

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

Property holdings

The Group applies IAS 2 Inventories.

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

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

Intangible fixed assets

Goodwill

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

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

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

Goodwill is recognised at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this

evaluation. Intrum's operations in each geographical region (Northern Europe, Central and Eastern Europe, Western and Southern Europe, as well as the Iberian Peninsula and Latin America) are, in this context, considered to be the Group's cash-generating units. Goodwill arising from the acquisition of a company with a functional currency other than SEK is recognised as an asset in the functional currency and translated in the accounts at the balance sheet date rate.

Capitalised expenditure for IT development

The Group applies IAS 38 Intangible Assets.

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

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

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

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

Client relationships

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

Other intangible fixed assets

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

Tangible fixed assets

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

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

Operational properties are properties that have been acquired to be leased to others or used within the Group's operations rather than being sold. They are reported in accordance with the cost method, applying depreciation over the estimated useful life of the buildings.

Additional expenses are capitalised only to the extent that they increase value in relation to performance on the date on which the property was acquired. No depreciation is applied for land.

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

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

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

Leasing

The Group applies IFRS 16 Leases.

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

Taxes

The Group applies IAS 12 Income Taxes.

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

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

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

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

Shareholders' equity

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

Provisions

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

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

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

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

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

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

Unidentified receipts and excess payments

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

Contingent liabilities

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

Impairment

The Group applies IAS 36 Impairment of Assets.

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

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

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

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

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

Employee benefits

The Group applies IAS 19 Employee Benefits.

Pension obligations

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

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

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees has earned in current and previous periods; this compensation is discounted to its present value.

The discount rate is the interest rate as per the balance sheet date on high-quality corporate bonds, including covered bonds, with a maturity that, if possible, corresponds to the Group's pension obligations. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum's share of any investment assets as of the balance sheet date is calculated as well. Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. All changes in value associated with such changes in assumptions are recognised in other comprehensive income.

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

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

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

Borrowing costs

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

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

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

Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers.

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

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

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

Income from property sales refer mainly to sales of properties acquired together with portfolios of overdue receivables and properties pledged as collateral accruing to Intrum on the

settlement of the claim. Income from property services is generated in a single country, where Intrum has companies that sell services to property owners, such as tenant administration, property valuations, key management and relocation of tenants.

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

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

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

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

Financial income and expenses

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

Payment guarantees

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

Cash flow statement

The Group applies IAS 7 Cash Flow Statements.

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

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

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

Earnings per share

The Group applies IAS 33 Earnings per Share.

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

Segments

The Group applies IFRS 8 Operating Segments.

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

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

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

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

Parent Company's accounting principles

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

As of 2019, Intrum has made a new interpretation of the rules in RFR 2 Accounting legal entities, entailing the Parent Company's exchange rate differences attributable to the hedging of the Group's exchange rate risk in foreign operations no longer being reported under Other

comprehensive income but under Net financial items in the Parent Company's income statement. Comparison figures for the preceding year were recalculated in the same way. The amended interpretation with regard to the Parent Company's accounting has no impact on the consolidated financial statements.

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

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

Subsidiaries, associated companies and joint ventures

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

Group contributions and shareholders' contributions for legal entities

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

Other

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

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

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

Note 2 Information by geographical region and service line

Information by geographic region and service line

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

SEK M	Group 2019	Group 2018
Profit before tax	**139**	**2,615**
Assets by country		
Norway	9,742	9,359
Spain	9,275	10,382
Italy	5,894	5,909
Germany	3,877	3,788
Greece	3,764	51
France	1,537	1,490
Finland	1,259	1,213
Other countries	5,990	5,484
Total	**41,338**	**37,674**
Investments in tangible and intangible fixed assets		
Northern Europe	79	78
Central & Eastern Europe	72	65
Western & Southern Europe	36	74
Iberian Peninsula & Latin America	164	22
Group-wide/eliminations	176	56
Total	**527**	**296**
Amortisation/depreciation, impairment including goodwill		
Northern Europe	-228	-93
Central & Eastern Europe	-222	-97
Western & Southern Europe	-360	-94
Iberian Peninsula & Latin America	-3,354	-520
Group-wide/eliminations	-121	-96
Total	**-4,285**	**-900**
Goodwill impairment		
Iberian Peninsula & Latin America	-2,700	–
Total	**-2,700**	**–**
Not included in cash flow		
Northern Europe	69	-27
Central & Eastern Europe	106	-32
Western & Southern Europe	-1,215	-122
Iberian Peninsula & Latin America	62	-206
Group-wide/eliminations	-80	36
Total	**-1,058**	**-351**
Participations in associated companies		
Northern Europe	0	–
Central & Eastern Europe	0	–
Western & Southern Europe	1,248	106
Iberian Peninsula & Latin America	-69	-
Group-wide/eliminations	0	-
Total	**1,179**	**106**
Net revenues from external clients by service line		
Credit Management	9,368	7,240
Financial Services	6,617	6,202
Total	**15,985**	**13,442**

SEK M	Group	
	2019	2018
Net revenues by service line		
Credit Management	11,450	9,480
Financial Services	7,069	6,394
Elimination of inter-service line revenue	-2,534	-2,432
Total	**15,985**	**13,442**
Operating earnings by service line		
Credit Management	-415	2,433
Financial Services	4,961	3,600
Central expenses	-2,486	-2,055
Total	**2,060**	**3,978**

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

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

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

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

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

Note 3 Revenue distribution

Income

SEK M	Group		Parent Company	
	2019	2018	2019	2018
Income from customers				
Collection fees, commissions and debtor fees	7,152	5,741	–	–
Subscription income	68	67	–	–
Commission income from payment guarantees	25	9	–	–
Sale of properties	832	278		
Income from Group companies	0	0	380	215
Property services	577	547		
Other income	714	600	–	–
Total	**9,368**	**7,242**	**380**	**215**
Income from portfolio investments				

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Collections on purchased debt	10,763	10,056	–	–
Amortisation of purchased debt	-4,174	-3,942	–	–
Revaluation purchased debt	28	88	–	–
Total income from portfolio investments	**6,617**	**6,202**	**0**	**0**
Total	**15,985**	**13,444**	**380**	**215**

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

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

Note 4 Amortisation and depreciation

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

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

Costs

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

Note 5 Participations in associated companies and joint ventures Group

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

Note 6 Financial income

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

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

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

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

Note 7 Financial expenses

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

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

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

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

Note 8 Taxes

The tax expense for the year breaks down as follows:

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

No tax is recognised for capital gains.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 9 Earnings per share

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

There are no instruments outstanding that could lead to dilution

Note 10 Intangible fixed assets

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Goodwill				
Acquisition cost, opening balance	33,055	29,565	–	–
Acquisitions for the year	2,414	2,235	–	–
Impairment for the year	-2,700	-	–	–
Adjustment PPA		177	–	–
Reclassification	-165	0	–	–
Translation differences	754	1,078	–	–
Carrying values, closing balance	**33,358**	**33,055**	–	–
Capitalised expenditure for IT development				
Acquisition cost, opening balance	1,658	1,455	67	31
Capitalised expenditures for the year	332	190	139	36
Disposals	-95	-47	0	0
Reclassification	0	0	0	0
Purchased via acquisition	256	–	–	–
Translation differences	27	60	–	–
Accumulated acquisition cost, closing balance	**2,178**	**1,658**	**206**	**67**
Amortisation/depreciation, opening balance	-1,242	-1,091	-10	-5
Discontinued operations	0	0	–	–
Disposals	95	14	–	–
Reclassification	0	0	–	–
Amortisation/depreciation for the year	-420	-159	-56	-5
Translation differences	-23	-6	-	-
Accumulated impairment, closing balance	**-1,545**	**-1,242**	**-66**	**-10**
Impairments, opening balance	-23	-23	-16	-16
Impairments for the year	0	0	–	–
Disposals	0	0	–	–
Translation differences	0	0	–	–
Accumulated impairment, closing balance	**-23**	**-23**	**-16**	**-16**
Planned residual value, closing balance	**611**	**393**	**124**	**41**
Client relationships				
Acquisition cost, opening balance	5,209	3,954	–	–
Investments	90	10	–	–
Capitalised expenditures for the year	0	–	–	–
Disposals	0	-979	–	–
Reclassification	165	0	–	–
Purchased via acquisition	2,896	2,059	–	–
Translation differences	56	165	–	–
Amortisation/depreciation, closing balance	**8,416**	**5,209**	**0**	**0**
Amortisation/depreciation, opening balance	-1,539	-1,251	–	–
Disposals	0	359	–	–
Reclassification	0	1	–	–
Amortisation/depreciation for the year	-780	-594	–	–
Translation differences	-18	-54	–	–
Amortisation/depreciation, closing balance	**-2,337**	**-1,539**	**0**	**0**
Planned residual value, closing balance	**6,079**	**3,670**		
Other intangible fixed assets				
Acquisition cost, opening balance	379	338	3	0

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Discontinued operations	0	0	–	–
Capitalised expenditures for the year	15	22	16	3
Disposals	-16	0	–	–
Reclassification	0	0	–	–
Purchased via acquisition	170		–	–
Translation differences	11	19	–	–
Accumulated acquisition cost, closing balance	**559**	**379**	**19**	**3**
Amortisation/depreciation, opening balance	-312	-253	0	–
Discontinued operations	0	10		
Disposals	24	0	–	–
Reclassification	0	0	–	–
Amortisation/depreciation for the year	-64	-54	-2	0
Translation differences	-11	-15	-	-
Accumulated impairment, closing balance	**-363**	**-312**	**-2**	**0**
Impairments, opening balance	-4	-4	–	–
Impairments for the year	0	0	–	–
Accumulated impairment, closing balance	**-4**	**-4**	**0**	**0**
Planned residual value, closing balance	**192**	**63**	**17**	**3**

Goodwill

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

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

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

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

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

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

Sensitivity analysis

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

Note 11 Tangible fixed assets

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

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Sales and disposals	55	10	–	–
Reclassification	2	0	–	–
Purchased via acquisition	-15	0	–	–
Divested through business sales	–	0	–	–
Amortisation/depreciation for the year	-53	-60	–	0
Translation differences	-8	-16	–	–
Amortisation/depreciation, closing balance	**-432**	**-413**	**0**	–
Planned residual value, closing balance	**158**	**181**	**0**	**0**

Note 12 Group companies

SEK M	No. of shares	2019	2018
Intrum Brasil Consultoria e Participapoes, S.A.	729	37	37
Intrum A/S, Denmark	40	377	188
Intrum Estonia AS, Estonia	430	1	1
Intrum Finans AB	66,050,000	75	75
Intrum Oy, Finland	14,000	1,649	1,649
Intrum SAS, France	5,000	345	345
Intrum Holding Greece AE	24,000	21	0
Intrum Global Technologies SIA, Latvia	2,000	0	0
Intrum BV, Netherlands	40	377	377
Intrum Portugal Unipessoal Lda.	68,585	71	71
Intrum AG, Switzerland	7,000	942	942
Intrum Justitia Iberica S.A.U., Spain	600.000	107	32
Intrum Holding Spain S.A.U. Spain	3,314,468	3,067	0
Intrum UK Group Ltd, UK	88,100,002	0	0
Intrum Sverige AB, Sweden	22,000	1,749	1,749
Intrum International AB, Sweden	1,000	601	601
Intrum Financial Services GmbH	0	0	36
Intrum Austria GmbH	72,673	37	37
Intrum Spzoo, Poland	40,000	0	0
Intrum Romania SA, Romania	39	26	16
Intrum Financial IFN SA	3,000,000	30	30
Lock TopCo AS, Norway	861,952,839	24,625	24,626
Total carrying value		**34,137**	**30,812**
Opening balances		30,812	25,777
Acquisition		3,503	67
Capital contributions paid		295	5,254
Impairment of shares in subsidiaries		-437	0
Disposal		-36	-286
Closing balance		**34,137**	**30,812**

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

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

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

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

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

Subsidiaries of Intrum AB (publ) and their subsidiaries in the same country	**Corp. identity no.**	**Domicile**	**Share of capital**
Brazil			
Intrum Brasil Consultoria e Participaçoes, S.A. (formerly Iplatform Consultoria e Paricipaçoes, S.A.)	29.063.190	Sao Paulo	51%
Denmark			
Intrum A/S	DK 10613779	Copenhagen	100%
Estonia			
Intrum Estonia AS	10036074	Tallinn	100%
Finland			
Intrum Oy	FI14702468	Helsinki	100%
Intrum Rahoitus Oy	FI25086904	Helsinki	100%
France			
Intrum SAS	B322 760 497	Lyon	100%
Intrum Corporate SAS	B797 546 769	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	100%
Intractive SAS	B431 312 677	Lille Metropole	100%
Greece			
Intrum Holding Greece AE	800914045	Greece	100%
Latvia			
SIA Intrum Global Technologies	40103314641	Riga	100%
Netherlands			
Intrum BV	33.273.472	Amsterdam	100%
Norway			
Lock TopCo AS	913,852,508	Oslo	100%
Poland			
Intrum Spzoo	5212885709	Warsaw	100%
Intrum K & WKP SK	000270515	Wroclaw	99%
Intrum Detektyw Spzoo	0000223801	Wroclaw	100%
Intrum Service Spzoo	0000364126	Wroclaw	100%
Portugal			
Intrum Portugal Unipessoal Lda.	503,933,180	Lisbon	100%
Intrum Real Estate Management Portugal SA	514,167,041	Lisbon	100%
Romania			
Intrum Romania SA	18496757	Bucharest	100%
Intrum Financial IFN SA	39041618	Bucharest	100%
Switzerland			
Intrum AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Finance Service AG	CH-020.3.912.665-1	Zurich	100%

	Corp. identity no.	Domicile	Share of capital
Intrum Brugg AG	CH-400.3.023.076-0	Brugg	100%
Spain			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Segestion Gabinete Tecnico Empresarial, S.L	B61210696	Madrid	100%
Seguridad en la gestión, S.L	B58182973	Madrid	100%
Intrum Holding Spain SAU	A86128147	Madrid	100%
Intrum Servicing SAU	A85582377	Madrid	100%
Intrum Spain Real Estate S.L.U.	B88174131	Madrid	100%
Lindorff Iberia Holding SLU	B87523262	Madrid	100%
Aktua Soluciones Financieras Holdings SL	B86538279	Madrid	85%
Aktua Soluciones Financieras SL	B84983956	Madrid	100%
Aktua Soluciones Immobiliaras SLU	B50509447	Madrid	100%
Solvia Servicios Inmobilarios SL	B62718549	Madrid	80%
UK			
Intrum UK Group Ltd	03515447	Reigate	100%
Intrum UK Holdings 2 Ltd	01356148	Reigate	100%
Intrum UK 2 Ltd	01918920	Reigate	100%
Intrum UK Funding Ltd	05265651	Reigate	100%
Intrum UK Acquisitions Ltd	05265652	Reigate	100%
Intrum UK Holdings Ltd	04325074	Reigate	100%
Intrum UK Ltd	03752940	Reigate	100%
Intrum UK Finance Ltd	04140507	Reigate	100%
Intrum UK Finance 6 Ltd	07694793	Reigate	100%
Intrum UK Finance 7 Ltd	07694791	Reigate	100%
Intrum UK Finance 8 Ltd	07694764	Reigate	100%
Intrum UK Finance 9 Ltd	08149397	Reigate	100%
Sweden			
Intrum Sverige AB	556134-1248	Stockholm	100%
Intrum Intl AB	556570-1181	Stockholm	100%
Intrum Finans AB	556885-5265	Stockholm	100%
Austria			
Intrum Austria GmbH	FN 48800s	Vienna	100%
Subsidiaries of Intrum Sverige AB and their subsidiaries in the same country			
Luxembourg			
Intrum Luxembourg sarl	B 183336	Luxembourg	100%
Sweden			
Intrum Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Shared Services AB	556992-4318	Stockholm	100%
Subsidiaries of Intrum Intl AB and their subsidiaries in the same country			
Mauritius			
Intrum Mauritius Ltd	127206	Port Louis	100%
Switzerland			
Intrum Debt Finance AG	CH-020.3.020.910-7	Zug	100%
Intrum Debt Finance Domestic AG	CH-170.3.026.065-5	Zug	100%
Intrum Licensing AG	CH-020.3.926.747-8	Zug	100%
Sweden			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%

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

	Corp. identity no.	Domicile	Share of capital
Intrum Hellas A.E.D.A.D.P.	801215902	Greece	80%
Greece Alternative REO Solutions Single Member SA..	801212579	Greece	80%
Sweden			
Indif AB..	556733-9915	Stockholm	100%
Subsidiary of Indif AB			
Sweden			
Intrum Holding AB	556723-5956	Stockholm	100%
Subsidiaries of Intrum Holding AB and their subsidiaries in the same country			
Finland			
Lindorff Finland Oy..	1858518-2	Helsinki	100%
Ireland			
Intrum Investment No 1 DAC	584295	Dublin	100%
Intrum Hellas DAC	613412	Dublin	100%
Intrum Hellas 2 DAC	626396	Dublin	100%
FAR Red Investment No 2 Designated Activity Comp...	590912	Dublin	100%
FAR Red Investment No 3 Designated Activity Comp...	590795	Dublin	100%
Italy			
LSF West Srl	09409950962	Milan	100%
Intrum Italy Holding Srl...	08724660967	Milan	100%
Cross Factor SPA	09490900157	Milan	100%
IsAB el SPV Srl	04614020263	Milan	100%
Intrum Italy Spa	10311000961	Milan	51%
FT Real Estate Srl...	09421851008	Rome	100%
Alicudi SPV Srl	04703580268	Conegliano Veneto (TV)	100%
Latvia			
Intrum Latvia SIA..	40203088409	Riga	100%
Lithuania			
Intrum Lietuva UAB	304615887	Vilnius	100%
Intrum Global Business Services UAB.....................	303,326,659	Vilnius	100%
Netherlands			
Intrum Nederland Holding BV	08178741	Amsterdam	100%
Intrum Nederland BV..	05025428	Amsterdam	100%
Mirus International BV..	30150149	Amsterdam	100%
Marjoc I BV...	08203108	Ede	100%
Norway			
Lindorff Holding Norway AS	992,984,899	Oslo	100%
Lindorff AS..	835,302,202	Oslo	100%
Lindorff Obligations AS	945,153,547	Oslo	100%
Poland			
Intrum Global Technologies Spzoo	0000654943	Wroclaw	100%
Sweden			
Intrum Holding 2 AB	556664-5460	Gothenburg	100%
LindorffInternational AB...	559077-1274	Stockholm	100%
Germany			
Intrum Finanzholding Deutschland GmbH	HRB 87998	Heppenheim	100%
Intrum Holding Deutschland GmbH	HRB 88008	Heppenheim	100%
Intrum Deutschland GmbH.......................................	HRB 87484	Heppenheim	100%
DMV Debitorenmgt.- und Verwaltungsgesellschaft mbH...	HRB 81939	Hamburg	100%
HIT Hanseatische Inkasso-Treuhand GmbH	HRB 52053	Hamburg	100%

	Corp. identity no.	Domicile	Share of capital
AssetGate GmbH	HRB 29415	Essen	100%
Intrum Financial Services GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Bankenservices GmbH	HRB 5345	Darmstadt	100%
Intrum Information Services Deutschland GmbH	HRB 85778	Darmstadt	100%
Subsidiaries of Lindorff Investment DAC No 1 and their subsidiaries in the same country			
Locairol ITG, S.L.U.	B87882528	Madrid	100%
Venira ITG, S.L.U.	B88001128	Madrid	100%
Subsidiaries of Intrum Holding 2 AB and their subsidiaries in the same country			
Lindorff Capital AS	958.422.830	Oslo	100%
Companies without a shareholding that are consolidated on the basis of contractual controlling interest			
Italy			
IJ DF Italy Srl	08438930961	Milan	100%
Subsidiaries that are not consolidated but that are included in Note 13 Shares and participations in joint ventures			
Ithaca Investment DAC	636421	Dublin	80%
Penelope SPV S.R.L.	4934510266	Conegliano Veneto (TV)	20.9%
Savoy Reoco S.R.L.	4949060265	Conegliano	0%
Northwind Investments Holdings, S.L.U.	B88213012	Madrid	50%
Northwind Finco, S.L.	B88250774	Madrid	40%
Global Zappa, S.L.U	B88208822	Madrid	40%

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

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

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

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

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

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

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

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

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

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

Note 13 Associated companies and joint ventures

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

Ithaca Investment DAC

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

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

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

Balance sheet

SEK M	**2019**	**2018**
Assets		
Other fixed assets		

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

Northwind Investments Holding

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

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

Note 14 Purchased debt

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

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

Total amortisation and revaluations for the year	**-4,146**	**-3,854**

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

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

Note 15 Other long-term receivables

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

Note 16 Accounts receivable

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

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

Note 17 Other receivables

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

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

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

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

Note 18 Prepaid expenses and accrued income

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

Note 19 Liquid assets

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

Note 20 Equity

Share capital

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

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

Share repurchase

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

Other shareholders' equity in the Group

Other paid-in capital

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

Reserves

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

Retained earnings including net earnings for the year

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

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

Other shareholders' equity in the Parent Company

Statutory reserve

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

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve as of 2006 are non-restricted equity.

Fair value reserve

Refers to unrealised exchange rate gains or losses on external loans in foreign currency, which are intended to hedge the Group's translation expo sure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Earnings brought forward

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The Company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totalled SEK 24,893 M (25,672).

The measure of the Company's capital structure used for control purposes is consolidated net debt in relation to pro forma rolling 12-month-adjusted cash EBITDA, which at year-end amounted to 4.3 (4.3). This ratio is calculated by placing current consolidated net debt at the end of the year in relation to pro forma cash EBITDA, including operations being phased out and including a calculated cash EBITDA throughout the period for larger units acquired during the year, and excluding non-recurring items (NRIs). Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board of Directors has established financial targets for the Group, in which net debt divided by pro forma rolling 12-month-adjusted cash EBITDA, as stated above, shall be between 2.5 and 3.5 in the long term

Note 21 Pensions

Employees in Intrum's companies are covered by various pension benefits, some of which are defined benefit plans and others as defined contribution plans. The Group applies IAS 19 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Group employees in Switzerland, and certain employees in Germany, are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Other employees in Germany and employees in Norway and Italy are covered by unfunded defined benefit pension plans that can be paid out as a one-time sum or as monthly payments following retirement. In France, the Company makes provisions for one-time payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognised as defined contribution plans since the Company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP 2 plan.

Among other things, IAS 19 requires pension costs for service in the current period to be reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. Actuarial revaluations are recognised in other comprehensive income.

Provisions for pensions reported in the balance sheet can be analysed as follows:

	Group	
SEK M	**2019**	**2018**
Present value of fully or partly funded obligations	555	321
Fair value of plan assets	-266	-253
Deficit in the plan	**289**	**68**
Present value of unfunded obligations	98	195
Total provisions for pensions	**387**	**263**

Changes in net obligation:

	Group	
SEK M	**2019**	**2018**
Opening balances	263	175
Expenses for employment in current year	21	15
Interest expense	3	5
Pensions paid	-33	-19
Pension provisions in acquired operations	88	86
Revaluations	40	-8

Exchange rate differences	5	9
Closing balance	**387**	**263**

Reconciliation of fair value of assets under management:

	Group	
SEK M	**2019**	**2018**
Opening balance	253	243
Fees paid	43	41
Compensation paid	-44	-43
Interest revenue	2	2
Assets under management in acquired operations	0	0
Revaluations	-7	-7
Exchange rate differences	18	17
Closing balance	**266**	**253**

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

	Group	
SEK M	**2019**	**2018**
Expenses for employment in current period	21	15
Net interest income/expense	3	5
Total pension expense in net earnings for the year	**24**	**20**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Revaluations of the pension liability are included in other comprehensive income in the amount of SEK 8 M (negative 18) before tax. In calculating Provisions for pensions, the following assumptions are used:

	Group	
%	**2019**	**2018**
Discount rate	0.85-2.50	0.85-2.50
Assumed rate of increase in compensation	1.0-2.5	1.0-2.5
Assumed return on assets under management	1.0-2.0	1.0-2.0
Assumed pension increases	0.4-2.0	0.4-2.0
Future adjustment to social security base	2.0-4.2	2.0-4.2

The Group also finances a number of defined contribution plans, Consolidated expenses for these amounted to SEK 146 M (146).

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of obligatory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 335 M (307), and the fair value of the assets under management is SEK 240 M (237). Consequently, the net pension liability is SEK 94 M (70). The pension commitment is funded through insurance contracts. During the year Intrum paid SEK 41 M (42) to the plan, while disbursements to retirees amounted to SEK 56 M (43).

For Group employees in Norway, mandatory occupational pensions commitments exist that were previously secured through a funded defined benefit pension solution, although these were replaced in 2019 by an unfunded defined benefit solution and a defined contribution solution.

ITP 2 plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP 1 and ITP 2 plans. ITP 1 includes employees born in 1979 or later, while ITP 2 covers employees born in 1978 or earlier. ITP 1 is a defined contribution plan. On the other hand, according to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 plan is a multi-employer defined benefit plan. Alecta's customers have not had access to such information for the fiscal year that would make allow them to report their proportional share of plan assets, liabilities and costs, preventing it from being possible to report the plan as a defined benefit plan. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP 2 plan secured through insurance with Alecta is therefore reported by Intrum as if it were a defined contribution plan. The premium is individually calculated, depending on salary, previously vested pension and anticipated remaining term of employment. At year-end Alecta's surplus in the form of the collective funding ratio was 142 percent (154). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19. Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

Note 22 Other provisions

	Group	
SEK M	**2019**	**2018**
Opening balances	154	152
Amounts utilised during the year	-99	-134
Unutilised amounts reversed during the year	-65	-18
New provisions for the year	146	33
Provisions in acquired operations	29	114
Provisions in divested operations	0	1
Translation differences	3	6
Closing balances	**168**	**154**

	Group	
SEK M	**2019**	**2018**
Of which, long-term provisions		
Expenses for returning leased office premises to their original condition	0	2
Personnel expenses	3	2
Rent and additional costs	16	1
Of which, short-term provisions		
Expenses for returning leased office premises to their original condition	1	0
Expenses for termination of personnel and other restructuring expenses	91	0
Additional purchase consideration for shares	0	138
Consulting (legal, tax and compliance)	2	11
Other	55	0
Total	**168**	**154**

Current provisions are expected to be settled within 12 months from of the balance sheet date. The Company reports the policies as an asset.

Note 23 Borrowing Group

	Group		Parent Company	
SEK M	**2019**	**2018**	**2019**	**2018**
Long-term liabilities				

Bank loans	6,186	6,534	6,186	6,534
Bond loan	40,644	33,254	40,644	33,254
Current liabilities				
Commercial papers	2,794	2,123	2,794	2,123
Bond loan	1,000	1,000	1,000	1,000
Bank loans	-	296	-	11
Total	**50,624**	**43,207**	**50,624**	**42,922**

Since June 2017, Intrum AB has had a revolving syndicated loan facility totalling EUR 1,100 M with a bank consortium of five Nordic banks. In February 2019, the banking group was expanded to six and the limit to EUR 1,375 M. The loan framework of EUR 1,375 M can be utilised for borrowing in a number of different currencies. As of 31 December 2019, the loan framework had been utilised for loans in Swedish kronor totalling SEK 6,186 M (6,534), in euro totalling EUR 435 M (295) and in Norwegian kronor totalling NOK 1,550 M (3,000). The unutilised portion of the facilities amounted to SEK 8,178 M (4,241). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. All operational and financial covenants were fully met in 2019.

In December 2019 a new agreement regarding a new syndicated loan facility of EUR 1,800 M was signed with a bank consortium of 14 banks. The facility has a duration of five plus one years and came into effect on 15 January 2020. In connection with this, the previous facility, agreed in June 2017, was annulled. The new loan facility contains operations-related and financial covenants, including limits on financial indicators. In addition, the new credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

During 2017, Intrum AB issued public bonds divided into four tranches of a total EUR 2,700 M and SEK 3,000 M. In 2018, Intrum issued a public bond for SEK 1,000 M. In 2019, Intrum issued an MTN bond of SEK 2,000 M, which was later increased by SEK 900 M. In November, Intrum issued another bond of SEK 1,100 M, upon which the MTN programme was fully utilised. In addition, Intrum issued two bonds of EUR 800 M and EUR 850 M, respectively, the liquidity was used to repay two bonds with variable interest rates (EUR 300 M and SEK 3,000 M), and to reduce a fixed-rate bond by EUR 750 M, all of the earlier bonds had been issued in 2017 and were due to mature in 2022. In December 2019, a bond of EUR 75 M was issued with a maturity of five years and three months. Consequently, Intrum has outstanding bond loans for a total SEK 41,645 M (34,254). In 2019, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,794 M (2,123).

Change in borrowings during the year Group

	Group	
SEK M	**2019**	**2018**
Opening balance	43,207	38,024
Borrowings	96,485	24,963
Amortisation of loans	-88,140	-21,430
Acquisitions and divestments	-57	286
Translation differences	-871	1,364
Closing balance	**50,624**	**43,207**

Bonds outstanding as per 31 December 2019

Designation	Currency	Nominal amount	in SEK	maturity date	Interest rate for fixed-rate bonds and	Market value of bond

					margin for variable-rate bonds	
SEK 2020 Float	SEK	1,000,000	1,000,000	6 July 2020	1.90%	1,005,890
SEK 2021 Float	SEK	1,100,000	1,100,000	22 November 2021	1.80%	1,102,074
EUR 2022 Fix	EUR	750,000	7,835,100	15 July 2022	2.75%	7,987,806
EUR 2013 Float PP	EUR	160,000	1,671,488	22 June 2023	1.31%	1,651,130
SEK 2023 Float	SEK	2,900,000	2,900,000	3 July 2023	3.25%	2,975,009
EUR 2024 FIX	EUR	900,000	9,402,120	15 July 2024	3.13%	9,635,199
EUR 2025 FIX PP	EUR	75,000	783,510	13 March 2025	3.00%	808,264
EUR 2026 FIX	EUR	800,000	8,357,440	15 July 2026	3.50%	8,558,060
EUR 2027 FIX	EUR	850,000	8,879,780	15 September 2027	3.00%	8,755,641
Total			**41,929,438**			**42,479,073**

Bonds with “Fix” in the denomination mature at fixed interest rates. Bonds with “Float” in the denomination mature at variable interest rates. Bonds with “PPP” in the denomination Private Placements.

Maturities of long-term bank borrowings

	Group		**Parent Company**	
SEK M	**2019**	**2018**	**2019**	**2018**
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,100	1,000	1,100	1,000
Between 2 and 3 years	7,835	11,200	7,835	11,200
Between 3 and 4 years	4,572	21,466	4,572	21,466
Between 4 and 5 years	10,185	1,646	10,185	1,646
More than 5 years	17,237	9,233	17,237	9,233
Total	**40,929**	**44,545**	**40,929**	**44,545**
Unused lines of credit excluding guarantee facility				
Expiring within one year	0	0	0	0
Expiring after more than one year	8,178	4,200	8,178	4,200
Total	**8,178**	**4,200**	**8,178**	**4,200**

Specification of maturity dates for short and long-term loans as per 31 December 2019

SEK M	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Commercial papers	2,794					
Bond loan	1,000	1,100	7,835	4,571	9,402	784
Syndicated loan facility		6,186				
Unutilised portion of facility		8,178				
Total	**3,794**	**15,464**	**7,835**	**4,571**	**9,402**	**784**

Specification of maturity dates for short and long-term loans as per 31 December 2018

SEK M	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Commercial papers	2,124					
Bond loan	1,000	1,000	21,466	1,646	9,233	
Syndicated loan facility			7,000			
Unutilised portion of facility			4,200			
Total	**3,124**	**1,000**	**11,200**	**21,466**	**1,646**	**9,233**

Note 24 Accrued expenses and prepaid income

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Accrued social security expenses	183	116	20	20
Accrued vacation pay	207	192	13	12
Accrued bonus expense	205	241	51	55
Prepaid subscription income	183	110	0	0
Provisions for losses on charge card guarantees	1	1	0	0
Accrued interest	479	387	477	386
Provision for expenses to pay to collection authorities in the Netherlands	11	15	0	0
Individually related expenses	413	254	33	65
Derivatives	356	29	356	29
Office expenses	229	181	1	2
Production costs	411	124	0	0
Other accrued expenses	337	407	50	14
Total	**3,015**	**2,056**	**1,001**	**582**

Note 25 Pledged assets, contingent assets and contingent liabilities

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Pledged assets				
Deposits	175	16	–	–
Restricted bank accounts	95	33	0	0
Shares in subsidiaries	31,637	35,503	34,138	29,944
Total	**31,907**	**35,552**	**34,138**	**29,944**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	92	120	–	–
Total	**92**	**120**	**0**	**0**

Pledged assets

Pledged collateral includes deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum were not to meet its contractual obligations.

Pledged collateral also includes shares in subsidiaries within the Group pledged as collateral for the Parent Company's revolving credit facility. The reported value of pledged collateral in the table above refers to the consolidated value of the subsidiaries' net assets.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum assumes the client's claim against its customer and takes over the continued handling of the case within the Portfolio Investments area of operations. At the end of the year, the total amount guaranteed was SEK 92 M (120). Intrum's risk in this business is managed through strict credit limits and analyses of the borrower's credit status. As of year-end Intrum had allocated SEK 1 M (1) in the balance sheet to cover payments that may arise due to the guarantee.

Other

In Spain, a number of disputes are in progress against two former executives, attributable to their termination in June 2015. The disputes concern whether the dismissals were unlawful, the former executives' entitlement to different bonuses and the entitlement to compensation for one of the former executives for a competition commitment in his employment contract. Intrum has won all disputes in the lower court, with the disputes over illegal dismissal having gained legal force and can no longer being possible to appeal. The remaining disputes are currently being addressed by the higher court. Intrum refutes all of these claims.

In Poland, a dispute is in progress related to the acquisition of Casus Finanse S.A. in 2015. The dispute concerns the entitlement of the sellers, the former management of Casus Finanse SA, to an additional purchase consideration and remuneration for continued employment under the share transfer agreement. The former management of Casus Finanse SA was dismissed in December 2016, and Intrum's position is that no entitlement to an additional purchase consideration nor remuneration for continued employment applies. The dispute has been referred to the arbitration panel, which in December 2019 settled the dispute substantially in Intrum's favour. Although there is a theoretical possibility for the counterparties to appeal against the arbitration panel's ruling, the risk of a successful appeal is considered small.

The possible effect on the Group's earnings of the above disputes is not assessed to be significant, and Intrum has made provisions for the disputes in accordance with the anticipated outcome.

The Group is otherwise involved in disputes in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

Note 26 Average number of employees

	Group				Of which, the Parent Company			
	2019		2018		2019		2018	
	Men	Women	Men	Women	Men	Women	Men	Women
Belgium	50	68	49	58	–	–	–	–
Brazil	10	9	13	10	–	–	–	–
Denmark	75	97	74	110	–	–	–	–
Estonia	4	20	5	20	–	–	–	–
Finland	124	324	120	324	–	–	–	–
France	196	451	200	443	–	–	–	–
Greece	76	103	–	–	–	–	–	–
Ireland	34	42	33	45	–	–	–	–
Italy	331	467	108	166	–	–	–	–
Latvia	168	91	148	73	–	–	–	–
Lithuania	100	247	59	220	–	–	–	–
Luxembourg	1	0	1	0	–	–	–	–
Mauritius	30	77	20	39	–	–	–	–
Netherlands	94	64	129	81	–	–	–	–
Norway	278	322	295	349	–	–	–	–
Poland	160	217	227	279	–	–	–	–
Portugal	69	141	77	150	–	–	–	–
Romania	63	136	65	117	–	–	–	–
Switzerland	123	128	130	140	–	–	–	–
Slovakia	34	62	34	65	–	–	–	–
Spain	736	1303	614	1,256	–	–	–	–
UK	83	96	65	82	–	–	–	–
Sweden	160	266	157	256	39	31	39	29

Czech Republic	28	51	32	46	–	–	–	–
Germany	147	347	157	340	–	–	–	–
Hungary	172	252	147	243	–	–	–	–
Austria	13	26	13	26	–	–	–	–
Total	**3,359**	**5,407**	**2,972**	**4,938**	**39**	**31**	**39**	**29**

Of the Group's employees 21 percent are younger than 30 years old, 37 percent are 30-39 years old, 25 percent are 40-49 years old and 17 percent are 50 years old or older.

	2019		2018	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	6	3	6	3
Group Management Team	9	2	10	3
Country Managers	19	3	20	3
Board members in subsidiaries	83%	17%	85%	15%

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

Note 27 Salaries and remunerations

	Group		Parent Company	
SEK M	**2019**	**2018**	**2019**	**2018**
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	**148**	**141**	**21**	**16**
Salaries and remunerations to other employees				
Northern Europe	1,118	1,096	-	-
Central and Eastern Europe	823	690	-	-
Western and Southern Europe	958	718	-	-
Iberian Peninsula and Latin America	981	656	-	-
Head offices and central operations	252	219	103	127
Total salaries and other remuneration, Group	**4,280**	**3,520**	**123**	**144**
Social security expenses	830	728	54	58
Of which pension expenses	*187*	*161*	*20*	*20*
Total	**5,110**	**4,248**	**177**	**202**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidised car, housing and meals. Parent Company figures refer strictly to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

Note 28 Terms and conditions of employment for senior executives

Guidelines on compensation for senior executives

The 2019 Annual General Meeting adopted guidelines for remuneration to senior executives, the CEO and members of Group Management. The proposal has been prepared by the Board and its Remuneration Committee.

Salary and remuneration philosophy

Intrum is dependent on its employees to achieve ambitious objectives in a challenging environment. The salary and remuneration philosophy seeks to ensure our employees are rewarded for their valuable contributions to the Company's earnings. We also strive to be able to recruit, develop and retain high-performance employees in a competitive international

environment. At the same time, we try to ensure that our employees are offered salaries in line with the market.

Remuneration levels should reflect duties, responsibility and performance, and should be competitive compared with similar companies in similar sectors in the same geographic area. To ensure that appropriate behaviours are encouraged, and that efforts are focused in the appropriate areas, remuneration levels need to be related to the objectives closely associated with the Group's business strategy and its core values.

The total remuneration is based on four principal components: fixed salary, variable salary, long-term incentive programmes and pension benefits. Other benefits, such as a company car, may be offered as well.

Fixed salary component

Fixed salary is set based on three perspectives: The complexity and responsibility of the post, individual performance and local market conditions.

Variable salary component

Intrum's variable salary component (VSP) serves to encourage short-term performance. It is set for one year at a time. The metrics are set individually for each member of Group Management to reflect the Group's business strategy and priorities. The metrics reflect business targets or other generation of value for the Company. Short-term variable salary also entails the Company's expenses varying depending on the Group's financial development.

Short-term variable salary is capped at 50 percent of fixed annual salary for the CEO and at between 35 and 50 percent for other members of Group Management. However, the Chief Risk Officer does not receive a variable salary component.

Long-term incentives

Our long-term variable salary programme (LTIP) brings Group Management's long-term interests and perspectives are brought onto an equal footing with those of shareholders, while commitment to the Company is also reinforced. This rewards long-term generation of value over a three-year period, allowing Group Management to participate in the Company's financial success. Performance targets set by the Board of Directors in terms of the Group's earnings per share (EPS) is generally applied as a metric because this is considered a good indicator of the Group's long-term success. As with the variable salary component, an effect of the programme's design is that the salary cost varies alongside the Group's financial performance.

The long-term incentive programme is proposed to be offered to Group management through the allocation of Performance Shares. The maximum allocation is 150 percent of fixed annual salary for the CEO, CFO and CIO and between 35 and 50 percent of fixed annual salary for other members of Group Management.

The outcome of the long-term incentive programme is not pensionable.

Pension benefits, etc.

Retirement pension, disability and health insurance and similar benefits are to be designed to reflect the practices and requirements in the senior executives' home countries.

Expenses for variable salary components and long-term incentive programmes

For 2019, the expenses are expected to amount to at most SEK 19 M for the variable salary component and at most SEK 35 M for the 2019 long-term incentive programme, excluding social security contributions. The estimate does not take into account any changes in the composition of Group Management during the year.

Guidelines for individual share ownership

It is proposed that the guidelines for individual share ownership, applied since 2015, be discontinued due to the share-based incentive programme established in 2018.

Other

In the event of termination by Intrum, severance pay (if applicable) shall not exceed 12 months' fixed salary.

The Board of Directors shall have the right to depart from these remuneration guidelines if there is particular justification for doing so in individual cases.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises two Board members. Since the 2019 Annual General Meeting, the Remuneration Committee has consisted of Per E. Larsson (Chairman) and Magnus Yngen. The CEO and the Company's Chief Human Resources Officer are co-opted to the Committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2019, Mikael Ericson, President and CEO, received remuneration in accordance with the Group's principles as detailed above. In 2019, his fixed monthly salary was SEK 510,000, which was two percent more than in 2018. In addition to his fixed salary, he had the opportunity to receive 50 percent of his annual salary within the framework of the variable salary component and 50 percent of his annual salary within the framework of the 2017 long-term remuneration programme. In 2019, he was offered long-term incentives with an initial allocation of 150 percent of his fixed annual salary. In addition to his salary, the Company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidised meals under the same terms as other Group employees in Sweden.

Terms of employment and remuneration for other members of Group Management

During 2019, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes fixed annual salary and the opportunity to receive 0-50 percent of annual salary within the framework of the variable salary component and, for former members of Intrum Justitia's Group Management, 20-50 percent within the framework of the 2017 long-term remuneration programme. In 2019, they were offered long-term incentives with an initial allocation of 35-150 percent of their fixed annual salary. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is

generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidised meals and travel.

In March 2017, certain senior executives, excluding the President and CEO, were offered an additional bonus, amounting to two or three months' salary, linked to the merger between Intrum Justitia and Lindorff. Since the predetermined terms have been met, the exceptional bonus was paid out in March 2018. The variable remuneration for 2018 reported below includes the exceptional bonus, which was vested during the period 22 March 2017 to 31 March 2018. The notice of termination for members of Group Management Team varies from three to twelve months, regardless of whether termination is initiated by the employee or the Company.

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages 50-51) other than the CEO. In 2019, no new members were appointed and two stepped down. At the end of 2019, there were 10 other senior executives.

SEK thousands	2019	2018
President and CEO		
Mikael Ericson		
Base salary	6,120	6,000
Variable compensation	5,069	4,920
Other benefits	85	75
Pension expenses	2,282	2,136
Total, President and CEO	**13,555**	**13,132**
Other senior executives		
Base salary	33,704	36,094
Variable compensation	13,491	19,375
Other benefits	2,929	2,651
Severance pay	2,708	0
Pension expenses	6,047	5,615
Total other senior executives	**58,871**	**63,735**

The amounts stated correspond to the full remuneration received during the period in which the individuals concerned were defined as senior executives, including vested but as yet unpaid variable remuneration for each year. This entails, for example, that the variable remuneration accrued and expensed by the Company in 2018 was disbursed in 2019, while the variable remuneration for 2019 is to be disbursed in 2020.

No share-based remunerations were paid in 2018 or 2019.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 6,940 thousand (6,795). Board fees are distributed between Directors as determined by the AGM according to the proposal by the Nomination Committee. The Directors have no pension benefits or severance agreements.

Board fees

SEK thousands	2019	2018
Per E. Larsson, Chairman	1,335	1,310
Magnus Yngen, Deputy Chairman	800	700

Magdalena Persson	615	600
Hans Larsson	765	750
Kristoffer Melinder	615	600
Andreas Nasvik	765	600
Ragnhild Wiborg	815	800
Synnove Trygg	–	750
Fredrik Tragardh	–	685
Andres Rubio	615	–
Liv Fiksdahl	615	–
Total Board fees	**6,940**	**6,795**

Board fees pertain to the period from the 2018 Annual General Meeting until the 2019 Annual General Meeting and from the 2019 Annual General Meeting until the 2020 Annual General Meeting respectively.

Note 29 Auditor's fees

	Group		**Parent Company**	
SEK M	**2019**	**2018**	**2019**	**2018**
Ernst & Young				
Audit assignments	24	21	3	4
Audit related services	7	5	5	0
Tax advisory	2	1	0	0
Other Audit firms				
Audit assignments	1	5	0	0
IT related services	0	6	1	0
Total	**34**	**37**	**9**	**4**

Note 30 Leasing

As of 1 January 2019, the IFRS 16 leasing standard has significantly changed how the Company accounts for its lease contracts. According to the new accounting model, all contracts containing leases are to be recognised on the balance sheet as right-of-use assets and lease liabilities. If leases meet two criteria, 1) they are current leases (shorter than one year) and 2) they pertain to "low-value assets", such as personal computers, laptops, tablets, telephones, office equipment or other items where the purchase price is typically below USD 5,000 (or EUR 4,300), they are not covered by IFRS 16 and are therefore recognised as ongoing expenses as prior to application of IFRS 16.

Leased items covered by IFRS 16 within Intrum are office premises, motor vehicles, ITC equipment and other leasing. The Company has implemented the leasing standard applying the simplified method (modified retroactive approach) and the transitional effects of IFRS 16 are reported as retained earnings as of 1 January 2019 without recalculating the comparative figures. The foremost effect on the consolidated financial statements derives from accounting for office premises.

Prior to implementation of IFRS 16, Intrum's leases were classified as operational and financial leasing. As of 2019, all of Intrum's leases are instead reported as non-current assets and financial liabilities in the statement of financial position. Rather than reporting the leasing fee as an operating expense, Intrum reports depreciation and interest expenses under Total comprehensive income for the year. The right-of-use assets are depreciated over the term of the lease. The lease liability represents the present value of future lease payments.

The change in right-of-use assets and lease liabilities since implementation is summarised below.

Right-of-use assets

SEK thousands	Land and buildings	Motor vehicles	ITC equipment	Other	Total
2019					
Opening balance, 1 January	691,136	31,532	–	5,087	**727,755**
Additions to right-of- use assets in 2019	362,777	33,758	399	2,929	**399,863**
Sales and disposals of right-of-use assets in 2019	2,879	-744		-494	**1,641**
Depreciation over the year	-205,939	-20,832	-14	-2,213	**-228,998**
Closing balance, 31 December	840,134	42,115	379	5,249	**887,877**

Lease liability in Statement of financial position as of 31 December 2019	
Current	442,815
Non-current	473,706

Amount recognised in the income statement, 2019 **SEK thousands**	
Interest expense relating to lease liability	-45,864

Amount recognised in Cash flow statement as of 31 December 2019 **SEK thousands**	
Total cash flow for leasing	-253,175

Note 31 Investing commitments

Commitments to acquire fixed assets amounted at year-end to SEK 0 M (1,949), of which SEK 0 M (1,949) refers to corporate acquisitions.

Note 32 Financial instruments

	Group		Parent Company	
SEK M	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**
Carrying value of financial instruments				
Financial assets valued at amortised cost	35,835	29,507	37,400	35,880
Financial assets valued at fair value	204	602	204	229
Financial liabilities valued at amortised cost	56,291	47,440	51,346	50,544
Financial liabilities valued at fair value	666	29	356	29

The only financial instruments that are regularly restated at fair value are derivatives (e.g. forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables.

The total recognised value of consolidated financial assets amounted to SEK 36,039 M (30,109) on the balance sheet date. Financial assets amounted to SEK 35,835 M (29,507) and financial assets recognised at fair value via the income statement amounted to SEK 204 M (602).

The total recognised value of the Parent Company's financial assets amounted to SEK 37,604 M (35,909) on the balance sheet date. Financial assets amounted to SEK 37,400 M (35,880) and financial assets recognised at fair value via the income statement amounted to SEK 204 M (229).

Financial liabilities include the balance sheet items: non-current and current liabilities to credit institutions, bond loans, commercial papers, client funds payable, accounts payable, advances from clients, other current liabilities, accrued expenses for the Parent Company, intra-Group liabilities.

The total recognised value of consolidated financial assets amounted to SEK 56,647 M (47,469) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 56,291 M (47,440) and financial liabilities recognised at fair value amounted to SEK 356 M (29).

The total recognised value of the Parent Company's financial liabilities amounted to SEK 51,702 M (50,573) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 51,346 M (50,544) and financial liabilities recognised at fair value amounted to SEK 666 M (29).

Portfolio investments

Portfolio investments consist of purchased debt reported at amortised cost according applying an effective interest rate model with an effective interest rate reflecting the risk of defaulted payment. Considering the purchased receivables are assessed to be in default they are classified to the third stage of credit risk as defined in IFRS 9. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognised in the income statement. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the Company's opinion. On the balance sheet date, the carrying value of purchased debt amounted to SEK 28,508 M (24,830). An account of purchased debt by year acquired is provided in Note 33.

Accounts receivable

Accounts receivable are recognised at amortised cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 1,860 M (719) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 3,764 M (3,211) on the balance sheet date. The item includes forward exchange contracts for SEK 204 M (229), recognised at fair value in the income statement. The remaining SEK 3,561 M (2,982) is valued at amortised cost. For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 36,825 M (35,857). The item includes forward exchange contracts for SEK 204 M (229), recognised at fair value in the income statement. The remaining SEK 36,622 M (35,628) is valued at amortised cost.

Cash and cash equivalents

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet

date, cash and cash equivalents amounted to SEK 1,906 M (1,348). For the Parent Company, the corresponding amount was SEK 220 M (251) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 6,186 M (6,831) and for the Parent Company, they amounted to SEK 6,186 M (6,545).

Bond loans

The Parent Company and the Group had bond loans outstanding for a value of SEK 41,644 M (34,254) on the balance sheet date. The bond loans are recognised at amortised cost. The fair value of the bonds, in accordance with observable market data, is SEK 42,479 M (31,606) and classified as level 2 in the fair value hierarchy according to IFRS 13

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 2,794 M (2,123) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 512 M (488). For the Parent Company, the equivalent amount was SEK 72 M (33).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 5,588 M (3,773) on the balance sheet date. The item includes derivatives valued at SEK 356 M (29), recognised at fair value in the income statement (held for trade). Other liabilities, excluding derivatives amounted to SEK 5,233 M (3,744).

For the Parent Company, other liabilities amounted to SEK 1,361 M (7,618) on the balance sheet date and included liabilities to Group companies and accrued expenses. Derivatives are recognised at fair value in the income statement (held for trade) and amounted to SEK 356 M (29). Other liabilities, excluding derivatives amounted to SEK 1,005 M (7,589).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise derivatives.

Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's derivatives suspend their payments. At the end of the year, Intrum had financial assets totalling SEK 29 M (29) that could be offset against debts should the counterparties suspend their payments.

Note 33 Financial risks and financial policies

Principles of financing and financial risk management

The financial risks that arise in Intrum operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in the Group's Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm and Oslo, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimised.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF) and the Norwegian krone (NOK).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

	Average		Average	
Currency	**31 Dec 2019**	**31 Dec 2018**	**2019**	**2018**
CHF	9.62	9.11	9.52	8.88
EUR	10.45	10.26	10.59	10.26
HUF	0.0316	0.0319	0.0326	0.0322
NOK	1.06	1.03	1.07	1.07

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the Company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum operates in some 25 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate affect consolidated income and earnings, as well as equity and other items in the financial statements.

The Group's revenues are distributed by currency as follows:

SEK M	2019	2018
SEK	936	882
EUR	9,766	7,791
CHF	804	802
HUF	1,434	1,197
NOK	1,575	1,587
Other currencies	1,470	1,183
Total	**15,985**	**13,442**

An appreciation of the Swedish krona of 10 percentage points on average in 2019 against EUR would thus, all else being equal, have affected revenues negatively by SEK 977 M, against CHF by SEK 80 M, against HUF by SEK 143 M and against NOK by SEK 158 M.

In terms of net assets by currency, shareholders' equity in the Group, including non-controlling interests, is distributed as follows:

SEK M	2019	2018
SEK	21,303	7,497
EUR	17,470	32,811
- less EUR hedged through foreign currency loans	-27,151	-27,654
+ EUR hedged through derivatives	8,817	5,817
CHF	530	1,581
- less CHF hedged through foreign currency loans	-110	-31
- less CHF hedged through derivatives	0	-957
DKK	-3	707
- less DKK hedged through derivatives	-70	-438
HUF	2,460	2,494
- less HUF hedged through foreign currency loans	0	-516
- less HUF hedged through derivatives	-1,896	-1,050
NOK	4,185	13,036
- less NOK hedged through foreign currency loans	-3,760	-5,135
- less NOK hedged through derivatives	0	-4,221
Other currencies	3,118	1,732
Total	**24,893**	**25,672**

All else being equal, an appreciation in the Swedish krona of 42 percentage points as per 31 December 2019 against EUR would have affected shareholders' equity in the Group positively by SEK 86 M, negatively against CHF by SEK -42 M, positively against DKK by SEK 7 M, negatively against HUF by SEK -56 M and negatively against NOK by SEK -42 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

The Group hedges part of its translation exposure by means of currency hedging measures, consisting of external loans in foreign currency and derivative instruments. Over the year, goodwill was excluded as a hedged balance sheet item, contributing to a change year-on-year in the table above. There is an economic relationship between the hedged balance sheet items and the hedging instruments, in which the efficiency of the hedge is tested and adjusted

monthly. The effects of the translation exposure and hedging measures have opposite values (negative/positive) and are reported under Other comprehensive income. The hedging instruments amounted to SEK -41,645 (-34,185) at year-end. No inefficiencies were reported during the year regarding hedges of net investments in foreign operations.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 49,105 M (42,122) on 31 December 2019. The loan rate is tied to the market rate.

Intrum has a strong cash flow which gives the Group the option of repaying loans or investing in portfolios. The Group's loans have a fixed interest term - currently about 46 months (30) for the entire loan portfolio.

A 1-percent increase in market interest rates during the year would have adversely affected net financial items by approximately SEK 397 M. A 5-per- cent increase would have adversely affected net financial items by SEK 1,986 M.

To establish an appropriate matching of currencies in the balance sheet and thus manage the currency risk between assets and liabilities, the Company uses currency interest rate swaps in which the Parent Company swaps liabilities in SEK and receives EUR at the same rate on both the start and maturity dates. In this way, the Company can maintain the desired level of hedging of shareholders' equity per currency while also maintaining an interest rate exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected costs to ensure the Group's ability to fulfil its short and long-term payment obligations to outside parties.

The Group's long-term financing risk is limited by confirmed loan facilities. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

In December 2019 a new agreement regarding a new syndicated loan facility of EUR 1,800 M was signed with a bank consortium of 14 banks. The facility has a duration of five plus one years and came into effect on 15 January 2020. In connection with this, the previous facility, agreed in June 2017, was annulled. The new loan facility contains operations-related and financial covenants, including limits on financial indicators. In addition, the new credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

During 2017, Intrum AB issued public bonds divided into four tranches of a total EUR 2,700 M and SEK 3,000 M. In 2018, Intrum issued a public bond for SEK 1,000 M. In 2019, Intrum issued an MTN bond of SEK 2,000 M, which was later increased by SEK 900 M. In November, Intrum issued another bond of SEK 1,100 M, upon which the MTN programme was fully utilised. In addition, Intrum issued two bonds of EUR 800 M and EUR 850 M, respectively, the liquidity was used to repay two bonds with variable interest rates (EUR 300 M and SEK 3,000 M), and to reduce a fixed-rate bond by EUR 750 M, all of the earlier bonds had been issued in 2017 and were due to mature in 2022. In December 2019, a bond of EUR 75 M was issued with a maturity of five years and three months. Consequently, Intrum has outstanding bond loans for a total SEK 41,644 M (34,254). In 2019, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,794 M (2,123).

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M more than the unutilised portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimising the balance between loans and liquid funds so that the net interest expense is minimised without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months agree with the reported amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group

SEK M	Within one year	2-5 years	Later than 5 years	Total
31 Dec 2019				
Accounts payable and other liabilities	5,541			5,541
Leasing liabilities	443	284	190	917
Liabilities to credit institutions	6,212			6,212
Bond loan	2,216	27,175	19,416	48,807
Commercial papers	2,794			2,794
Total	**17,206**	**27,459**	**19,606**	**64,271**
31 Dec 2018				
Accounts payable and other Liabilities	4,262			4,262
Liabilities to credit institutions	3,105			3,105
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Total	**11,419**	**24,491**	**9,700**	**48,610**

Financial liabilities in the balance sheet - Parent Company

SEK M	Within one year	2-5 years	Later than 5 years	Total
31 Dec 2019				
Accounts payable and other Liabilities	1,077			1,077
Liabilities to credit institutions	6,212			6,212
Bond loan	2,216	27,175	19,416	48,807
Commercial papers	2,794			2,794
Liabilities to Group companies	1,994	3,361		5,355
Total	**14,293**	**30,536**	**19,416**	**64,245**
31 Dec 2018				
Accounts payable and other Liabilities	618			618
Liabilities to credit institutions	2,820			2,820
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Liabilities to Group companies	3,825	3,207		7,032
Total	**11,315**	**30,698**	**9,700**	**51,713**

Credit risks

Credit risk consists of the risk that Intrum's counterparties are unable to fulfil their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, portfolio investments, outlays on behalf of clients, derivatives and guarantees. For financial assets owned by Intrum, no collateral or other credit reinforcements have been received, with the exception of a certain portion of the Group's portfolio investments. The maximum credit exposure for each class of financial assets corresponds to the carrying amount.

Cash and cash equivalents

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity of less than three months. The Group has deposited its liquid assets with established banks where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Portfolio investments

As part of its portfolio investment operations, Intrum acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum retains the entire amount it collects, including interest and fees.

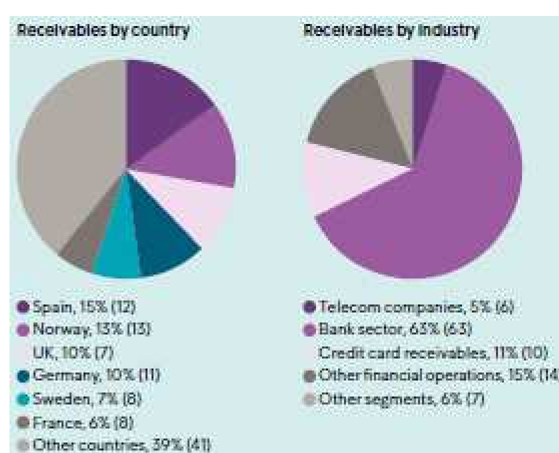
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 28,508 M (24,830) would become worthless and have to be written off.

To minimise the risks in this business, prudence is exercised in purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 19,895. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions have generally consisted of unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralised receivables. Since 2016, however, Intrum has also begun to acquire portfolios with underlying collateral, usually in the form of property mortgages. Intrum places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In these calculations Intrum benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum therefore believes that it has the expertise required to evaluate these types of receivables. To enable acquisitions of larger portfolios at attractive risk levels, Intrum has, on occasion,

partnered with other companies such as Piraeus Bank and Ibercaja Banco to share the capital investment and return.

The currency risk is attributable to the translation of the balance sheet item Portfolio investments is limited due to currency hedging using loans in the same currency as the assets, and currency forwards. A considerable proportion of the acquisitions take place through forward flow agreements - that is, Intrum may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are overdue by a certain number of days. In most of these agreements, however, Intrum has the opportunity to decline to acquire the receivables if, for example, their quality decreases.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 24 countries. The Group's total carrying amount for purchased debt is distributed as follows:



Of the total carrying value on the balance sheet date, 25 percent represents portfolio acquisitions in 2019, 20 percent acquisitions in 2018, 18 percent acquisitions in 2017 and 10 percent acquisitions in 2016. The remaining 27 percent relates to receivables acquired in or before 2015, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In many cases Intrum has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognised as an asset in the balance sheet on the line Other receivables.

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, assets regarding forward exchange contracts were valued at SEK 204 M (229), and liabilities at SEK 356 M (29). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognised in the income statement. The purpose of these forward exchange contracts has been to minimise exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency.

Outstanding forward exchange contracts at year end in the Parent Company and in the Group comprise the following currencies:

Currency	Local currency, buy	Hedged amount, sell
CHF	68,500,000	0
CZK	675,000,000	0
DKK	116,000,000	-50,000,000
EUR	1,583,200,000	-30,500,000
GBP	7,000,000	-157,000,000
HUF	25,420,000,000	-500,000,000
NOK	250,000,000	-330,000,000
PLN	6,000,000	-188,000,000
RON	19,000,000	0
SEK	1,591,165,680	-19,132,747,088

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum assumes the client's claim against its customer and takes over the continued handling of the case within the Portfolio Investments area of operations. At the end of the year, the total amount guaranteed was SEK 92 M (120). Intrum's risk in this business is managed through strict credit limits and analyses of the borrower's credit status. At the end of the year Intrum had allocated SEK 1 M (1) in the balance sheet to cover payments that may arise due to the guarantee.

Note 34 Acquisitions of operations

In the cash flow statement, SEK 5,135 M (8,587) is reported as acquisitions of subsidiaries and joint ventures.

In 2019, Intrum agreed with Piraeus bank to acquire 80% of the bank's plat form for management of overdue receivables for a cash payment of SEK 3,187 M and a possible deferred purchase price, which Intrum at the time of acquisition valued at SEK 310 M.

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

For 2018, the amount relates to the acquisition of 51 percent of the shares in Intrum Italy Spa for an amount of SEK 1,883 M, the acquisition of 100 percent of the shares in Northwind Investment Holding Sl for an amount of SEK 1,787 M, the acquisition of Iplatform Consultoria e Participaçoes SA for an amount of SEK 15 M, and the acquisition of profit participating notes

in Ithaca Investment DAC for an amount of SEK 4,902 M (recognised as participations in a joint venture).

Acquisition

Solvia

During the quarter, Intrum acquired Solvia Servicios Inmobiliaros (Solvia) from Banco Sabadell. The acquisition entails Intrum acquiring 80 percent of the shares in Solvia while Banco Sabadell retains 20 percent. Solvia is one of Spain's leading suppliers of real estate management services.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Client relationships	0	708	708
Other tangible and intangible fixed assets	603	-116	487
Deferred tax asset	23	98	121
Other receivables	1,353	-398	955
Cash and bank balances	337		337
Deferred tax liability	0	-177	-177
Other liabilities and provisions	-403	-12	-415
Net assets	**1,913**		**2,016**
Non-controlling interests			-404
Paid in cash			1,937
Deferred purchase consideration			625
Goodwill			950
Cash and cash equivalent in acquired companies			337

Acquisition

Piraeus Bank Recovery Business Unit

In the second quarter, Intrum agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The transaction was completed in the fourth quarter, and the acquired business has been consolidated from the date on which Intrum gained a controlling influence, 1 October 2019. The operations have been separated from the bank and consolidated by Intrum in separate legal entities, in which Intrum has acquired 80 percent of the shares.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Client relationships	3,236	-991	2,245
Other intangible fixed assets	426	-426	0
Tangible fixed assets	235		235
Deferred tax asset	19	340	359
Other receivables	56		56
Cash and bank balances	38		38
Other liabilities and provisions	-302		-302

Net assets	**3,708**	**2,631**
Non-controlling interests		-526
Paid in cash		3,187
Deferred purchase consideration		310
Goodwill		1,431
Cash and cash equivalents in acquired companies		38

Note 35 Critical estimates and assumptions

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognised amounts for assets and liabilities in future fiscal years are primarily the following:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Portfolio investments

As indicated in Note 14, the recognition of portfolio investments in overdue receivables is based on the Company's own projection of future cash flows from the acquired portfolios. Although the Company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalised decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, an amendment of the cash flow projection normally requires an agreement between local management in the country in question and the Group's risk department. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Sales of portfolio investments

The Group has occasionally sold certain portfolios of purchased debt.

Divestments of portfolios are not included in the business model for this asset category. Intrum has assessed the transactions and concluded that a sale of purchased debt should be

recognised in the same way as if an amount equivalent to the selling price had been collected as part of normal operations. For Intrum's accounting, it does not matter if the same amount is received through collection from debtors or by sale to an external party. The entire sale price for the portfolios sold has been reported as the amount collected on purchased debt, and the entire carrying value remaining prior to the sale has been reported as amortisation of purchased debt.

Useful lifetimes of intangible and tangible fixed assets

Group Management establishes assessed useful lifetimes and thus consistent amortisation and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lives. Useful life and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognised values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognised to the extent it is deemed likely that the deduction can be made against future taxable surpluses. Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Accounting of Polish investment funds

The Group has operated in Poland since 2006 through investment funds designed for the purchasing and holding of portfolio investments. From the Group's perspective, the funds function in practice as a subsidiary. Against this backdrop, Intrum has resolved to consolidate the investment funds as a subsidiary in the consolidated financial statements.

Joint venture

As stated in Note 13, in 2018, the Intrum Group invested in profit participating notes issued by the Irish company Ithaca Investment DAC. Through its holding in the profit participating notes and the wording of the agreement, Intrum holds a position closely corresponding to that of a shareholder in the company, and the consolidated accounts therefore treat the profit participating notes as though they were an equity instrument issued by Ithaca Investment DAC. Although Intrum's holding corresponds to 80 percent of the profit participating notes issued shareholder loans, through an agreement with another investor holding 20 percent of the profit participating notes, the two parties share a controlling influence, and Intrum therefore reports the investment according to the rules for joint ventures.

Provisions for restructuring

As shown in Notes 3, 22 and 24, Intrum made provisions for future expenses in 2019, mainly for restructuring. These provisions have been made in accordance with the rules in IAS 37 Provisions, contingent liabilities and contingent assets. Among other things, these rules entail provisions only being made when Intrum has an existing liability or obligation as a result of events that have occurred. For restructuring, this only applies when a formal detailed plan has been drawn up and communicated to those concerned in sufficient detail that they have known or can be expected to have anticipated, by the balance sheet date, the termination of their employment. Also under other circumstances, provisions are made and costs expensed only when Intrum has an existing liability in the form of a legal or informal obligation to pay, by the balance sheet date, for goods or services received.

Acquisitions

In 2019, Intrum entered into agreements on acquisitions, in particular the acquisition of Solvia in Spain and the companies acquired through the partnership with Piraeus Bank in Greece. The acquisitions and acquisition analyses are detailed in Note 35. The acquisitions were large and complex, and the acquisition analyses may be adjusted in upcoming quarters.

Note 36 Related parties

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

All transactions with related parties are conducted on market terms and at arm's length.

In 2019, Intrum purchased services from LBHF Joint Ventures Ltd for SEK 6.2 M, from Sothernwood Consulting for SEK 0.6 M and from CSA services for SEK 0.4 M. Three individuals, including the country manager for the UK, Edward Nott, are members of the Board of LBHF Joint Venture.

In 2019, Intrum purchased services from Telecredit IFN SA for SEK 1.0 M. Catalin Feneleom Neagu is a shareholder in the company. In 2019, his involvement in Telecredit IFN was discontinued.

In 2019, Intrum purchased services from Telecredit IFN SA for SEK 1.0 M. Catalin Feneleom Neagu is a shareholder in the company. In 2019, his involvement in Telecredit IFN was discontinued.

"Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.

Over the year, the Parent Company received SEK 380 M (214) in income from sales of services to Group subsidiaries, and incurred SEK 107 M (75) in expenses attributable to services purchased from subsidiaries."

Note 37 Reconciliation of key figures

SEK M	2019	2018
Items affecting comparability in revenues		
Positive revaluations of portfolio investments	920	795
Negative revaluations of portfolio investments	-892	-707
Impact from early termination of BPO contract	177	223
Total items affecting comparability in revenues	**205**	**311**
Items affecting comparability in operating income		
Positive revaluations of portfolio investments	920	795
Negative revaluations of portfolio investments	-892	-707
Integration costs Lindorff	-224	-352
Transaction costs for M&A	-274	-224
Impact from early termination of BPO contract	147	178
Impairment write-down of goodwill	-2,700	0
Efficiency Program	-656	0
Other reccurring items	-469	-212
Total items affecting comparability in operating income	**-4,148**	**-522**
Items affecting comparability by income statement line		
Revenues from clients	177	223
Positive revaluations of portfolio investments	920	795

SEK M	2019	2018
Negative revaluations of portfolio investments	-892	-707
Cost of sales	-819	-60
Sales, marketing and administration costs	-834	-773
Impairment write-down of goodwill	-2,700	0
Total items affecting comparability in operating income	**-4,148**	**-522**
Adjusted revenue		
Revenues	15,985	13,442
Items affecting comparability	-205	-311
Adjusted revenue	**15,780**	**13,131**
EBIT Adjusted		
Operating income (EBIT)	2,060	3,978
Items affecting comparability	4,148	522
Total EBIT Adjusted	**6,208**	**4,500**
Portfolio income excluding revaluations		
Portfolio income	4,877	3,464
Revaluations	-28	-88
Portfolio income excluding revaluations	**4,849**	**3,376**
Average carrying value		
Average carrying value receivables	26,669	22,990
Average carrying value joint ventures	5,643	2,373
Average carrying value real estate	1,534	145
Total average carrying value	**33,845**	**25,508**
Return including revaluations	**15**	**14**
Return excluding revaluations	**15**	**13**
Cash EBITDA		
EBIT	2,060	3,978
Depreciation	1,246	900
Amortization on portfolios	4,183	3,942
Cash EBITDA	**7,489**	**8,820**
Net Debt		
Liabilities to credit institutions	6,186	6,830
Bond loans	41,644	34,254
Provisions for pensions	387	263
Commercial paper	2,794	2,123
Cash and cash equivalents	-1,906	-1,348
Net Debt at end of period	**49,105**	**42,122**

Return on portfolio investments

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the service line's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. During the year, the definition of average book value for the full year was adjusted to be based on the average of the quarters instead of the opening and closing book value for the full year.

EBITDA

Operating earnings before depreciation and amortisation (EBITDA) are operating earnings after reversal of depreciation of fixed assets except portfolio investments.

Cash EBITDA

Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortisation and revaluations of portfolio investments are added back.

Items affecting comparability

Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis.

These include revaluations of portfolio investments, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, 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) are operating earnings excluding revaluations of portfolio investments and items affecting comparability.

Note 38 Discontinued operations

In connection with the merger between Intrum Justitia and Lindorff that was implemented on the 27th of June 2017, Intrum undertook to the European Commission to divest Intrum Justitia's Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. In November 2017, Intrum agreed to divest these subsidiaries to a company in the Lowell Group, and the transaction was finalised in March 2018, in connection with which Intrum received the purchase consideration of SEK 7,511 M.

In the income statement, the subsidiaries being divested in accordance with the above have been reported in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as discontinued operations, with the comparative figures for previous years being recalculated.

Earnings from discontinued operations are stated below:

	Group	
SEK M	**2019**	**2018**
Net revenues	-	415
Operating expenses	-	-335
Operating earnings (EBIT)	**-**	**80**
Net financial items	-	-7
Profit before tax	**-**	**73**
Taxes	-	-5
Earnings from discontinued operations	**-**	**68**
Loss on disposal including accumulated translation differences	-	**-141**
Total earnings from discontinued operations	**-**	**-73**

The loss on disposal includes transaction costs of SEK 126 M.

The above income statements include Intrum Justitia's Norwegian subsidiaries up until the 31st of March 2018, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries up until the 31st of March 2018.

Note 39 Events after the reporting year

Buyback program

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

Impact of Covid-19 on Intrum's business

On 25 March 2020 Intrum informed that the effects of Covid-19 vary from market to market. To date, countries in southern Europe have been hardest hit by the ongoing virus outbreak, which has affected all aspects of society.

Intrum's Strategic Markets business line is experiencing delays in cash flows due to general restrictions brought in across countries and reduced activity in legal systems in particular. The secured assets relating to the cash flows however remain. In other European markets however, the effect on Intrum's activities has been relatively limited.

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

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

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

PROPOSED APPROPRIATION OF EARNINGS

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	
Share premium reserve	17,441,835,284
Retained earnings	-2,612,982,535
Net earnings for the year	-687,077,416
Total	**14,141,775,334**

The Board of Directors' complete statement motivating the proposed disposition of earnings for the 2019 fiscal year will be presented in a separate document prior to the 2020 Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the Company's dividend policy and that the Board, having considered the nature, scope and risks of the Company's operations, as well as the Company's and the Group's consolidation requirements, liquidity and financial position in general, has found no indications that the proposed dividend is unjustified.

The Board of Directors and the President certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The Board of Director propose that the earnings be distributed as follows[1]:

SEK	
Dividend, 131,541,320 shares x SEK 11.00	1,440,354,520
Balance carried forward	12,701,420,814
Total	**14,141,775,334**

1) The total amount of the dividend payment and the amount carried forward as distributable retained earnings after the dividend pay-out, will be adjusted based on the amount of treasury shares held by Intrum at the record date for the dividend payment.

The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair overview of the operations, financial position and results of the Parent Company and the Group, and describes significant risks and uncertainties that the Parent Company and the companies in the Group face.

The annual and consolidated accounts were approved for publication by the Board of Directors and the President on 1 April 2020 and are proposed for approval by the Annual General Meeting on 6 May 2020.

Stockholm, 1 April 2020

Mikael Ericson
President and CEO

Per E. Larsson	Magnus Yngen	Hans Larsson
Chairman of the Board	Deputy Chairman of the Board	Board member
Kristoffer Melinder	Andreas Nasvik	Magdalena Persson
Board member	Board member	Board member
Liv Fiksdahl	Andres Rubio	Ragnhild Wiborg
Board member	Board member	Board member

Our audit report regarding this Annual Report was submitted on 7 April 2020.

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Audit report

To the general meeting of the shareholders of Intrum AB (publ), corporate identity number 556607-7581

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Intrum AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages F-50 - F127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Income recognition

Description

Consolidated net revenues for 2019 amounted to SEK 15,985 M. As is evident from Notes 2 and 3 to the annual accounts, net revenues are distributed between the various revenue sources, including collection fees, commissions and fees, as well as amounts collected on portfolio investments less amortisation. The number of transactions in the various flows is extensive, which places high demands on the Company's internal controls and administrative processes. We have therefore assessed the income statement and the related IT systems as a particularly important area in the audit.

How our audit addressed this key audit matter

In our audit, we examined principles for revenue recognition, processes for significant revenue streams and related IT systems. We have, among other things, tested the Company's controls, performed an analytical review and evaluated the effectiveness of the Company's controls for IT systems of relevance for income recognition. On a random basis, we have also examined income against agreements and amounts paid in. Processes for programme development, programme changes and access management have been reviewed, as has the monitoring and handling of incidents. We have also reviewed the disclosures in the financial statements regarding income recognition.

Goodwill

Description

Goodwill is reported in the amount of SEK 33,358 M in the consolidated balance sheet as per 31 December 2019. Over the fiscal year, goodwill increased by SEK 303 M as a consequence of acquisitions during the year and currency effect, however reduced by recognised impairment losses. The Company tests, at least annually and when there is an indication of impairment, that the carrying values do not exceed the assets' recoverable amounts. The recoverable amounts are determined by calculating the value in use of each cash generating unit, in connection with which estimated future cash flows are discounted. The Company's cash flow forecasts are based on historical experience, business plans and other forward-looking assessments. The impairment test for 2019 resulted in an impairment of SEK 2,700 M in the Iberian Peninsula and Latin America region. A description of the accounting principles for goodwill is presented in Note 1 and the impairment testing, as well as critical estimates and assumptions are presented in Notes 10 and 35. As a consequence of the reported amounts being of material importance to the financial reporting and the assessments and critical assumptions required for the calculation of the value in use, we have assessed goodwill accounting as an area of particular importance in the audit.

How our audit addressed this key audit matter

We have assessed the Company's process for performing impairment testing. We have examined valuation methods and calculations, the reasonableness of the assumptions made and sensitivity analyses for changed assumptions supported by our valuation specialists. Comparisons have been made with historical results, and other companies in the same sector. The precision of previous forecasts has been evaluated. We have also reviewed the disclosures in the financial statements regarding goodwill.

Portfolio investments

Description

Portfolio investments is reported at SEK 28 508 M in the consolidated balance sheet as per 31 December 2019. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of expected future cash flows. The expected cash flows are discounted at an effective interest rate determined on the acquisition of the respective portfolios. Current cash flow projections and book values

are monitored over the course of the year based on, among other things, achieved collection results, agreements reached with customers on instalment plans and macroeconomic information. Accounting principles for portfolio investments are presented in Note 1, critical estimates and assumptions are presented in Note 35, and a description of portfolio investments is given in Note 14. The Company's accounting of portfolio investments is considered to be a particularly important area in the audit due to reported amounts being of significance for the financial reporting and the portfolio valuations require the Company to make estimates, assumptions and judgements.

How our audit addressed this key audit matter
In our audit, we have, among other things, evaluated the Company's processes for valuing portfolio investments, related IT systems, the valuation models applied, and the reasonableness of the assumptions made in calculating effective interest rates. We have also reviewed the company's ongoing review of book values. We have also reviewed the disclosures in the financial statements regarding portfolio investments.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-52 and 103-114. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Intrum AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, SE-103 99 Stockholm, was appointed auditor of Intrum AB (publ) by the general meeting of the shareholders on the 26 April 2019 and has been the company's auditor since the 25 April 2012.

Stockholm 7 April 2020

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant

Audited Financial Statements of Intrum AB (publ) as of and for the Year Ended December 31, 2018, prepared in accordance with IFRS as adopted by the EU

Consolidated income statement

SEK M	NOTE	2018	2017
Income from customers	2, 3	7,240	5,041
Income from portfolio investments in accordance with the effective interest method	2	6,114	4,394
Positive revaluations of portfolio investments	2	795	334
Negative revaluations of portfolio investments	2	–707	–335
Total revenues	2, 3	**13,442**	**9,434**
Cost of sales	3	–7,369	–5,049
Gross earnings		**6,073**	**4,385**
Sales, marketing and administra-tion expenses	3	–2,170	–1,646
Provisions for credit losses on accounts receivable	3, 16	–31	–21
Participations in joint ventures	5	106	10
Operating earnings (EBIT)	2, 3, 4	**3,978**	**2,728**
Financial income	6	60	17
Financial expenses	7	–1,423	–990
Net financial items		**–1,363**	**–973**
Profit before tax		**2,615**	**1,755**
Taxes	8	–599	–389
Net earnings for the year from continuing operations		**2,016**	**1,366**
Earnings for the period from discontinued operations after tax	39	–73	137
Net earnings for the year		**1,943**	**1,503**
Of which, attributable to:			
Parent Company's shareholders		1,936	1,501
Non-controlling interests	12	7	2
Net earnings for the year		**1,943**	**1,503**
Earnings per share before and after dilution	9		
Average number of shares before and after dilution, thousands		131,391	102,674
Earnings from continuing operations		14.73	13.28
Earnings from discontinued operations		–0.56	1.33
Total earnings per share before and after dilution		**14.18**	**14.62**

Consolidated statement of comprehensive income

SEK M	NOTE	Full-year 2018	Full-year 2017
Net earnings for the year		1,943	1,503
Other comprehensive income, items to be reallocated to earnings:			
The year's change in translation reserve attributable to the translation of foreign operations		1,867	179
Comprehensive income for the year attributable to hedging of currency risks in foreign operations		–1,320	47
Other comprehensive income, items not to be reallocated to earnings:			
Revaluations of pension liability for the year	8, 21	6	–16
Total other comprehensive income		**553**	**210**
Comprehensive income for the year		**2,496**	**1,713**
Of which, attributable to:			
Parent Company's shareholders		2,486	1,712
Non-controlling interests		10	1
Comprehensive income for the year		**2,496**	**1,713**

Consolidated balance sheet

SEK M	NOTE	31 Dec 2018	31 Dec 2017
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		33,055	29,565
Capitalised expenses for IT development		393	341
Client relationships		3,670	2,703
Other intangible fixed assets		63	81
Total intangible fixed assets		**37,181**	**32,690**
Tangible fixed assets	11		
Property investments		256	0
Computer hardware		56	58
Other tangible fixed assets		181	187
Total tangible fixed assets		**493**	**245**
Other fixed assets			
Shares and participations in joint ventures	13	4,746	0
Other shares and participations		1	3
Portfolio investments	14	24,830	21,149
Deferred tax assets	8	620	692
Other long-term receivables	15	33	36
Total other fixed assets		**30,230**	**21,880**
Total fixed assets		**67,904**	**54,815**
Current assets			
Accounts receivable	16	719	755
Property holdings		2,429	93
Client funds		917	902
Tax assets		273	347
Other receivables	17	1,553	931
Prepaid expenses and accrued income	18	890	737
Liquid assets	19	1,348	881
Total current assets		**8,129**	**4,646**
Assets in operations held for sale	39	0	8,314
TOTAL ASSETS		**76,033**	**67,775**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company's shareholders	20		
Share capital		3	3
Other paid-in capital		18,237	18,237
Reserves		1,175	630
Retained earnings including net earnings for the year		4,251	3,566
Total shareholders' equity attributable to Parent Company's shareholders		**23,666**	**22,436**
Shareholders' equity attributable to non-controlling interests	12	2,006	3
Total shareholders' equity		**25,672**	**22,439**
Long-term liabilities			
Liabilities to credit institutions	23	6,534	2,703
Bond loan	23	33,254	32,052
Other long-term liabilities		395	374
Provisions for pensions	21	263	175
Other long-term provisions	22	5	9
Deferred tax liabilities	8	1,729	1,206
Total long-term liabilities		**42,180**	**36,519**
Current liabilities			
Liabilities to credit institutions	23	296	0
Bond loan	23	1,000	1,000
Commercial papers	23	2,123	2,269
Client funds payable		917	902
Accounts payable		488	572
Income tax liabilities		241	364
Advances from clients		59	64
Other current liabilities		852	541
Accrued expenses and prepaid income	24	2,056	1,794
Other short-term provisions	22	149	143
Total current liabilities		**8,181**	**7,649**
Liabilities in operations held for sale	39	0	1,168
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**76,033**	**67,775**

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

Consolidated cash flow statement

SEK M	NOTE	2018	2017
Cash flow from continuing operations			
Operating activities			
Operating earnings (EBIT)	2	3,978	2,728
Not included in cash flow:			
Amortisation/depreciation and impairment	4, 10, 11	900	436
Amortisation/revaluation of portfolio investments	14	3,854	2,787
Other adjustments for items not included in cash flow	2	– 351	– 23
Interest received		60	17
Interest paid		– 1,244	– 359
Payments for other financial expenses		– 42	– 360
Income tax paid		– 590	– 453
Cash flow from operating activities before changes in working capital		**6,565**	**4,773**
Changes in factoring receivables		– 67	– 62
Other changes in working capital		– 344	– 176
Cash flow from operating activities		**6,154**	**4,535**
Investing activities			
Purchases of intangible fixed assets	10	– 232	– 116
Purchases of tangible fixed assets	11	– 74	– 56
Portfolio investments in receivables and property holdings	14	– 6,872	– 7,175
Purchases of shares in subsidiaries and associated companies	35	– 8,587	– 1,506
Cash and cash equivalents in acquired subsidiaries	35	– 400	1,038
Divestments of shares in subsidiaries and associated companies		7,511	236
Other cash flow from investing activities		729	32
Cash flow from investing activities		**– 7,925**	**– 7,547**
Financing activities			
Borrowings		24,963	38,216
Amortisation of loans		– 21,430	– 33,764
Share repurchases		– 56	0
Share dividend to Parent Company's shareholders		– 1,250	– 651
Cash flow from financing activities		**2,227**	**3,801**
Cash flows from continuing operations		456	789
Cash flows from discontinued operations		– 372	77
Change in liquid assets		**84**	**866**
Opening balance of liquid assets		**1,253**	**396**
Exchange rate differences in cash and cash equivalents		11	– 9
Closing balance of liquid assets	**19**	**1,348**	**1,253**
Of which, cash and cash equivalents in discontinued operations		**—**	**372**
Discontinued operations			
Cash flow from operating activities		13	459
Cash flow from investing activities		– 589	– 607
Cash flow from financing activities		204	225
Group total			
Cash flow from operating activities		6,167	4,994
Cash flow from investing activities		– 8,514	– 8,154
Cash flow from financing activities		2,431	4,026

Consolidated statement of changes in shareholders' equity

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net earnings for the year	Total	Non-controlling interests	Total equity
Opening balance, 1 January 2017	72,347,726	2	906	404	2,731	4,043	87	4,130
Comprehensive income, 2017								
Net earnings for the year					1,501	1,501	2	1,503
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				167		167	−1	166
Comprehensive income for the year attributable to hedging of currency risks in foreign operations				47		47		47
Revaluations of pension liability for the year					−18	−18		−18
Income tax on other comprehensive income				13	2	15		15
Comprehensive income for the year	**0**	**0**	**0**	**227**	**1,485**	**1,712**	**1**	**1,713**
						0		0
Transactions with Group owners in 2017						**0**		**0**
Share dividend					−651	−651		−651
Acquired minority interest						0	−85	−85
New share issue	59,193,594	1	17,331			17,332		17,332
Closing balance, 31 December 2017	**131,541,320**	**3**	**18,237**	**631**	**3,565**	**22,436**	**3**	**22,439**
Amended accounting principle in accordance with IFRS 9					50	50		50
Opening balance, 1 January 2018	**131,541,320**	**3**	**18,237**	**631**	**3,615**	**22,486**	**3**	**22,489**
Comprehensive income, 2018								
Net earnings for the year					1,936	1,936	7	1,943
Other comprehensive income for the year:						0		0
The year's change in translation reserve attributable to the translation of foreign operations				1,864		1,864	3	1,867
Comprehensive income for the year attributable to hedging of currency risks in foreign operations				−1,401		−1,401		−1,401
Revaluations of pension liability for the year					8	8		8
Income tax on other comprehensive income				81	−2	79		79
Comprehensive income for the year	**0**	**0**	**0**	**544**	**1,942**	**2,486**	**10**	**2,496**
Transactions with Group owners in 2018								
Share dividend					−1,250	−1,250		−1,250
Share repurchases	−250,000				−56	−56		−56
Acquired minority interest						0	1,993	1,993
Closing balance, 31 December 2018	**131,291,320**	**3**	**18,237**	**1,175**	**4,251**	**23,666**	**2,006**	**25,672**

At the end of 2018, exchange rate differences accumulated since the transition to IFRS amounted to SEK 1,175 M (631) including tax effects.

Parent Company income statement

SEK M	NOTE	2018	2017
Net revenues	3	215	159
Gross earnings		**215**	**159**
Sales and marketing expenses	3	–46	–36
Administrative expenses	3, 4	–726	–460
Operating earnings (EBIT)		**–557**	**–337**
Income from participations in subsidiaries	6, 7	2,008	368
Exchange differences on monetary items classified as expanded investment		731	–166
Interest income and similar items	6, 7	1,017	680
Interest expenses and similar items	6, 7	–1,533	–1,124
Net financial items		**2,223**	**–242**
Profit before tax		**1,666**	**–579**
Tax on net earnings for the year	8	–191	199
Net earnings for the year		**1,475**	**–380**

Parent Company statement of comprehensive income

SEK M	NOTE	2018	2017
Net earnings for the year		1,475	−380
Other comprehensive income, items to be reallocated to earnings:			
Comprehensive income for the year attributable to hedging of currency risks in foreign operations		−1,320	47
Comprehensive income for the year		**155**	**−333**

Parent Company balance sheet

SEK M	NOTE	31 Dec 2018	31 Dec 2017
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalised expenses for IT development		43	10
Total intangible fixed assets		**43**	**10**
Tangible fixed assets	11		
Computer hardware		5	0
Total tangible fixed assets		**5**	**0**
Financial fixed assets			
Participations in Group companies	12	30,812	25,777
Deferred tax asset	8	9	199
Receivables from Group companies		24,148	27,565
Total financial fixed assets		**54,969**	**53,541**
Total fixed assets		**55,017**	**53,551**
Current assets			
Current receivables			
Tax assets		0	3
Receivables from Group companies		11,467	7,046
Other receivables	17	13	16
Prepaid expenses and accrued income	18	271	300
Total current receivables		**11,751**	**7,365**
Liquid assets			
Cash and bank balances		251	95
Total liquid assets		**251**	**95**
Total current assets		**12,002**	**7,460**
TOTAL ASSETS		**67,019**	**61,011**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		3	3
Statutory reserve		282	282
Total restricted equity		**285**	**285**
Non-restricted equity			
Share premium reserve		17,442	17,442
Fair value reserve		–1,161	156
Earnings brought forward		–1,594	92
Net earnings for the year		1,475	–380
Total non-restricted equity		**16,162**	**17,310**
Total shareholders' equity		**16,447**	**17,595**
Long-term liabilities			
Liabilities to credit institutions	23	6,534	2,694
Bond loan	23	33,254	32,052
Liabilities to Group companies		3,207	3,260
Total long-term liabilities		**42,995**	**38,006**
Current liabilities			
Overdraft facility	23	11	0
Bond loan	23	1,000	1,000
Commercial papers	23	2,123	2,269
Accounts payable		33	53
Liabilities to Group companies		3,825	1,515
Other current liabilities		3	3
Accrued expenses and prepaid income	24	582	570
Total current liabilities		**7,577**	**5,410**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**67,019**	**61,011**

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

Parent Company cash flow statement

SEK M	NOTE	2018	2017
Operating activities			
Operating earnings		−557	−337
Amortisation/depreciation and impairment		5	16
Interest received		1,017	680
Interest paid		−1,351	−1,113
Payments for other financial expenses		−110	−11
Cash flow from operating activities before changes in working capital		**−996**	**−765**
Changes in working capital		65	197
Cash flow from operating activities		**−931**	**−568**
Investing activities			
Investments in intangible fixed assets		−38	−26
Investments in tangible fixed assets		−5	0
Purchases of shares in subsidiaries and associated companies		−67	−6
Disposal of subsidiary		1,907	0
Share dividend from subsidiaries		363	368
Cash flows from investing activities		**2,160**	**336**
Financing activities			
Borrowings		26,327	38,216
Amortisation of loans		−21,430	−7,684
Net loans to subsidiaries		−4,664	−29,562
Share dividend to Parent Company's shareholders		−1,250	−651
Share repurchases		−56	0
Cash flow from financing activities		**−1,073**	**319**
Change in liquid assets		156	87
Opening balance of liquid assets		95	8
Closing balance of liquid assets	19	251	95

Parent Company statement of changes in shareholders' equity

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Earnings brought forward	Earnings for the year	Total shareholders' equity
Opening balance, 1 January 2017	**72,347,726**	**2**	**282**	**111**	**109**	**701**	**42**	**1,247**
Comprehensive income, 2017								
Net earnings for the year							−380	−380
Other comprehensive income for the year					47			47
Comprehensive income for the year	**0**	**0**	**0**	**0**	**47**	**0**	**−380**	**−333**
Disposition of previous year's earnings						42	−42	0
Transactions with Group owners in 2017								
Share dividend						−651		−651
New share issue	59,193,594	1		17,331				17,332
Closing balance, 31 December 2017	**131,541,320**	**3**	**282**	**17,442**	**156**	**92**	**−380**	**17,595**
Comprehensive income, 2018								
Net earnings for the year							1,475	1,475
Other comprehensive income for the year					−1,317			−1,317
Comprehensive income for the year	**0**	**0**	**0**	**0**	**−1,317**	**0**	**1,475**	**158**
Disposition of previous year's earnings						−380	380	0
Transactions with Group owners in 2018								
Share dividend						−1,250		−1,250
Share repurchases	−250,000					−56		−56
Closing balance, 31 December 2018	**131,291,320**	**3**	**282**	**17,442**	**−1,161**	**−1,594**	**1,475**	**16,447**

Note 1: Significant accounting and valuation principles

General

The Parent Company Intrum AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarters is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. During 2018, the Company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the Company's Board of Directors on 28 March 2019. The balance sheets and income statements will be presented to the Annual General Meeting on 26 April 2019.

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

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

Accounting standards applied

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

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

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

Assumptions

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

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

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

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

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

Note 1: Significant accounting and valuation principles (continued)

Changes in accounting principles

Changes that entered into force in 2018

Since 1 January 2018, Intrum has applied IFRS 9 Financial Instruments, which replaced IAS 39 Financial Instruments: Recognition and Measurement, and includes new rules for accounting of credit losses, portfolio investments and hedge accounting. The new rules regarding loan losses and hedge accounting had no significant effect on the Group. The new rules for portfolio investments entail Intrum continuing to report these according to an effective interest rate model, with some minor adjustments in the application. The greatest change is that, in accordance with IFRS 9, acquired credit-impaired receivables can be reported at a higher recognised value than cost if estimates of future cash flows change, which differs from Intrum's current application of the corresponding rules under IAS 39. The effect was that earnings brought forward in the opening balance for 2018 increased by approximately SEK 50 M after tax. Comparative figures for previous years are not recalculated.

Since 1 January 2018, Intrum also applies IFRS 15 Revenue from Contracts with Customers, which replaced IAS 18 Revenue, and included new rules regarding when revenues on sales are to be reported in certain cases. IFRS 15 is based on revenue being recognised when control of the good or service is transferred to the customer, which differs from the previous basis in the transfer of risks and benefits. IFRS 15 introduced new ways of determining how and when revenue should be recognised, entailing a new approach compared with how revenue was previously reported. The sectors most affected were the construction and civil engineering sectors, as well as companies engaged in contract manufacturing. The new accounting rules had no significant effect on the Intrum Group but entailed new disclosure requirements.

From 1 January 2019, the Group will apply IFRS 16 Leases, replacing IAS 17 Leases. IFRS 16 provides that leases previously accounted for as operating leases will generally start to be reported in a manner similar to the previous accounting of financial leases. This requires a right of use asset and a lease liability to also be reported for an operating lease, with associated reporting of costs for depreciation and interest, unlike previously when the leased asset and related liability were not entered in the accounts and lease payments were amortised on a straight-line basis as a lease expense. There are exceptions for short-term leases and leases of assets of low value. Based on the information available, the Group expects the principal effects on Intrum's accounting to be that the Group's total assets will increase by a preliminary amount of approximately SEK 450 M, calculated as per the beginning of 2019, with both an asset and a liability being reported with regard to leases in effect at any given time, and with operating earnings improving by a preliminary SEK 14 M through the implicit interest expense in the leases being reported in net financial items rather than in operating earnings.

The Group plans to apply the modified retroactive method. This means that the cumulative effect of IFRS 16 being introduced will be reported under earnings brought forward in the opening balance as of 1 January 2019 without the comparison figures being translated. 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—will not be included in the leasing debt but will continue 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 twelve months after the balance sheet date. Current assets and current liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Consolidation

Subsidiaries

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

Note 1: Significant accounting and valuation principles (continued)

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

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

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

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

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

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

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

Associated companies and joint ventures

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

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

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

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

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

Note 1: Significant accounting and valuation principles (continued)

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.

Note 1: Significant accounting and valuation principles (continued)

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. The comparative figures for 2017 were prepared under IAS 39 rather than IFRS 9.

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

Note 1: Significant accounting and valuation principles (continued)

method and an effective interest rate reflecting the degree to which the receivable is impaired. The portfolios belong to the third class of credit risk as defined in IFRS 9.

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

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

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

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with customers on instalment plans and macro-economic information including assessments 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 life cycle of the portfolio and not at the portfolio level.

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

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

Although selling portfolios of purchased debt is not included in the business model, when such sales do occur as an exception, the resulting sales price received for the portfolio is reported in the same way as if it had been recovered from the customers. The entire remaining carrying values of the portfolios are recognised as amortisation. The comparative figures for 2017 as regards portfolio investments refer to financial statements prepared on the basis of then existing accounting principles in IAS 39. The main difference is that the Group in 2017 applied a rule where a portfolio was never allowed to be recognised at a higher value than its acquisition cost.

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.

Note 1: Significant accounting and valuation principles (continued)

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 for impairment are made when the receivable is first recognised, for expected credit losses, and adjusted as needed over the lifetime of receivable. 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 customers. In certain cases Intrum has agreements with its clients where any expenses that cannot be collected from customers 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. 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 classified as valued at amortised cost. However, accounts payable have a short anticipated maturity and are carried without being discounting to a nominal amount.

Derivatives

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 closing rate 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.

Note 1: Significant accounting and valuation principles (continued)

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 expenses include staff for the development team and other direct and indirect expenses. 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 expenses 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 IAS 17 Leases. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When a lease means that the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognised in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognised as a liability. The portion of the lease fee that falls due for payment within one year is recognised as a current liability, while the remainder is recognised as a long-term liability. Minimum lease fees for finance leases are divided between interest expense and amortisation of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. Variable fees are expensed in the period in which they arise.

Note 1: Significant accounting and valuation principles (continued)

In operating leasing, lease payments are expensed over the lease term. Payments are recognised in the income statement on a straight-line basis over the lease term. Benefits received in connection with the signing of an operating lease are recognised as part of the total lease expense in the income statement.

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 carry forwards 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.

Note 1: Significant accounting and valuation principles (continued)

Unidentified receipts and excess payments

The Group receives large volumes of payments from 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 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

Note 1: Significant accounting and valuation principles (continued)

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.

Expenses incurred to secure bank financing are amortised across the term of the loan as financial expenses in the consolidated income statement by using 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 2017 or 2018.

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. Revenues from selling real estate are recognised when control of the property is transferred to the buyer.

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 customers fails to make payment, Intrum acquires the claim. The disbursement is then recognised as an acquisition of a receivable, less the liability recognised when the guarantee was issued.

Note 1: Significant accounting and valuation principles (continued)

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.

Segments

The Group applies IFRS 8 Operating Segments.

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

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

In 2018, the composition of the Group's operating segments, the geographic regions, was changed. The change entailed operations in Spain, Portugal and Brazil being reported in the Iberian Peninsula and Latin America region. Accordingly, the operations in Portugal are no longer included in the Western and Southern Europe region. The comparison figures for 2017 have been recalculated in accordance with the new region structure.

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

Parent Company's accounting principles

The Parent Company has prepared the Annual Report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board. RFR 2 means that the Parent Company, in the Annual Report for the legal entity, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act

Note 1: Significant accounting and valuation principles (continued)

and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

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 against intercompany counterparts have been assessed, with the conclusion being that there is no significant 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.

A further goal is to reduce the proportion of fixed costs.

The Parent Company has no leases classified as finance leases in its own accounts or the consolidated accounts.

Note 2: Information by geographic region and service line

	Group	
SEK M	2018	2017
Net revenues by geographical region from external clients		
Northern Europe	3,980	3,012
Central and Eastern Europe	3,790	2,775
Western and Southern Europe	2,564	1,847
Iberian Peninsula and Latin America	3,109	1,800
Total	**13,442**	**9,434**
Revenue from customers included in net revenues		
Northern Europe	2,650	1,958
Central and Eastern Europe	1,016	766
Western and Southern Europe	1,461	1,556
Iberian Peninsula and Latin America	2,113	761
Total	**7,240**	**5,041**
Income from portfolio investments in accordance with the effective interest rate method included in net revenues		
Northern Europe	1,353	1,036
Central and Eastern Europe	2,665	2,028
Western and Southern Europe	1,161	646
Iberian Peninsula and Latin America	935	684
Total	**6,114**	**4,394**
Net revenues per country from external clients		
Spain	2,689	1,445

Note 2: Information by geographic region and service line (continued)

SEK M	Group	
	2018	2017
Norway	1,587	763
Hungary	1,197	780
Finland	1,026	966
France	1,019	835
Sweden	882	879
Germany	857	564
Switzerland	802	732
Other countries	3,383	2,470
Total	**13,442**	**9,434**
Intra-Group revenues by geographical region		
Northern Europe	336	285
Central and Eastern Europe	737	574
Western and Southern Europe	372	240
Iberian Peninsula and Latin America	267	442
Elimination	–1,712	–1,541
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	1,294	1,014
Central and Eastern Europe	1,377	831
Western and Southern Europe	228	290
Iberian Peninsula and Latin America	1,079	593
Total operating earnings	**3,978**	**2,728**
Net financial items	–1,363	–973
Profit before tax	**2,615**	**1,755**
Tangible and intangible fixed assets by country		
Spain	10,382	10,783
Norway	9,359	9,134
Italy	5,909	1,570
Germany	3,788	3,657
France	1,490	1,224
Finland	1,213	1,147
Sweden	1,139	1,144
Other countries	4,395	4,278
Total	**37,674**	**32,935**
Investments in tangible and intangible fixed assets		
Northern Europe	79	79
Central and Eastern Europe	66	64
Western and Southern Europe	75	157
Iberian Peninsula and Latin America	22	28
Group-wide/eliminations	56	45
Total	**299**	**373**
Amortisation, depreciation and impairment by geographical region		
Northern Europe	–93	–70
Central and Eastern Europe	–97	–58
Western and Southern Europe	–94	–62
Iberian Peninsula and Latin America	–520	–184
Group-wide/eliminations	–96	–63
Total	**–900**	**–436**

Note 2: Information by geographic region and service line (continued)

SEK M	Group 2018	Group 2017
Other items not included in cash flow by geographical region		
Northern Europe	–27	–16
Central and Eastern Europe	–32	50
Western and Southern Europe	–122	–54
Iberian Peninsula and Latin America	–206	0
Group-wide/eliminations	36	–4
Total	**–351**	**–23**
Participations in associated companies and joint ventures, by region		
Northern Europe	—	10
Central and Eastern Europe	—	—
Western and Southern Europe	106	0
Iberian Peninsula and Latin America	—	—
Group-wide/eliminations	—	—
Total	**106**	**10**
Net revenues from external clients by service line		
Credit Management	7,240	4,918
Financial Services	6,202	4,516
Total	**13,442**	**9,434**
Net revenues by service line		
Credit Management	9,480	6,700
Financial Services	6,394	4,516
Elimination of inter-service line revenue	–2,432	–1,782
Total	**13,442**	**9,434**
Operating earnings by service line		
Credit Management	2,433	1,704
Financial Services	3,600	2,456
Central expenses	–2,055	–1,432
Total	**3,978**	**2,728**

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

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

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

Intra-Group sales between the regions are made on commercial terms. Internal transactions between the business areas Financial Services and Credit Management Services relate to payment on commercial terms for work carried out within Credit Management regarding handling and collection on the Group's portfolio investments. Payment is made in the form of a commission that is recognised as a cost within Financial Services, but which is eliminated in the Consolidated Income Statement.

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

Note 2: Information by geographic region and service line (continued)

See also Note 40 with segment information on a pro forma basis.

Note 3: Net revenues and expenses

Income SEK M	Group		Parent Company	
	2018	2017	2018	2017
Income from customers				
Collection fees, commissions and debtor fees	5,741	4,110	—	—
Subscription income	67	71	—	—
Commission income from payment guarantees	9	4	—	—
Sale of properties	278	162		
Income from Group companies	0	0	215	159
Real estate services	547	213	—	—
Other income	598	464	—	—
Total	**7,240**	**5,024**	**215**	**159**
Income from portfolio investments				
Collections on purchased debt	10,056	7,198	—	—
Amortisation of purchased debt	–3,942	–2,785	—	—
Revaluation purchased debt	88	–3	—	—
Total	**6,202**	**4,410**	**0**	**0**
Total	**13,442**	**9,434**	**215**	**159**

Income from customers refers mainly to the Group's collection operations, and is specified above by type of income and in Note 2 by geographical region. Intrum's income from the collection operations consists mainly of fees and commissions that are recognised as income when the service (performance obligation) has been confirmed as completed with the collection case having been paid. This means that no significant contractual liabilities or contractual assets are recognised beyond accounts receivable and accrued income as stated on separate lines in the balance sheet. Intrum can be paid for the services it renders, either more or less immediately, through fees and commission being deducted from the amounts collected and deposited in the client funds account, or on invoicing the client on payment terms customary in each market, for example 30 days.

The price of the collection service can be set as a fixed fee per case, a percentage of the amount collected or a combination of the two. For certain clients and in certain markets, fixed fees are charged instead in accordance with the price list for specific collection measures in administrating the client case with the enforcement service or in court. Some clients also pay an annual fees for the right to use Intrum's services (subscriptions), usually through advance payments that are allocated over the subscription term.

Costs SEK M	Group		Parent Company	
	2018	2017	2018	2017
Personnel expenses	–4,253	–3,272	–202	–160
Amortisation/depreciation and impairment	–900	–436	–5	–16
Cost of sold real estate	–95	–34	—	—
Write-down of real estate	–9	–1	—	—
Other expenses	–4,413	–2,973	–565	–320
Total	**–9,570**	**–6,716**	**–772**	**–496**

Note 4: Amortisation/depreciation and impairment

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Capitalised expenditure for IT development	–159	–129	–5	0
Client relationships	–596	–209	—	—
Other intangible fixed assets	–54	–33		–16
Computer hardware	–31	–24	—	—
Other tangible fixed assets	–60	–40	—	0
Total	**–900**	**–436**	**–5**	**–16**

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

Costs SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Cost of sales	–766	–395	–5	–16
Sales and marketing expenses	–2	—	—	—
Administrative expenses	–132	–41	0	0
Total	**–900**	**–436**	**–5**	**–16**

Note 5: Participations in associated companies and joint ventures

SEK M	Group 2018	Group 2017
Joint ventures		
Avarda AB (Sweden)	—	10
Ithaca Investment DAC (Ireland)	106	—
Total participations in earnings	**106**	**10**

Note 6: Financial income

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Interest income from Group companies	—	—	1,004	671
Other interest income	60	17	13	9
Dividends from Group companies	—	—	195	144
Group contributions received from Group companies	—	—	2,968	224
Gain on disposal of participations in Group companies	—	—	1,646	—
Total	**60**	**17**	**5,826**	**1,048**

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 6,114 M (4,394), defined as the difference between the year's collected amount and amortisation for the year.

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

Note 7: Financial expenses

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Interest expenses to Group companies	—	—	–154	–68
Other interest expenses	–1,245	–582	–1,196	–623
Translation differences	19	38	740	–167
Amortisation of capitalised borrowing costs	–82	–69	–79	–69
Commitment fee	–101	–353	–101	–353
Expensed shareholder contributions to subsidiaries	—	—	–2,800	—
Other financial expenses	–14	–24	–13	–10
Total	**–1,423**	**–990**	**–3,603**	**–1,290**

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.

Note 8: Taxes

The tax expense for the year breaks down as follows:

SEK M	Group 2018	Group 2017
Current tax		
Tax expense attributable to net earnings for the year	–429	–310
Tax adjustments attributable to previous years	–58	–2
Deferred tax		
Deferred tax related to temporary differences	–127	–44
Net deferred tax expense attributable to previously capitalised and not capitalised tax value in tax-loss carry forwards	15	–33
Total tax expense	**–599**	**–389**

In addition, a tax expense of SEK 5 M (41) from divested operations is also recognised. No tax is recognised in respect of capital gains.

The Group has operations in more than 20 countries in Europe, with varying tax rates. The current tax expense for the year relates mainly to income taxes in Switzerland, Finland, France, Italy, Belgium, Portugal, Spain, the Czech Republic, Germany and Hungary. The Group's Swedish companies paid no income tax for the relevant year as they were able to utilise tax-loss carry forwards from historic losses, as well as from the loss for the year attributable to interest expenses and exchange rate losses. Intrum AB is domiciled in Sweden where the nominal corporate tax rate in 2017 and 2018 was 22 percent. The following reconciliation explains the difference between the Group's actual tax cost and the expected tax cost taking the Swedish corporate tax rate into account:

Group Reconciliation	2018 SEK M	2018 %	2017 SEK M	2017 %
Profit before tax	2,615		1,755	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–575**	**22.0**	**–386**	**22.0**
Effect of different tax rates in other countries	121	–4.6	69	–3.9
Tax effect of tax-exempt income and non-deductible expenses	–48	1.8	–55	3.1
Unrecognised tax assets pertaining to tax-loss carry forwards	–82	3.1	–29	1.6
Utilised previously unrecognised tax assets pertaining to tax-loss carry forwards	14	–0.5	33	–1.9
Adjustments to previous years and other	–29	1.1	–22	1.2
Total tax on net earnings for the year	**–599**	**22.9**	**–389**	**22.2**

Note 8: Taxes (continued)

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 profit 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 through the utilisation of tax-loss carry forwards never previously recognised as deferred tax assets.

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

Group SEK M	2018		2017	
	Asset/ liability	Income/ expense	Asset/ liability	Income/ expense
Portfolio investments	−1,509		−1,330	
Intangible assets	−558		−20	
Tax-loss carry forwards	935		922	
Provisions for pensions	17		14	
Other	6		−99	
Total	**−1,109**	**−112**	**−514**	**−77**
Deferred tax assets	620		692	
Deferred tax liabilities	−1,729		−1,206	
Total	**−1,109**	**−112**	**−514**	**−77**

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 recognised on a net basis if they refer to the same tax authority or are planned to be used simultaneously.

The Group has tax-loss carry forwards that can be utilised against future earnings totalling SEK 6,293 M (6,215).

On 31 December 2018, deferred tax assets regarding tax-loss carry-forwards amounted to SEK 935 M and included SEK 453 M in Sweden, SEK 231 M in Norway, SEK 105 M in Germany and SEK 74 M in Spain. The utilisation of tax-loss carry forwards is limited in time in Poland, where there were tax-loss carry-forwards for SEK 74 M (47) and in Slovakia, where there were tax-loss carry forwards for SEK 4 M (3). In Poland, the tax-loss carry-forwards may only be utilised during a period of five years from the year in which the loss was incurred and, in Slovakia, they may only be utilised during a period of four years. For Poland, deferred tax assets are recognised in the amount of SEK 4 M and, for Slovakia, in the amount of SEK 1 M.

Tax-loss carry forwards for which no deferred tax assets are recognised pertain mainly to Sweden with SEK 1,541 M (1,484) and the UK with SEK 501 M (337). As a consequence of the costs for the head office expenses and financing costs, the Parent Company has for several years incurred a tax deficit, even when taking in to account the group contributions received from the profitable companies conducting business in Sweden. It is Intrum assessment that tax-loss carry forwards cannot be fully utilised against positive taxable income in the foreseeable future without first restructuring the Group internally so that, for example, the Parent Company’s interest expenses are transferred to foreign subsidiaries. If such restructuring is implemented, it may be relevant to evaluate the tax-loss carry forwards in the accounts. Loss carry forwards in Sweden may also be consumed through so-called CFC taxation on the earnings of foreign subsidiaries with revenues subject to low tax rates.

Tax expenses recognised in other comprehensive income over the year amounted to SEK 79 M (15) of which SEK 81 M refers to currency hedges and SEK −2 M refers to remeasurements of pension

Note 8: Taxes (continued)

provisions. The tax impact of implementing new accounting principles according to IFRS 9 of SEK 6 M is recognised directly against equity.

Parent Company Reconciliation of Parent Company tax rate	2018		2017	
	SEK M	%	SEK M	%
Loss after financial items	1,666		−579	
Income tax calculated at standard rate in Sweden, 22.0 percent	**−367**	**22.0**	**127**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	176	−10.5	−26	−4.5
Utilised previously unrecognised tax assets pertaining to tax-loss carry forwards	0	0.0	98	16.9
Total tax on net earnings for the year	**−191**	**5.2**	**199**	**34.4**

Tax-free income and non-deductible expenses in the Parent Company consist largely of dividends from subsidiaries, as well as gains on disposals of shares and, for 2017, non-deductible transaction expenses in connection with the merger with Lindorff. At the end of the year, the Parent Company had accumulated loss carry forwards of SEK 68 M (1,357). To the extent that it is expected to be possible to utilise them against future taxable earnings, deferred tax assets are reported for these loss carry forwards in the amount of SEK 8 M (199).

Note 9: Earnings per share

	Group	
	2018	2017
Net earnings for the year attributable to Parent Company's shareholders, continuing operations (SEK M)	2,009	1,364
Net earnings for the year attributable to Parent Company's shareholders, discontinued operations (SEK M)	−73	137
Net earnings for the year attributable to Parent Company's shareholders, total (SEK M)	**1,936**	**1,501**
Number of shares at beginning of year	131,541,320	72,347,726
New share issue	—	59,193,594
Share repurchases	−250,000	—
Number of shares at end of year	**131,291,320**	**131,541,320**
Weighted average no. of shares during the year before and after dilution	131,390,632	102,674,307
Earnings per share before and after dilution:		
Earnings from continuing operations (SEK)	14.73	13.28
Earnings from discontinued operations (SEK)	−0.56	1.33
Total earnings per share before and after dilution (SEK)	**14.18**	**14.62**

There are no instruments outstanding with a dilution potential.

Note 10: Intangible fixed assets

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Goodwill				
Acquisition cost, opening balance	29,565	3,120	—	—
Acquisitions for the year	2,235	26,449	—	—
Adjustment of acquisition analyses for the year	177	—	—	—
Translation differences	1,078	—4	—	—
Carrying values	**33,055**	**29,565**	**—**	**—**
Capitalised expenditure for IT development				
Acquisition cost, opening balance	1,455	1,170	31	5
Discontinued operations	—	− 68	—	—
Capitalised expenditures for the year	190	182	38	26
Disposals	− 47	− 42	0	0
Purchased via acquisition	—	161	—	—
Translation differences	60	52	—	—
Accumulated acquisition cost, closing balance	**1,658**	**1,455**	**69**	**31**
Accumulated amortisation/ depreciation, opening balance	− 1,091	− 954	− 5	− 5
Discontinued operations	—	64	—	—
Disposals	14	42	—	—
Purchased via acquisition	—	0	—	—
Amortisation/depreciation for the year	− 159	− 129	− 5	0
Translation differences	− 6	− 114	—	—
Accumulated amortisation/ depreciation, closing balance	**− 1,242**	**− 1,091**	**− 10**	**− 5**
Impairments, opening balance	− 23	− 23	− 16	—
Impairments for the year	0	0	—	− 16
Accumulated impairment, closing balance	**− 23**	**− 23**	**− 16**	**− 16**
Carrying values	**393**	**341**	**43**	**10**
Client relationships				
Acquisition cost, opening balance	3,954	202	—	—
investments	10	0	—	—
Capitalised expenditures for the year	—	101	—	—
Disposals	− 979	0	—	—
Purchased via acquisition	2,059	2,699	—	—
Translation differences	165	952	—	—
Accumulated acquisition cost, closing balance	**5,209**	**3,954**	**0**	**0**
Amortisation/depreciation, opening balance	− 1,251	− 139	—	—
Disposals	359	—	—	—
Reclassification	1	0	—	—
Amortisation/depreciation for the year	− 596	− 209	—	—
Translation differences	− 52	− 903	—	—
Amortisation/depreciation, closing balance	**− 1,539**	**− 1,251**	**0**	**0**
Carrying values	**3,670**	**2,703**		
Other intangible fixed assets				
Acquisition cost, opening balance	338	242	—	—
Capitalised expenditures for the year	22	32	—	—
Disposals	0	− 2	—	—
Purchased via acquisition	0	35	—	—
Translation differences	19	31	—	—
Accumulated acquisition cost, closing balance	**379**	**338**	**0**	**0**
Accumulated amortisation/ depreciation, opening balance	− 253	− 191	—	—
Discontinued operations	10	0	—	—
Disposals	0	3	—	—
Amortisation/depreciation for the year	− 54	− 33	—	—
Translation differences	− 15	− 32	—	—
Accumulated amortisation/ depreciation, closing balance	**− 312**	**− 253**	**0**	**0**
Impairments, opening balance	− 4	− 4	—	—
Accumulated impairment, closing balance	**− 4**	**− 4**	**0**	**0**
Carrying values	**63**	**81**	**0**	**0**

Note 10: Intangible fixed assets (continued)

Payments during the year regarding investments in intangible fixed assets amounted to SEK 232 M (116) for the Group.

Capitalised expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants. Client relations and goodwill are acquired primarily in connection with business acquisitions. Other intangible fixed assets are mainly acquired externally.

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Impairment testing for cash-generating units containing goodwill

The Group treats the following geographical regions as cash-generating units in the sense referred to in IAS 38 Intangible Assets. The goodwill value is distributed among each group of countries as follows.

SEK M	2018	2017
Northern Europe	12,223	11,870
Central and Eastern Europe	5,486	5,147
Western and Southern Europe	6,229	3,820
Iberian Peninsula and Latin America	9,117	8,728
Total	**33,055**	**29,565**

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 based on a detailed forecast for the years 2019-2020 and thereafter an annual increase of 1 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 6.2 percent (5.1) before tax, corresponding to 4.8 percent (4.0) 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. The test gave no indication of a need of goodwill impairment.

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 2019, annual revenue growth of 4 percent (4) is assumed, and for 2020, 4 percent (2), with each SEK 1,000 in increased revenue being assumed to result in an increase in working capital of SEK 250 (250), that is, an ''incremental increase in earnings'' of 25 percent (25). For the period after 2020, perpetual growth in cash flow of 1 percent (1) annually is assumed. The same assumptions were applied for all four geographical regions. The same discount rates were also applied, since no long-term difference can be identified between the regions' growth potential or risk.

Sensitivity analysis

A sensitivity analysis has been performed, in which cash flows have been discounted at 6 percent interest after tax. Applying this assumption, impairment of SEK 2.4 billion would need to be recognised in goodwill attributable to the Iberian Peninsula and Latin America region.

Note 11: Tangible fixed assets

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Property investments				
Acquisition cost, opening balance	0	—	—	—
Purchased via acquisition	256	—	—	—
Accumulated acquisition cost, closing balance	**256**	**0**	**0**	**0**
Carrying values	**256**	**0**	**0**	**0**
Computer hardware				
Acquisition cost, opening balance	322	240	1	1
Investments for the year	24	25	5	—
Sales and disposals	−5	−10	—	—
Reclassification	−27	0	—	—
Purchased via acquisition	0	17	—	—
Discontinued operations	—	−6	—	—
Translation differences	14	56	—	—
Accumulated acquisition cost, closing balance	**328**	**322**	**6**	**1**
Accumulated amortisation/ depreciation, opening balance	−264	−199	−1	—
Sales and disposals	7	10	—	—
Reclassification	27	0	—	—
Discontinued operations	0	5	—	—
Amortisation/depreciation for the year	−31	−24	—	−1
Translation differences	−11	−56	—	—
Accumulated amortisation/ depreciation, closing balance	**−272**	**−264**	**−1**	**−1**
Carrying values	**56**	**58**	**5**	**0**
Other equipment				
Acquisition cost, opening balance	530	313	—	—
Investments for the year	53	33	—	—
Sales and disposals	−14	−17	—	—
Reclassification	0	2	—	—
Purchased via acquisition	5	130	—	—
Discontinued operations	−1	−10	—	—
Translation differences	21	79	—	—
Accumulated acquisition cost, closing balance	**594**	**530**	**0**	**0**
Accumulated amortisation/ depreciation, opening balance	−343	−250	—	—
Sales and disposals	10	16	—	—
Reclassification	0	−1	—	—
Discontinued operations	−4	7	—	—
Amortisation/depreciation for the year	−60	−40	—	—
Translation differences	−16	−75	—	—
Accumulated amortisation/ depreciation, closing balance	**−413**	**−343**	**—**	**—**
Carrying values	**181**	**187**	**0**	**0**

Disbursements during the year regarding investments in tangible fixed assets for the Group amounted to SEK 74 M (56).

Note 12: Group companies

SEK M	No. of shares	2018	2017
Intrum Brasil Consultoria e Participaçoes, S.A	729	37	0
Intrum A/S, Denmark	40	188	188
Intrum AS, Estonia	430	1	1
Intrum Finans AB	66,050,000	75	75
Intrum Oy, Finland	14,000	1,649	1,649
Intrum SAS, France	5,000	345	345
Intrum Holding Greece AE	24,000	0	0
Intrum Justitia SpA, Italy	0	0	22
SIA Intrum Global Technologies, Latvia	2,000	0	0
Intrum BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	0	0	264
Intrum Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	32	13
Collector Services Ltd, UK	88,100,002	0	0
Intrum Sverige AB, Sweden	22,000	1,749	1,649
Intrum International AB, Sweden	1,000	601	601
Intrum Justitia Holding GmbH, Germany	2,050,000	36	36
Intrum Austria GmbH, Austria	72,673	37	37
Intrum Romania SA, Romania	39	16	16
Intrum Financial IFN SA	3,000,000	30	0
Lock TopCo AS, Norway	861,952,839	24,626	19,491
Total carrying value		**30,812**	**25,777**
Opening balances		25,777	6,322
Acquisition		67	17,348
Capital contributions paid		5,254	2,107
Disposal		−286	0
Closing balance		**30,812**	**25,777**

Acquisitions in 2017 refer to shares in Top Factoring SA, Romania, and Lock TopCo AS, Norway, which was the parent company of the Lindorff Group.

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

Disposals in 2018 refer to shares in Fair Pay Please AS, Norway, which was divested in accordance with the European Commission's terms for permitting the merger with Lindorff, and Intrum Justitia SpA, Italy, which was divested within the Group to Intrum Italy Holding srl.

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

	Corp. identity no.	Domicile	Share of capital
Subsidiaries of Intrum AB (publ) and their subsidiaries in the same country			
BRAZIL			
Intrum Brasil Consultoria e Participaçoes, S.A.	29.063.190	São Paulo	51%
DENMARK			
Intrum A/S	DK 10613779	Copenhagen	100%
ESTONIA			
Intrum Estonia AS	10036074	Tallinn	100%
FINLAND			
Intrum Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI25086904	Helsinki	100%

Note 12: Group companies (continued)

	Corp. identity no.	Domicile	Share of capital
FRANCE			
Intrum SAS	B322 760 497	Lyon	100%
Intrum Corporate SAS	B797 546 769	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	90%
Intractive SAS	B480 172 998	Lille Métropole	100%
GREECE			
Intrum Holding Greece AE	800914045	Athens	100%
LATVIA			
SIA Intrum Global Technologies	40103314641	Riga	100%
NETHERLANDS			
Intrum BV	33.273.472	Amsterdam	100%
NORWAY			
Lock TopCo AS	913,852,508	Oslo	100%
PORTUGAL			
Intrum Portugal Unipessoal Lda.	503,933,180	Lisbon	100%
Seguridad en la gestión Portugal unipessoal, LDA	508,624,878	Lisbon	100%
Andanças e Semelhanças Unipessoal Lda	514,167,041	Lisbon	100%
ROMANIA			
Intrum Romania SA	18496757	Bucharest	100%
Intrum Financial IFN SA	39041618	Bucharest	100%
SWITZERLAND			
Intrum AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Brugg AG	CH-400.3.023.076-0	Brugg	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Segestion Gabinete Tecnico Empresarial, S.L	B61210696	Madrid	100%
Seguridad en la gestión, S.L	B58182973	Barcelona	100%
UNITED KINGDOM			
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%
SWEDEN			
Intrum Sverige AB	556134-1248	Stockholm	100%
Intrum Intl AB	556570-1181	Stockholm	100%
Intrum Finans AB	556885-5265	Stockholm	100%

Note 12: Group companies (continued)

	Corp. identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Austria GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%
Subsidiaries of Intrum Sverige AB			
LUXEMBOURG			
Intrum Luxembourg sarl	B 183336	Luxembourg	100%
SWEDEN			
Intrum Delgivnings-service AB	556397-1414	Stockholm	100%
Intrum Shared Services AB	556992-4318	Stockholm	100%
Subsidiaries of Intrum Intl AB			
MAURITIUS			
Intrum Mauritius Ltd	127206	Port Louis	100%
SWITZERLAND			
Intrum Debt Finance AG	CH-020.3.020.910-7	Zug	100%
Intrum Debt Finance Domestic AG	CH-170.3.026.065-5	Zug	100%
Intrum Licensing AG	CH-020.3.926.747-8	Zug	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
Subsidiaries of Intrum Debt Finance AG			
LUXEMBOURG			
LDF65 S.a r.l.	B 134749	Luxembourg	100%
IDF Luxembourg S.a r.l.	B188 281	Luxembourg	100%
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	100%
Lindorff I NSFIZ	RFI 752	Wroclaw	100%
Subsidiary of Fair Pay Please AB			
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%
Subsidiaries of Intrum BV			
FRANCE			
FCT IJ Invest SAS	—	—	100%
IRELAND			
Intrum Ireland Ltd	175808	Dublin	100%
NETHERLANDS			
Intrum Justitia Data Centre BV	27.306.188	Amsterdam	100%
SLOVAKIA			
Intrum Slovakia s. r. o.	35,831,154	Bratislava	100%
CZECH REPUBLIC			
Intrum Czech s.r.o.	27221971	Prague	100%

Note 12: Group companies (continued)

	Corp. identity no.	Domicile	Share of capital
HUNGARY			
Lakóingatlan-Forgalmazó Kft	01-09-268230	Budapest	100%
Intrum Justitia Zrt.	01-10-044857	Budapest	100%
Intrum Justitia ASC Kft	25965308-2-41	Budapest	100%
Intrum Hitel Zrt.	01-10-045485	Budapest	100%
Subsidiaries of Fair Pay Management AB			
SWEDEN			
Intrum Invest AB	556786-4854	Varberg	100%
Subsidiary of Lock TopCo AS			
SWEDEN			
Indif AB	556733-9915	Stockholm	100%
Subsidiary of Indif AB			
SWEDEN			
Intrum Holding AB	556723-5956	Stockholm	100%
Subsidiaries of Intrum Holding AB and their subsidiaries in the same country			
FINLAND			
Lindorff Finland Oy	1858518-2	Helsinki	100%
IRELAND			
Lindorff Investment No 1 DAC	584295	Dublin	100%
Intrum Hellas DAC	613412	Dublin	100%
Intrum Hellas 2 DAC	626396	Dublin	100%
ITALY			
LSF West Srl	09409950962	Milan	100%
Intrum Italy Holding Srl	08724660967	Milan	100%
Cross Factor SPA	09490900157	Milan	100%
Isabel SPV Srl	04614020263	Milan	100%
Gextra Srl	03008751202	Bologna	51%
Intrum Italy Spa	10311000961	Milan	51%
CAF Spa	08010981002	Rome	51%
FT Real Estate Srl	09421851008	Rome	100%
LATVIA			
Intrum Latvia SIA	40203088409	Riga	100%
LITHUANIA			
Intrum Lietuva UAB	304615887	Vilnius	100%
Intrum Global Business Services UAB	303,326,659	Vilnius	100%
NETHERLANDS			
Intrum Nederland Holding BV	08178741	Amsterdam	100%
Intrum Nederland BV	05025428	Amsterdam	100%
Mirus International BV	30150149	Amsterdam	100%
Marjoc I BV	08203108	Ede	100%
NORWAY			
Lindorff Holding Norway AS	992,984,899	Oslo	100%
Lindorff AS	835,302,202	Oslo	100%
Lindorff Obligations AS	945,153,547	Oslo	100%
POLAND			
Intrum Global Technologies Spzoo	0000654943	Wroclaw	100%
Intrum Spzoo	5212885709	Warsaw	100%
Kancelaria Prawna KIG Intrum Spzoo SK w likwidacji	5213705017	Warsaw	100%

Note 12: Group companies (continued)

	Corp. identity no.	Domicile	Share of capital
Intrum K & WKP SK	000270515	Wroclaw	99%
Intrum Detektyw Spzoo	0000223801	Wroclaw	95%
Intrum Service Spzoo	0000364126	Wroclaw	100%
Finotrex Spzoo w likwidacji	0000507125	Wroclaw	100%
Trigon Profit NS FIZ	1037	Warsaw	99.62%
Trigon Profit II NS FIZ	1099	Warsaw	100%
SPAIN			
Intrum Holding Spain SAU	A86128147	Madrid	100%
Intrum Servicing SAU	A85582377	Madrid	100%
Northwind Investments Holdings, S.L.U.	B88213012	Madrid	100%
Northwind Finco, S.L.	B88250774	Madrid	80%
Global Zappa, S.L.U.	B88208822	Madrid	100%
Copodia ITG, S.L.U.	B88174131	Madrid	100%
Lindorff Iberia Holding SLU	B87523262	Madrid	100%
Aktua Soluciones Financieras Holdings SL	B86538279	Madrid	85%
Aktua Soluciones Financieras SL	B84983956	Madrid	100%
Aktua Soluciones Immobiliaras SLU	B50509447	Zaragoza	100%
SWEDEN			
Intrum Holding 2 AB	556664-5460	Gothenburg	100%
Lindorff International AB	559077-1274	Stockholm	100%
GERMANY			
Lindorff Finanzholding GmbH	HRB 87998	Heppenheim	100%
Lindorff Holding GmbH	HRB 88008	Heppenheim	100%
Lindorff Deutschland GmbH	HRB 87484	Heppenheim	100%
DMV Debitoren-management- und Verwaltungsgesellschaft mbH	HRB 81939	Hamburg	100%
HIT Hanseatische Inkasso-Treuhand GmbH	HRB 52053	Hamburg	100%
AssetGate GmbH	HRB 13260	Heppenheim	100%
Intrum Financial Services GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Banken-services GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Credit-management GmbH	HRB 85778	Darmstadt	100%
Subsidiaries of Lindorff Investment DAC No 1			
SPAIN			
Locairol ITG, S.L.U.	B87882528	Madrid	100%
Venira ITG, S.L.U.	B88001128	Madrid	100%
Subsidiary of Intrum Spzoo			
CYPRUS			
Casus Management Ltd	HE 310705	Nicosia	100%
Subsidiary of Intrum Holding 2 AB			
NORWAY			
Lindorff Capital AS	958,422,830	Oslo	100%
Companies without a shareholding that are consolidated on the basis of contractual controlling interest			
ITALY			
IJ DF Italy Srl	08438930961	Milan	
Alicudi SPV srl	04703580268	Treviso	

Note 12: Group companies (continued)

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

SEK M	Minority interest in equity		Minority interests in earnings	
	2018	2017	2018	2017
IJCOF Corporate SAS, France	0	0	0	2
Inkasso Med AG, Switzerland	4	3	0	0
Intrum Brasil Consultoria e Participaçoes, S.A	7	—	–3	—
Northwind Finco, S.L.	174	—	0	—
Intrum Italy SPA	1,136	—	15	—
CAF SpA	660	—	0	—
Gextra Spl	25	—	–5	—
Total	**2,006**	**3**	**7**	**2**

Ellisphère SA was a minority shareholder in IJCOF Corporate SAS during the period January to March 2017.

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

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

A subsidiary of Ibercaja Banco is a minority shareholder in Northwind Finco, S.L., holding 20 percent of the shares.

Intesa Sanpaolo SpA is a minority shareholder in Intrum Italy SpA, CAF SpA and Gextra Srl, holding 49 percent of the shares in those companies.

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

Note 13: Shares and participations in joint ventures

SEK M	Group	
	2018	2017
Joint venture		
Ithaca Investment Designated Activity Company, Dublin	4,746	—
Total, joint ventures	**4,746**	**—**

Ithaca Investment DAC

Since 2018, Intrum has held profit participating notes corresponding to 80 percent of the capital in Ithaca Investment DAC. The company is subject, by agreement, to controlling influence shared by Intrum and CarVal Investors.

Ithaca Investment DAC invests in junior notes and mezzanine loans issued by the Italian company Penelope SPV S.R.L., corresponding to 51 percent of the capital in Penelope SPV. Penelope has invested in overdue receivables acquired from Banca Intesa Sanpaolo in 2018. Penelope also controls property company, Savoy Reoco S.R.L., which assumes control of seized collateral in the form of properties.

Note 13: Shares and participations in joint ventures (continued)

Summary financial information on a 100 percent basis for Ithaca Investment DAC including the consolidated companies Penelope SPV S.R.L. and Savoy Reoco S.R.L:

SEK M	2018
Income statement	
Total revenues	379
Operating earnings (EBIT)	**308**
Net financial items	–75
Profit before tax	**233**
Taxes	0
Net earnings for the year	**233**
Of which, attributable to:	
Parent Company's shareholders	132
Non-controlling interests	101
Earnings for the period	**233**
Balance sheet	
ASSETS	
Other fixed assets	
Portfolio investments	27,031
Current assets	
Property holdings	73
Other receivables	137
Prepaid expenses and accrued income	43
Cash and bank balances	1,096
Total assets	**28,380**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' equity	
Attributable to Parent Company's shareholders	135
Attributable to non-controlling interests	98
Total shareholders' equity	**234**
Liabilities	
Junior notes	6,151
Mezzanine loan	5,033
Senior notes	16,778
Current liabilities	78
Accrued income	107
Total shareholders' equity and liabilities	**28 380**

Note 14: Portfolio investments

Purchased debt SEK M	Group 2018	Group 2017
Acquisition cost, opening balance	35,775	20,611
Effect before tax of amended accounting principle in accordance with IFRS 9	56	—
Discontinued operations	0	−519
Purchased debt	6,882	7,130
Sales and disposals	−65	14
Purchased via acquisition	0	7,826
Translation differences	1,568	713
Accumulated acquisition cost, closing balance	**44,216**	**35,775**
Amortisation, opening balance	−14,626	−11,878
Discontinued operations	0	391
Amortisations and revaluations for the year	−3,854	−2,788
Sales and disposals	−12	15
Reclassification	−83	—
Translation differences	−811	−366
Accumulated amortisation, closing balance	**−19,386**	**−14,626**
Carrying values	**24,830**	**21,149**

Amortisations and revaluations for the year SEK M	Group 2018	Group 2017
Time and interest component	−3,942	−2,785
Upwards revaluation in connection with changes in expectations in projections of future cash flows	795	332
Impairment in connection with changes in expectations in projections of future cash flows	−707	−335
Total amortisations and revaluations for the year	**−3,854**	**−2,788**

Payments during the year for portfolio investments amounted to SEK 6,872 M (7,175).

For a description of Intrum's accounting policy for portfolio investments, see Note 1.

Note 15: Other long-term receivables

SEK M	Group 2018	Group 2017
Deposits	16	16
Loan receivables	17	20
Total	**33**	**36**
Opening balances	36	6
Paid	−3	0
Repaid	0	0
Reported through acquisitions of subsidiaries	0	30
Carrying values	**33**	**36**

Note 16: Accounts receivable

SEK M	Group 2018	Group 2017
Non-delinquent receivables	403	453
Accounts receivable < 30 days overdue	114	140
Accounts receivable 30–60 days overdue	30	59
Accounts receivable 61–90 days overdue	29	30
Accounts receivable > 90 days overdue	175	97
Total accounts receivable	**751**	**779**
Accumulated reserve for impaired receivables, opening balance	–24	–19
Reserve for impaired receivables for the year	–17	–12
Realised client losses for the year	1	5
Withdrawals from reserve for impaired accounts receivable for the year	9	1
Translation difference	–2	1
Accumulated impaired receivables, closing balance	**–32**	**–24**
Carrying values	**719**	**755**

The reserve for impaired accounts receivable relates primarily to receivables overdue by more than 90 days. See also Note 34 on page 90.

Note 17: Other receivables

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Outlays on behalf of clients	165	145	—	—
Less: reserve for uncertainty in outlays on behalf of clients	–3	–6	—	—
Total	**162**	**139**	**—**	**—**
Factoring receivables	437	351	—	—
Acquired VAT refund claims on purchased debt	54	66	—	—
To be recovered from Netherlands bailiffs	87	89	—	—
Receivable, co-financier of joint venture	373	—	—	—
Receivable, joint venture	145	—	—	—
A further goal is to reduce the proportion of fixed costs.	295	286	13	16
Total	**1,391**	**792**	**13**	**16**
Carrying values	**1,553**	**931**	**13**	**16**

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 customers and is therefore recognised as a separate receivable. The portion that is expected to be recovered within 12 months is recognised as current.

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

Note 18: Prepaid expenses and accrued income

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Prepaid expenses and accrued expenses				
Prepaid rent	14	18	0	0
Prepaid insurance premiums	4	3	2	1
Prepaid expenses for purchased debt	58	7	0	0
Accrued income (contract assets)	480	351	0	0
Derivative assets (forward exchange contracts)	229	212	229	212
Other	105	147	40	87
Total	**890**	**737**	**271**	**300**

Note 19: Cash and cash equivalents

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Cash and bank balances	1,315	857	251	95
Restricted bank accounts	33	24	0	0
Total	**1,348**	**881**	**251**	**95**

Note 20: 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 131,541,320 shares in the Company, and the share capital amounts to SEK 2,899,805.49. See below regarding repurchased shares.

New share issue

On 27 June 2017, Intrum Justitia AB merged with Lindorff and completed a non-cash issue, whereby Intrum Justitia AB issued 59,193,594 new Intrum Justitia shares, in exchange for all shares in Lock TopCo AS, which was the parent company of the Lindorff Group. Accordingly, there are 131,541,320 shares outstanding in Intrum.

Share repurchase

No shares were repurchased in 2017. In 2018, 250,000 shares were repurchased for SEK 56 M. Accordingly, there were 131,291,320 shares outstanding in Intrum at the beginning of 2018. The average number of shares outstanding over the year was 131,390,632 (102,674,307).

Other shareholders' equity in the Group

Other paid-in capital

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

Reserves

Includes the translation reserve, which contains all exchange rate differences that have, since the transition to IFRS in 2004, arisen in the translation of financial statements from foreign operations as well as long-term intra-Group receivables and liabilities that represent an increase or decrease in the Group's

Note 20: Shareholders' equity (continued)

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 9.50 per share (9.50), or a total estimated payout of SEK 1,247 M (1,250).

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 25,672 M (22,439).

The measure of the Company's capital structure used for control purposes is consolidated net debt in relation to pro forma rolling 12-month-adjusted cash EBITDA, which at year-end amounted to 4.3 (4.1). This ratio is calculated by placing current consolidated net debt at the end of the year in relation to pro forma cash EBITDA, including operations being phased out and including a calculated cash EBITDA throughout the period for larger units acquired during the year, and excluding non-recurring items (NRIs). Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board of Directors has established financial targets for the Group, in which net debt divided by pro forma rolling 12-month-adjusted cash EBITDA, as stated above, shall be between 2.5 and 3.5 in the long term.

Note 21: Pensions

Employees in Intrum's companies are covered by various pension benefits, some of which are defined benefit plans and others as defined contribution plans. The Group applies IAS 19 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Note 21: Pensions (continued)

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	**2018**	**2017**
Present value of fully or partly funded obligations	321	319
Fair value of plan assets	–253	–243
Deficit in the plan	**68**	**76**
Present value of unfunded obligations	195	99
Total provisions for pensions	**263**	**175**

Changes in net obligation:

	Group	
SEK M	**2018**	**2017**
Opening balances	175	157
Expenses for employment in current year	15	17
Interest expense	5	2
Pensions paid	–19	–19
Pension provisions in acquired operations	86	26
Discontinued operations	—	–24
Revaluations	–8	18
Exchange rate differences	9	–2
Closing balance	**263**	**175**

Reconciliation of fair value of assets under management:

	Group	
SEK M	**2018**	**2017**
Opening balance	243	247
Fees paid	41	40
Compensation paid	–43	–23
Interest revenue	2	2
Assets under management in acquired operations	0	37
Discontinued operations	—	–53
Revaluations	–7	5
Exchange rate differences	17	–12
Closing balance	**253**	**243**

Note 21: Pensions (continued)

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

SEK M	Group	
	2018	2017
Expenses for employment in current period	15	17
Net interest income/expense	5	2
Total pension expense in net earnings for the year	**20**	**19**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Revaluations of the pension liability are included in other comprehensive income in the amount of SEK 8 M (negative 18) before tax. In calculating

Provisions for pensions, the following assumptions are used:

%	Group	
	2018	2017
Discount rate	0.85–2.50	0.75–2.30
Assumed rate of increase in compensation	1.0–2.5	1.0–2.5
Assumed return on assets under management	1.0–2.0	1.0–4.0
Assumed pension increases	0.4–2.0	0.4–3.0
Future adjustment to social security base	2.0–4.2	2.5–4.2

The Group also finances a number of defined contribution plans, Consolidated expenses for these amounted to SEK 146 M (108).

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 307 M (273), and the fair value of the assets under management is SEK 237 M (206). Consequently, the net pension liability is SEK 70 M (67). The pension commitment is funded through insurance contracts. During the year Intrum paid SEK 42 M (40) to the plan, while disbursements to retirees amounted to SEK 43 M (22). In 2019 payments to the plan are estimated at SEK 42 M, with disbursements to retirees of SEK 43 M. For these pension plans, a discount rate of 0.85 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 7.7 percent/increasing by 8.9 percent.

For Group employees in Norway, mandatory occupational pensions commitments exist that were previously secured through a funded defined benefit pension solution, although these were replaced in 2019 by an unfunded defined benefit solution and a defined contribution solution.

ITP 2 plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP 1 and ITP 2 plans. ITP 1 includes employees born in 1979 or later, while ITP 2 covers employees born in 1978 or earlier. ITP 1 is a defined contribution plan. On the other hand, according to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 plan is a multi-employer defined benefit plan. Alecta's customers have not had access to such information for the fiscal year that would make allow them to report their proportional share of plan assets, liabilities and costs, preventing it from being possible to report the plan as a defined benefit plan. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP 2 plan secured through insurance with Alecta is therefore reported by Intrum as if it were a defined contribution plan. The premium is individually calculated, depending on salary, previously vested pension and anticipated remaining term of employment. At year-end Alecta's surplus in the form of the collective funding ratio was 142 percent (154). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19. Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in

Note 21: Pensions (continued)

the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

Note 22: Other provisions

SEK M	Group 2018	Group 2017
Opening balances	152	27
Amounts utilised during the year	–134	–27
Unutilised amounts reversed during the year	–18	0
New provisions for the year	33	64
Provisions in acquired operations	114	88
Provisions in divested operations	1	0
Translation differences	6	0
Closing balances	**154**	**152**

SEK M	Group 2018	Group 2017
Of which, long-term provisions		
Expenses for returning leased office premises to their original condition	2	2
Personnel expenses	2	7
Rent and additional costs	1	0
Of which, short-term provisions		
Expenses for termination of personnel and other restructuring expenses	0	51
Additional purchase consideration for shares	138	92
Consultancy expenses (law, tax and compliance)	11	0
Total	**154**	**152**

Current provisions are expected to be settled within 12 months from of the balance sheet date. Long-term provisions are expected to be settled later.

Note 23: Borrowing

SEK M	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Long-term liabilities				
Bank loans	6,534	2,703	6534	2,694
Bond loan	33,254	32,052	33,254	32,052
Current liabilities				
Commercial papers	2,123	2,269	2,123	2,269
Bond loan	1,000	1,000	1,000	1,000
Bank overdraft facilities	296	0	11	0
Total	**43,207**	**38,024**	**42,922**	**38,015**

Since June 2017, Intrum AB has had a four and a half year revolving syndicated loan facility totalling EUR 1,100 M with a bank consortium consisting of five Nordic banks. The loan framework of EUR 1,100 M can be utilised for borrowing in a number of different currencies. On 31 December 2018, the loan framework had been utilised for loans in SEK totalling SEK 0 M (700), in EUR totalling EUR 295 M (100), in GBP totalling GBP 102 M (0), in NOK totalling NOK 3,000 M (0) and in HUF totalling HUF 16,200 M (0). The unutilised portion of the facilities amounted to SEK 4,241 M (8,008). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains operations-related and financial covenants, including limits on financial indicators. All of these covenants were fully met in 2018. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of

Note 23: Borrowing (continued)

assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

During 2017, Intrum AB issued public bonds for approximately EUR 3,000 M, divided into four tranches of a total EUR 2,700 M and SEK 3,000 M. During 2018, Intrum issued an additional public bond for SEK 1,000 M, and thus has bond loans outstanding for a total SEK 34,254 M (33,052). In 2018, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,123 M (2,269).

Change in borrowings during the year SEK M	Group	
	2018	2017
Opening balance	38,024	7,843
Borrowings	24,963	38,216
Amortisation of loans	– 21,430	– 33,764
Acquisitions and divestments	286	25,687
Translation differences	1,364	42
Closing balance	**43,207**	**38,024**

Bonds outstanding as per 31 December 2018

Designation	Maturity date	Interest rate for fixed-rate bonds, and margin for variable-rate bonds	Currency	Nominal amount in currency, million	Nominal amount, SEK M	Carrying value, SEK M	Market value of bond, SEK M
EUR 2024 Fix	15 July 2024	3.13%	EUR	900	9,233	9,163	8,240
EUR 2022 Fix	15 July 2022	2.75%	EUR	1,500	15,388	15,282	14,234
EUR 2022 Float	15 July 2022	2.63%	EUR	300	3,078	3,056	2,890
SEK 2022 Float	15 July 2022	2.75%	SEK	3,000	3,000	2,980	2,872
SEK 2020 Float	6 July 2020	1.90%	SEK	1,000	1,000	998	988
SEK 2019 Fix	15 May 2019	3.13%	SEK	200	200	226	202
SEK 2019 Float	15 May 2019	1.60%	SEK	800	800	908	801
EUR 2013 Float PP	22 June 2023	—	EUR	160	1,641	1,641	1,379
Total					**34,340**	**34,254**	**31,606**

Bonds with the word ''Fix'' in the designation accrue a fixed interest rate. Bonds with the word ''Float'' in the designation accrue a variable interest rate.

Maturities of long-term bank borrowings

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,000	1,000	1,000	1,000
Between 2 and 3 years	11,200	11,200	11,200	11,200
Between 3 and 4 years	21,466	—	21,466	—
Between 4 and 5 years	1,646	22,281	1,646	22,281
More than 5 years	9,233	8,854	9,233	8,854
Total	**44,545**	**43,335**	**44,545**	**43,335**
Unused lines of credit excluding guarantee facility				
Expiring within one year	0	0	0	0
Expiring after more than one year	4,200	8,008	4,200	8,008
Total	**4,200**	**8,008**	**4,200**	**8,008**

Note 23: Borrowing (continued)

Specification of maturity dates for short and long-term loans as per 31 December 2018 (excluding interest)

SEK M	2019	2020	2021	2022	2023	2024
Commercial papers	2,124					
Bond loan	1,000	1,000		21,466	1,646	9,233
Syndicated loan facility			7,000			
Unutilised portion of facility			4,200			
Total	**3,124**	**1,000**	**11,200**	**21,466**	**1,646**	**9,233**

Specification of maturity dates for short and long-term loans as per 31 December 2017 (excluding interest)

SEK M	2018	2019	2020	2021	2022	2023	2024
Commercial papers	2,270						
Bond loan	1,000	1,000			20,707	1,574	8,854
Syndicated loan facility				2,814			
Unutilised portion of facility				8,386			
Total	**3,270**	**1,000**	**0**	**11,200**	**20,707**	**1,574**	**8,854**

Note 24: Accrued expenses and prepaid income

	Group		Parent Company	
SEK M	2018	2017	2018	2017
Accrued social security expenses	116	103	20	22
Accrued vacation pay	192	187	12	14
Accrued bonus expense	241	264	55	50
Prepaid subscription income	110	81	0	0
Provisions for losses on charge card guarantees	1	1	0	0
Accrued interest	387	388	386	387
Provision for expenses to pay to collection authorities in the Netherlands	15	19	0	0
Other accrued expenses	994	751	109	97
Total	**2,056**	**1,794**	**582**	**570**

Note 25: Pledged assets, contingent assets and contingent liabilities

	Group		Parent Company	
SEK M	2018	2017	2018	2017
Pledged assets				
Deposits	16	16	—	—
Restricted bank accounts	33	24	0	8
Shares in subsidiaries	35,503	28,371	29,944	24,709
Total	**35,552**	**28,411**	**29,944**	**24,717**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	120	111	—	—
Total	**120**	**111**	**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.

Note 25: Pledged assets, contingent assets and contingent liabilities (continued)

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 client 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 120 M (111). Intrum's risk in this business is managed through strict credit limits and analyses of the borrower's credit status. As of year-end Intrum had allocated SEK 1 M (1) in the balance sheet to cover payments that may arise due to the guarantee.

Other

In 2012, when Intrum acquired the Dutch company Buckaroo BV, a supplementary purchase consideration to the sellers was agreed that would be based on the results achieved by the Company during the period 2012–2014. Only part of the supplementary purchase consideration has been paid. In 2015, the sellers initiated legal proceedings, bringing claims against Intrum and some of its executives, demanding payment of additional purchase consideration. These demands are motivated by claims that the actions of Intrum (and its executives) caused a worse result in Buckaroo than expected, and thus a lower supplementary purchase consideration. Although Intrum divested the shares in Buckaroo in 2017, the claim on Intrum from the previous owners remains. Intrum refutes all of these demands and has not made any provisions with regard to these disputes.

In Spain, a number of disputes are in progress in both higher and lower level courts against two former executives, attributable to their termination in June 2015. The disputes concern whether the dismissals were unlawful, the former executives' entitlement to different bonuses and the entitlement to compensation for one of the former executives for a competition commitment in his employment contract. Although Intrum won in the court of first instance in 2018, the counterparties have appealed. Intrum refutes all of these claims. The potential impact on consolidated earnings is not considered to be material.

In Poland, a dispute is in progress related to the acquisition of Casus Finanse S.A. in 2015. The dispute concerns the entitlement of the sellers, the former management of Casus Finanse SA, to an additional purchase consideration and remuneration for continued employment under the share transfer agreement. The former management of Casus Finanse SA was dismissed in December 2016, and Intrum's position is that no entitlement to an additional purchase consideration nor remuneration for continued employment applies. The dispute has been referred to an arbitration board, which requested an expert opinion in 2018 and is expected to announce its ruling in the spring of 2019. Intrum Justitia has made a provision for the dispute in accordance with the anticipated outcome.

The Group is otherwise involved in disputes in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

Note 26: Average number of employees

SEK M	Group				Of which, the Parent Company			
	2018		2017		2018		2017	
	Men	Women	Men	Women	Men	Women	Men	Women
Belgium	49	58	45	48	—	—	—	—
Brazil	13	10	—	—	—	—	—	—
Denmark	74	110	66	109	—	—	—	—
Estonia	5	20	6	21	—	—	—	—
Finland	120	324	131	306	—	—	—	—
France	200	443	197	455	—	—	—	—
Ireland	33	45	25	45	—	—	—	—
Italy	108	166	31	133	—	—	—	—
Latvia	148	73	126	51	—	—	—	—
Lithuania	59	220	27	110	—	—	—	—
Luxembourg	1	0	1	0	—	—	—	—
Mauritius	20	39	15	31	—	—	—	—
Netherlands	129	81	138	97	—	—	—	—
Norway	295	349	157	191	—	—	—	—
Poland	227	279	218	333	—	—	—	—
Portugal	77	150	56	122	—	—	—	—
Romania	65	117	50	74	—	—	—	—
Switzerland	130	140	134	133	—	—	—	—
Slovakia	34	65	33	57	—	—	—	—
Spain	614	1,256	429	810	—	—	—	—
UK	65	82	58	59	—	—	—	—
Sweden	157	256	156	264	39	29	34	23
Czech Republic	32	46	33	52	—	—	—	—
Germany	157	340	99	225	—	—	—	—
Hungary	147	243	106	192	—	—	—	—
Austria	13	26	14	24	—	—	—	—
Total	**2,972**	**4,938**	**2,351**	**3,942**	**39**	**29**	**34**	**23**
		7,910		**6,293**		**68**		**57**

Of the Group's employees 21 percent are younger than 30 years old, 37 percent are 30–39 years old, 25 percent are 40–49 years old and 17 percent are 50 years old or older.

	2018		2017	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	6	3	6	2
Group Management Team	10	3	10	4
Country Managers	20	3	16	5
Board members in subsidiaries (percent)	85	15	80	20

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

Note 27: Salaries and remunerations

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	**141**	**136**	**16**	**8**
Salaries and remunerations to other employees				
Northern Europe	1,096	842	—	—
Central & Eastern Europe	690	552	—	—
Western and Southern Europe	718	502	—	—
Iberian Peninsula and Latin America	656	423	—	—
Head offices and central operations	219	252	127	114
Total salaries and other remuneration, Group	**3,520**	**2,707**	**144**	**122**
Social security expenses	728	565	58	39
Of which, pension expenses	161	125	20	15
Total	**4,248**	**3,272**	**202**	**160**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidised car, housing and meals. Parent Company figures refer strictly to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

Note 28: Terms of employment for senior executives

Guidelines on compensation for senior executives

The 2018 Annual General Meeting adopted guidelines for remuneration to senior executives, the CEO and members of Group Management. The proposal has been prepared by the Board and its Remuneration Committee.

Salary and remuneration philosophy

Intrum Justitia is dependent on its employees to achieve ambitious objectives in a challenging environment. The salary and remuneration philosophy seeks to ensure our employees are rewarded for their valuable contributions to the company's earnings. We also strive to be able to recruit, develop and retain high-performance employees in a competitive international environment. At the same time, we try to ensure that our employees are offered salaries in line with the market.

Remuneration levels should reflect duties, responsibility and performance, and should be competitive compared with similar companies in similar sectors in the same geographic area. To ensure that appropriate behaviours are encouraged, and that efforts are focused in the appropriate areas, remuneration levels need to be related to the objectives closely associated with the Group's business strategy and its core values.

The total remuneration is based on three principal components: fixed salary, incentive programmes and pension benefits. Other benefits, such as a company car, may be offered as well.

Fixed salary is set based on three perspectives: The complexity and responsibility of the post, individual performance and local market conditions.

Variable salary component

Intrum's variable salary component primarily rewards financial business targets and serves to encourage short-term performance. It is set for one year at a time. The metrics are set individually for each member of Group Management to reflect the Group's business strategy and priorities. The metrics reflect business targets or other generation of value for the Company. Short-term variable salary means that the Company's expenses vary alongside the Group's financial development and the employees' individual performance.

Note 28: Terms of employment for senior executives (continued)

Short-term variable salary is capped at 50 percent of fixed annual salary for the CEO and at between 35 and 50 percent for other members of Group Management. However, the Chief Risk Officer does not receive a variable salary component.

Long-term incentives

Through the long-term incentive programme, Group Management's long-term interests and perspectives are brought onto an equal footing with those of shareholders, while commitment to the company is also reinforced. This encourages the long-term generation of value over a three-year period, allowing Group Management to participate in the company's financial success. Growth in Intrum Justitia's earnings per share is generally applied as a metric because this is considered a good indicator of the Group's long-term success. As with the variable salary component, an effect of the programme's design is that the cost varies alongside the Group's financial performance.

It is proposed that long-term incentives be offered in the form of shares or share-related instruments. The maximum initial allocation is 150 percent of fixed annual salary for the CEO, CFO and CIO and between 35 and 50 percent for other members of Group Management.

The outcome of long-term incentives is not pensionable.

Costs

For 2018, expenses for incentive programmes for the CEO and other members of Group Management are expected to amount to at most SEK 18 M for the variable salary component and at most SEK 33 M for the long-term incentive programme, excluding social security contributions. The estimate does not take into account any changes in the composition of Group Management during the year.

Guidelines for individual share ownership

To further encourage commitment and behaviour as shareholders among Group Management, expectations are expressed with regard to individual shareholdings representing a certain proportion of annual fixed salary before tax—100 percent for the President and 50 percent for other members of Group Management. Share ownership should persist as long as these individuals remain employees and members of Group Management. . Each member of Group Management has (individually) been allocated a period of time in which to accumulate shares if this target has yet to be met.

Other

In the event of termination by Intrum Justitia, a maximum of 12 months' severance pay shall apply (if at all).

The Board of Directors shall have the right to depart from these remuneration guidelines if there is particular justification for doing so in individual cases.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises two Board members. Since the 2017 Annual General Meeting, the Remuneration Committee has consisted of Per E. Larsson (Chairman) and Fredrik Trägårdh. The CEO and the Company's Chief Human Resources Officer are co-opted to the Committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2018, Mikael Ericson, President and CEO, received remuneration in accordance with the Group's principles as detailed above. In 2018, his fixed monthly salary amounted to SEK 500,000. In addition to his fixed salary, he had the opportunity to receive 50 percent of his annual salary within the framework of the short-term remuneration programme and 50 percent of his annual salary within the framework of the

Note 28: Terms of employment for senior executives (continued)

2016 long-term remuneration programme, in proportion to his period of employment. In 2018, he was offered long-term incentives with an initial allocation of 150 percent of his fixed annual salary. In addition to his salary, the Company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidised meals under the same terms as other Group employees in Sweden.

Terms of employment and remuneration for other members of Group Management

During 2018, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes fixed annual salary and the opportunity to receive 0–50 percent of annual salary within the framework of the short-term remuneration programme and, for former members of Intrum Justitia's Group Management, 20–50 percent within the framework of the 2016 long-term remuneration programme. In 2018, they were offered long-term incentives with an initial allocation of 35–150 percent of their fixed annual salary. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidised meals and travel.

In March 2017, certain senior executives, excluding the President and CEO, were offered an additional bonus, amounting to two or three months' salary, linked to the merger between Intrum Justitia and Lindorff. With the predetermined terms having been met, the exceptional bonus was paid out in March 2018. Reported variable remuneration below includes the exceptional bonus, which was vested during the period 22 March 2017 to 31 March 2018.

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

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages 112-114) other than the CEO. In 2018, two individuals were appointed and three stepped down. During the period from 12 February 2018 to 16 July 2018, Thomas Moss was acting CFO and thus a member of Group Management. At the end of 2018, there were 12 other senior executives.

SEK thousands	2018	2017
President and CEO		
Mikael Ericson		
Base salary	6,000	5,570
Variable compensation	4,920	4,309
Other benefits	75	106
Pension expenses	2,136	1,984
Total, President and CEO	**13,132**	**11,970**
Other senior executives (13 individuals)		
Base salary	36,094	28,080
Variable compensation	19,375	23,096
Other benefits	2,651	1,622
Severance pay	0	3,458
Pension expenses	5,615	4,085
Total other senior executives	**63,735**	**60,341**

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

Note 28: Terms of employment for senior executives (continued)

expensed by the Company in 2017 was disbursed in 2018, while the variable remuneration for 2018 is to be disbursed in 2019.

No share-based remunerations were paid in 2017 or 2018.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 6,795 thousand (5,395). Board fees are distributed between Directors as determined by the AGM according to the proposal by the Nomination Committee. The Directors have no pension benefits or severance agreements.

SEK thousands	2018	2017
Board fees		
Per E. Larsson, Chairman	1,310	1,060
Magnus Yngen, Deputy Chairman	700	600
Magdalena Persson	600	0
Hans Larsson	750	800
Kristoffer Melinder	600	450
Andreas Näsvik	600	600
Synnöve Trygg	750	600
Fredrik Trägårdh	685	535
Ragnhild Wiborg	800	650
Total Board fees	**6,795**	**5,395**

Board fees pertain to the period from the 2017 Annual General Meeting until the 2018 Annual General Meeting and from the 2018 Annual General Meeting until the 2019 Annual General Meeting respectively. Some members of the Board of Directors issue invoices for their fees through their own companies, in which case those invoices include social security expenses and VAT.

Note 29: Fees to auditors

	Group		Parent Company	
SEK M	2018	2017	2018	2017
External audit assignments				
Ernst & Young	21	15	4	4
Audit assignments, other auditors	9	15	0	0
Other assignments				
Ernst & Young review activities beyond the audit assignment	7	3	0	0
Total	**37**	**33**	**4**	**4**

Note 30: Operational leasing

	Group		Parent Company	
SEK M	2018	2017	2018	2017
Lease payment commitments on non-cancellable leases				
Year 1	171	213	1	3
Years 2–4	351	402	1	2
Year 5 and thereafter	113	126	0	0
Total	**635**	**741**	**2**	**5**

The present values above include lease commitments that will not be reported in the balance sheet in accordance with IFRS 16, since they relate to short-term leases or leases of lower value.

Lease costs for operating leases amounted to SEK 193 M (192) during the year, of which SEK 2 M (2) were in the Parent Company.

Note 30: Operational leasing (continued)

Operating leasing primarily refers to the office premises used by the Group in the countries in which it operates. No individual lease is of material significance to the Group in terms of its amount.

Note 31: Financial leasing

	Group	
SEK M	2018	2017
Minimum lease payments and their present value		
Within one year	2	3
Later than one but within five years	3	7
Later than five years	0	1
Total	**5**	**11**

The present value of future lease payments according to finance leases is recognised in the balance sheet in the item Other liabilities.

Note 32: Investing commitments

Commitments to acquire fixed assets amounted to SEK 1,949 M (0) at year-end of which SEK 1,949 (0) in business combinations.

Note 33: Financial instruments

	Group		Parent Company	
SEK M	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Carrying value of financial instruments				
Financial assets valued at amortised cost	29,507	25,000	35,880	34,722
Financial assets valued at fair value	602	212	229	212
Financial liabilities valued at amortised cost	47,440	42,113	50,544	43,362
Financial liabilities valued at fair value	29	55	29	55

The only financial instruments that are regularly restated at fair value are derivatives (e.g. forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables. The total recognised value of consolidated financial assets amounted to SEK 30,109 M (25,212) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable in 2017 and at amortised cost in 2018 amounted to SEK 29,507 M (25,000) and financial assets recognised at fair value via the income statement amounted to SEK 602 M (212).

The total recognised value of the Parent Company's financial assets amounted to SEK 35,909 M (34,934) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable in 2017 and at amortised cost in 2018 amounted to SEK 35,880 M (34,722) and financial assets recognised at fair value via the income statement amounted to SEK 229 M (212).

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, prepaid income and, for the Parent Company, intra-Group liabilities.

The total recognised value of consolidated financial assets amounted to SEK 47,469 M (42,168) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 47,440 M (42,113) and financial liabilities recognised at fair value amounted to SEK 29 M (55).

The total recognised value of the Parent Company's financial liabilities amounted to SEK 50,573 M (43,417) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 50,544 M (43,362) and financial liabilities recognised at fair value amounted to SEK 29 M (55).

Note 33: Financial instruments (continued)

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. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognised in the income statement. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the Company's opinion. On the balance sheet date, the carrying value of purchased debt amounted to SEK 24,830 M (21,149). An account of purchased debt by year acquired is provided in Note 34.

Accounts receivable

Accounts receivable are recognised at amortised cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 719 M (755) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 3,211 M (2,427) on the balance sheet date. The item includes forward exchange contracts for SEK 229 M (212), and receivables of SEK 373 M (0) recognised at fair value in the income statement. The remaining SEK 2,982 M (2,215) is valued at amortised cost. For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 35,857 M (34,839). The item includes forward exchange contracts for SEK 229 M (212), recognised at fair value in the income statement. The remaining SEK 35,628 M (34,627) is valued at amortised cost.

Cash and cash equivalents

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, cash and cash equivalents amounted to SEK 1,348 M (881). For the Parent Company, the corresponding amount was SEK 251 M (95) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 6,831 M (2,703) and for the Parent Company, they amounted to SEK 6,545 M (2,694).

Bond loans

The Parent Company and the Group had bond loans outstanding for a value of SEK 34,254 M (33,052) on the balance sheet date. The bond loans are recognised at amortised cost. The fair value of the bonds, in accordance with observable market data, is SEK 31,606 M (33,408).

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 2,123 M (2,269) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 488 M (572). For the Parent Company, the equivalent amount was SEK 33 M (53).

Note 33: Financial instruments (continued)

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 3,773 M (3,572) on the balance sheet date. The item includes derivatives valued at SEK 29 M (55), recognised at fair value in the income statement (held for trade). Other liabilities, excluding derivatives amounted to SEK 3,744 M (3,517).

For the Parent Company, other liabilities amounted to SEK 7,618 M (5,348) on the balance sheet date and included liabilities to Group companies and accrued expenses. Derivatives are recognised at fair value in the income statement (held for trade) and amounted to SEK 29 M (55). Other liabilities, excluding derivatives amounted to SEK 7,589 M (5,293).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's derivatives suspend their payments. At the end of the year, Intrum had financial assets totalling SEK 29 M (50) that could be offset against debts 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 Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm and Oslo, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimised.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF) and the Norwegian krone (NOK).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

Currency	31 Dec 2018	31 Dec 2017	Average 2018	Average 2017
CHF	9.11	8.42	8.88	8.67
EUR	10.26	9.84	10.26	9.63
HUF	0.0319	0.0317	0.0322	0.0312
NOK	1.03	1.00	1.07	1.03

Note 34: Financial risks and financial policies (continued)

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the Company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum operates in some 25 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate affect consolidated income and earnings, as well as equity and other items in the financial statements.

The Group's revenues are distributed by currency as follows:

SEK M	2018	2017
SEK	882	878
EUR	7,791	5,282
CHF	802	732
HUF	1,197	780
NOK	1,587	763
Other currencies	1,183	999
Total	**13,442**	**9,434**

An appreciation of the Swedish krona of 10 percentage points on average in 2018 against EUR would thus, all else being equal, have affected revenues negatively by SEK 779 M, against CHF by SEK 80 M, against HUF by SEK 120 M and against NOK by SEK 159 M.

Note 34: Financial risks and financial policies (continued)

In terms of net assets by currency, shareholders' equity in the Group, including non-controlling interests, is distributed as follows:

SEK M	2018	2017
SEK	7,497	4,526
EUR	32,811	31,003
– less EUR hedged through foreign currency loans	– 27,654	– 31,709
+ EUR hedged through derivatives	5,817	7,944
CHF	1,581	1,303
– less CHF hedged through foreign currency loans	– 31	– 97
– less CHF hedged through derivatives	– 957	– 505
DKK	707	1,745
– less DKK hedged through derivatives	– 438	0
HUF	2,494	1,865
– less HUF hedges through foreign currency loans	– 516	0
– less HUF hedged through derivatives	– 1,050	– 1,183
NOK	13,036	13,163
– less NOK hedged through foreign currency loans	– 5,135	– 6,462
– less NOK hedged through derivatives	– 4,221	0
Other currencies	1,732	522
Total	**25,672**	**22,439**

All else being equal, an appreciation in the Swedish krona of 37 percentage points as per 31 December 2018 against EUR would have affected shareholders' equity in the Group negatively by SEK 1,097 M, against CHF by SEK 59 M, against DKK by SEK 27 M, against HUF by SEK 93 M and against NOK by SEK 37 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

The Group hedges itself against part of the translation exposure through currency hedging via external loans in foreign currency and derivatives. There is an economic relationship between the hedged balance sheet items and the hedge instruments where the efficiency of the hedges is tested and adjusted on a monthly basis. The effects of the translation exposure and the hedging arrangements have opposite signs and are reported in Other comprehensive income.

Hedge instruments amounted to SEK – 34,185 M (– 32,012) at year-end. No inefficiency has been reported during the year as regards 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 42,122 M (37,322) on 31 December 2018. 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 30 months (39) for the entire loan portfolio. A 1-percent increase in market interest rates during the year would have adversely affected net financial items by approximately SEK 397 M. A 5-percent increase would have adversely affected net financial items by SEK 1,986 M.

To establish an appropriate matching of currencies in the balance sheet and thus manage the currency risk between assets and liabilities, the Company uses currency interest rate swaps in which the Parent Company swaps liabilities in SEK and receives EUR at the same rate on both the start and maturity dates. In this way, the Company can maintain the desired level of hedging of shareholders' equity per currency while also maintaining an interest rate exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected costs to ensure the Group's ability to fulfil its short and long-term payment obligations to outside parties.

Note 34: Financial risks and financial policies (continued)

The Group's long-term financing risk is limited by confirmed loan facilities. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

Since June 2017, Intrum AB has had a four and a half year revolving syndicated loan facility totalling EUR 1,100 M with a bank consortium consisting of five Nordic banks. The loan framework of EUR 1,100 M can be utilised for borrowing in a number of different currencies. On 31 December 2018, the loan framework had been utilised for loans in SEK totalling SEK 0 M (700), in EUR totalling EUR 295 M (100), in GBP totalling GBP 102 M (0), in NOK totalling NOK 3,000 M (0) and in HUF totalling HUF 16,200 M (0).

The unutilised portion of the facilities amounted to SEK 4,241 M (8,008). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains operations-related and financial covenants, including limits on financial indicators. All of these covenants were fully met in 2018. 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.

In 2017, Intrum AB issued public bonds for approximately EUR 3,000 M, divided into four tranches totalling EUR 2,700 M and SEK 3,000 M. During 2018, Intrum issued an additional public bond for SEK 1,000 M, and thus has total outstanding bond loans for SEK 34,254 M (33,052). In 2018, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,123 M (2,269).

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 including interest. 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 2018				
Accounts payable and other liabilities	4,262			4,262
Liabilities to credit institutions	3,105			3,105
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Total	**11,419**	**27,491**	**9,700**	**48,610**
31 Dec 2017				
Accounts payable and other liabilities	4,144			4,144
Liabilities to credit institutions		2,823		2,823
Bond loan	1,000	21,707	10,428	33,135
Commercial papers	2,270			2,270
Total	**7,414**	**24,530**	**10,428**	**42,372**

Note 34: Financial risks and financial policies (continued)

Financial liabilities in the balance sheet—Parent Company

SEK M	Within one year	2–5 years	Later than five years	Total
31 Dec 2018				
Accounts payable and other liabilities	618			618
Liabilities to credit institutions	2,820			2,820
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Liabilities to Group companies	3,825	3,207		7,032
Total	**11,315**	**30,698**	**9,700**	**51,713**
31 Dec 2017				
Accounts payable and other liabilities	626			626
Liabilities to credit institutions		2,814		2,814
Bond loan	1,000	21,707	10,428	33,135
Commercial papers	2,270			2,270
Liabilities to Group companies	1,515	3,260		4,775
Total	**5,411**	**27,781**	**10,428**	**43,620**

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 customers in various industries, are not concentrated in a specific geographical region. The Group's largest client accounts for less than four percent of revenues. Most accounts receivable outstanding are with clients previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Portfolio investments

As part of its portfolio investment operations, Intrum acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum retains the entire amount it collects, including interest and fees.

The acquired receivables are overdue and in many cases are from customers 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 24,830 M (21,149) would become worthless and have to be written off.

Note 34: Financial risks and financial policies (continued)

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 18,465. Portfolios are normally acquired from clients with whom the Group has had a long-term relationship. The acquisitions have generally consisted of unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralised receivables. Since 2016, however, Intrum has also begun to acquire portfolios with underlying collateral, usually in the form of property mortgages. Intrum places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made basedon 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 CarVal and Deutsche Bank to share the capital investment and return.

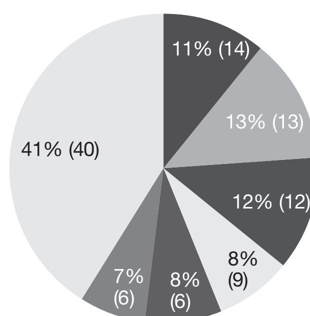
The portfolio values are reassessed quarterly for impairment, based on historical collection patterns as well as macroeconomic forecasts.

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 customers in 21 countries. The Group's total carrying amount for purchased debt is distributed as follows:

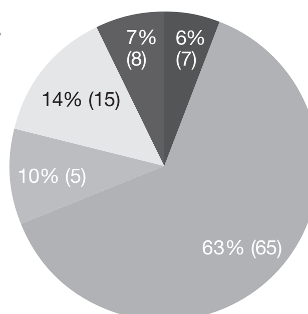
By country

- Germany
- Norway
- Spain
- Sweden
- France
- UK
- Other countries



By sector

- Telecommunications companies
- Banking sector
- Credit card receivables
- Other financial operations
- Other sectors



Of the total carrying value on the balance sheet date, 26 percent represents portfolios acquired in 2018, 25 percent those acquired in 2017, 13 percent those acquired in 2016 and 12 percent acquired in 2015. The remaining 24 percent relates to receivables acquired in or before 2014, 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 customers on payment plans.

Note 34: Financial risks and financial policies (continued)

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 customers. In many cases Intrum has agreements with its clients whereby any expenses that cannot be collected from customers 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 229 M (212), and liabilities at SEK 29 M (55). 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 amount, buy	Hedged amount, sell
CHF	50,955,314	–105,000,000
CZK	528,907,000	0
DKK	19,086,000	–975,370,000
EUR	857,084,209	–763,480,353
GBP	11,473,000	–138,447,000
HUF	16,761,976,000	–37,170,134,000
NOK	2,296,600,000	–6,433,583,000
PLN	1,810,000	–221,337,600
RON	7,465,000	–154,903,000

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the client 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 120 M (111). 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 and divestments

In the cash flow statement, SEK 8,587 M (1,506) is reported as acquisitions of subsidiaries and joint ventures.

For 2018, the amount relates to the acquisition of 51 percent of the shares in Intrum Italy Spa for SEK 1,883 M, the acquisition of 100 percent of the shares in Northwind Investment Holding Sl for SEK 1,787 M, the acquisition of Iplatform Consultoria e Participacoes SA for SEK 15 M, and the acquisition of profit participating notes in Ithaca Investment DAC for SEK 4,902 M (recognised as participations in a joint venture).

Note 35: Acquisitions and divestments (continued)

For 2017, the amount refers to the acquisition of 100 percent of the shares in CAF S.p.A. for SEK 1,307 M, Asset Gate for SEK 19 M, LSF West S.r.l. for SEK 9 M, Mirus International for SEK 2 M, Top Factoring for SEK 27 M, Intractive Wide Development for SEK 57 M, and the acquisition from the former minority shareholder of 42 percent of the shares in IJCOF Corporate for SEK 85 M.

Partnership with Banca Intesa Sanpaolo

In April, Intrum entered into a partnership agreement with the Italian bank Banca Intesa Sanpaolo in April, contributing a collection department with a labour force of 600 and a portfolio of overdue receivables that is held together with an investor. The transaction was completed in early December. Intrum reports its holding in the jointly-owned portfolio of receivables as a participation in a joint venture, Ithaca Investment DAC, and the holding in the shared Italian collection business as a subsidiary, Intrum Italy Spa, in which the minority share attributable to shares owned by Banca Intesa Sanpaolo is reported as non-controlling interest.

On Intrum's acquisition of the shared collection operation, the company In-trum Italy Spa, the following preliminary acquisition analysis was prepared:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Client relationships		2,065	2,065
Fixed assets	26		26
Deferred tax liability		–576	–576
Net assets	**26**		**1,515**
Other companies added			718
Paid in cash			1,884
Minority interests			1,136
Goodwill			2,223

The company was included in the consolidated accounts effective from December 2018 and contributed to consolidated revenues by SEK 113 M and to operating earnings by SEK 60 M. The company was founded in 2018 and it would be inpractible to determine what revenues and earnings would have been if it had existed the full-year.

The goodwill recognised is attributable to synergies in the form of expected cost savings and economies of scale achieved when the Italian operations are integrated, and to the combined workforce.

Acquisition of 100 percent of the shares in Northwind Investment Holding Sl

In December, Intrum met with Ibercaja Banco SA to acquire 6,400 properties in Spain from Ibercaja and the bank's subsidiaries. The real estate portfolio has been transferred to a new company, in which Intrum will initially be the majority shareholder, while Ibercaja's subsidiary retains a minority holding of 20 percent. This company, Global Zappa Sl, is owned through a holding company by Northwind Investment Holding Sl, in which Intrum has acquired 100 percent of the shares. Intrum's final investment, when financing and co-investors are in place, will amount to approximately EUR 30–40 M. Property holdings are not a strategic area of focus for the Group.

Note 35: Acquisitions and divestments (continued)

On Intrum's acquisition of Northwind Investment Holding SI, the following preliminary acquisition analysis was prepared:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Fixed assets	256		256
Property holdings	2,233		2,233
Liabilities	−530		−530
Net assets	**1,959**		**1,959**
Less minority interests in subsidiaries			−172
Net assets, Intrum			1,787
Acquisition price			1,787

Acquisition of 51 percent of the shares in platform Consultoria e Participacoes SA

In July, a majority shareholding of 51 percent was acquired in the Brazilian credit management company iPlatform. The name of the company has been changed to Intrum Brasil Consultoria e Participaçoes, S.A. Goodwill of SEK 15 M has been recognised.

Acquisition of Solvia

In December, Intrum met with Banco Sabadell regarding the acquisition of the bank's wholly owned subsidiary Solvia Servicios Inmobiliaros (Solvia), which offers real estate management services in the Spanish market. The transaction is expected to be concluded during the first half of 2019. Solvia's earnings for the second half of 2018 were below the expected level. Discussions are in progress with the seller to reach a final agreement. The acquisition analysis has yet to be prepared.

Merger with Lindorff

On 12 June 2017, the EU Commission approved the merger of Intrum Justitia and Lindorff. The approval was conditional on the divestment of Lindorff's operations in Denmark, Estonia, Finland and Sweden, and of Intrum Justitia's operations in Norway. On 27 June the merger was effectuated and Lock TopCo AS (the parent company of the Lindorff Group) with all of its subsidiaries have since been owned by Intrum AB (publ).

The merger was effectuated through a non-cash issue whereby Intrum Justitia AB issued new shares in exchange for all shares in Lock TopCo AS.

The preliminary acquisition analysis prepared by Intrum in connection with the merger has been adjusted to the following final acquisition analysis. A change from the preliminary acquisition analysis previously prepared is that contingent liabilities regarding some of Lindorff's litigation and tax disputes, ongoing as per the transaction date, are reported as current liabilities and provisions in the final acquisition analysis.

Note 35: Acquisitions and divestments (continued)

The acquisition is reported as follows in the consolidated accounts:

SEK M	Preliminary acquisition analysis from June 2017			Final acquisition analysis from June 2018	
	Carrying value before the acquisition	Fair value adjustments	Fair value	Fair value adjustments	Fair value
Intangible assets	19,001	–15,248	3,753	–16,072	2,929
Database of credit data	0			261	261
Tangible assets	138		138		138
Portfolio investments	7,826		7,826	–34	7,792
Other fixed assets	508	334	842	489	997
Current assets	1,778		1,778	89	1,867
Cash and bank balances	684		684		684
Assets for sale	5,184		5,184		5,184
Long-term liabilities	–22,940	–1,392	–24,332	–1,408	–24,348
Current liabilities and provisions	–2,047		–2,047	–155	–2,202
Liabilities in operations to be sold	–3,091		–3,091		–3,091
Net assets	**7,041**	**–16,306**	**–9,265**	**–16,830**	**–9,789**
Acquisition price			17,332		17,332
Goodwill			26,597		27,121
Of which, in operations to be sold			4,255		1,826
Of which, in continuing operations			22,342		25,295

Other acquisitions in 2017

Acquisition of 100 percent of the shares in CAF S.p.A (CAF)

In December 2017, CAF S.p.A (CAF) was acquired, the third-largest credit management company for unsecured claims in Italy. In connection with this, Intrum also acquired a large, diversified investment portfolio where collection is handled by CAF. The total purchase consideration for CAF and the portfolio was approximately EUR 200 M, on a cash and debt-free basis. CAF employs some 200 people in credit management services at three locations in Italy. The acquisition analysis was detailed in the 2017 Annual Report.

Acquisition of 100 percent of the shares in Asset Gate GmbH

In December 2017, Asset Gate GmbH was acquired. The company has been included in the consolidated accounts as of December 2017. The acquisition analysis was detailed in the 2017 Annual Report.

Acquisition of 100 percent of the shares in Mirus International BV

In September 2017, Mirus International BV, a small credit management company in the Netherlands, was acquired for a partial conditional purchase consideration of approximately EUR 5 M. The acquisition analysis was detailed in the 2017 Annual Report.

Acquisition of 100 percent of the shares in Top Factoring SA

In April 2017, the acquisition of Top Factoring, one of the leading purchased debt companies in Romania, was completed. The Company is mainly present in the bank and telecommunications sectors, with several strong customer relationships generating recurring investment opportunities in portfolio investments. The acquisition analysis was detailed in the 2017 Annual Report.

Acquisition of the minority shareholding in IJCOF Corporate SAS

In April 2017, Intrum acquired the minority shareholding of 42 percent of the shares in the French subsidiary IJCOF Corporate SAS. IJCOF Corporate SAS is active in credit management for customers with mainly corporate receivables.

Note 35: Acquisitions and divestments (continued)

Acquisition of 100 percent of the shares in 1 Credit Ltd finalised

In February 2017, the acquisition was completed of 1st Credit, a medium-sized company active in portfolio investments in the UK. The name of the company has been changed to Intrum UK Ltd. The company was consolidated as of February 2017. The acquisition analysis was detailed in the 2017 Annual Report.

Acquisition of 100 percent of the shares in Intractiv Wide Development SAS

In February 2017, a small business was acquired within Credit Management in France, Intractiv Wide Development SAS. Intractiv mainly offers a digital platform in credit management for clients with corporate receivables.

Note 36: Critical estimates and assumptions

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognised amounts for assets and liabilities in future fiscal years are primarily the following:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Portfolio investments

As indicated in Note 14, the recognition of portfolio investments in overdue receivables is based on the Company's own projection of future cash flows from the acquired portfolios. Although the Company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalised decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, an amendment of the cash flow projection normally requires an agreement between local management in the country in question and the Group's risk department. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Sales of portfolio investments

The Group has occasionally sold certain portfolios of purchased debt. Divestments of portfolios are not included in the business model for this asset category. Intrum has assessed the transactions and concluded that a sale of purchased debt should be recognised in the same way as if an amount equivalent to the selling price had been collected as part of normal operations. For Intrum's accounting, it does not matter if the same amount is received through collection from customers 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.

Note 36: Critical estimates and assumptions (continued)

Useful lifetimes of intangible and tangible fixed assets

Group Management establishes assessed useful lifetimes and thus consistent amortisation and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lives. Useful life and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognised values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carry forwards or other future tax deductions are recognised to the extent it is deemed likely that the deduction can be made against future taxable surpluses. Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Reporting of Polish investment fund

The Group has operated in Poland since 2006 through investment funds designed for the purchasing and holding of portfolio investments. From the Group's perspective, the funds function in practice as a subsidiary. Against this backdrop, Intrum has resolved to consolidate the investment funds as a subsidiary in the consolidated financial statements.

Joint venture

As stated in Note 13, in 2018, the Intrum Group invested in profit participating notes issued by the Irish company Ithaca Investment DAC. Through its holding in the profit participating notes and the wording of the agreement, Intrum holds a position closely corresponding to that of a shareholder in the company, and the consolidated accounts therefore treat the profit participating notes as though they were an equity instrument issued by Ithaca Investment DAC. Although Intrum's holding corresponds to 80 percent of the profit participating notes issued shareholder loans, through an agreement with another investor holding 20 percent of the profit participating notes, the two parties share a controlling influence, and Intrum therefore reports the investment according to the rules for joint ventures.

Acquisitions

In 2018, Intrum entered into a partnership with Banca Intesa Sanpaolo, which included the acquisition of a subsidiary and participations in a joint venture. During the final month of the year, a real estate company was also acquired in Spain. The acquisitions and acquisition analyses are detailed in Note 35. The acquisitions were large and complex, and the acquisition analyses may be adjusted in upcoming quarters.

Note 37: Related parties

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

Transactions with related parties, individuals and companies, are conducted on market terms and at arm's length.

During 2018, Intrum sold services to LBHF Joint Ventures Ltd for SEK 5 M (1), a collection company in which three Intrum employees in the UK, including Country Manager Edward Nott, are board members.

During 2018, Intrum sold services for SEK 10 M to Sbanken ASA, a bank in which a member of Intrum's Group Management, Cathrine Klouman, is a board member.

Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties. Over the year, the Parent Company received SEK 214 M (159) in income from sales of services to Group subsidiaries, and incurred SEK 203 M (14) in expenses attributable to services purchased from subsidiaries.

Note 38: Reconciliation of key figures

SEK M, unless otherwise indicated	Group		
		Pro forma	
	2018	2017	2017
Earnings from portfolio investments	**3,464**	**2,433**	**2,979**
Of which, revaluations	88	−3	63
Average carrying value of portfolio investments in receivables	22,990	14,830	18,696
Average reported value of properties excluding the Ibercaja transaction	145	47	47
Total	**23,134**	**14,877**	**18,743**
Return on portfolio investments incl. properties, percent	15	16	16
Earnings from portfolio investments	3,464	2,433	2,979
Participations in joint ventures	106	0	0
Total	**3,570**	**2,433**	**2,979**
Average carrying value of portfolio investments in receivables	22,990	14,830	18,696
Average reported value of properties excluding the Ibercaja transaction	145	47	47
Average value of shares and participations in joint ventures	2,373	0	0
Total	**25,507**	**14,877**	**18,743**
Return on portfolio investments including properties and joint ventures, percent	14	16	16
EBIT	3,978	2,728	3,489
Depreciation/amortisation	900	436	742
EBITDA	**4,878**	**3,164**	**4,231**
EBIT	3,978	2,728	3,489
Depreciation/amortisation	900	436	742
Amortisation and revaluations, portfolio investments	3,854	2,788	3,295
Cash EBITDA	**8,732**	**5,952**	**7,526**
EBIT	3,978	2,728	3,489
Non-recurring items (NRIs)	742	397	499
EBIT excl. NRIs	**4,720**	**3,125**	**3,988**
EBITDA	4,878	3,164	4,231
Non-recurring items (NRIs)	742	397	499
EBITDA excl. NRIs	**5,620**	**3,561**	**4,730**
Cash EBITDA	8,732	5,952	7,526
Non-recurring items (NRIs)	742	397	499
Cash EBITDA excl. NRIs	**9,474**	**6,349**	**8,025**
EBIT	3,978	2,728	3,489
Non-recurring items (NRIs)	742	397	499
Revaluations of portfolio invest- ments	−88	3	−63
Items affecting comparability	−132	0	0
Adjusted operating earnings (EBIT)	**4,500**	**3,128**	**3,925**
Liabilities to credit institutions	6,830	2,703	2,703
Bond loan	34,254	33,052	33,052
Provisions for pensions	263	175	175
Commercial papers	2,123	2,269	2,269
Other interest-bearing liabilities	0	4	4
Liquid assets	−1,348	−881	−881
Net debt	**42,122**	**37,322**	**37,322**

Note 38: Reconciliation of key figures (continued)

Return on portfolio investments

Return on portfolio investments is the service line earnings for the period, excluding factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item Portfolio investments. 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.

EBITDA

Operating earnings before depreciation and amortisation (EBITDA) are operating earnings after reversal of depreciation of fixed assets except portfolio investments.

Cash EBITDA

Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortisation and revaluations of portfolio investments are added back.

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.

EBIT, EBITDA AND cash EBITDA, excluding NRIs

In accordance with the above, the key figures EBIT, EBITDA and Cash EBITDA are also reported after recurring non-recurring items, NRIs.

Adjusted operating earnings (EBIT)

Adjusted operating earnings (EBIT) are operating earnings excluding revaluations of portfolio investments, items affecting comparability and non-recurring items (NRIs).

Pro forma financial reports including Lindorff

Pro forma financial reports are issued for the Group including Lindorff, as if Lindorff had been included in the Group throughout the comparison period. Pro forma earnings have been calculated by adding Intrum's and Lindorff's actual results for each period without making adjustments for the periods in which transaction costs would have been incurred if the acquisition had taken place at another time. Fair value adjustments made in the acquisition analysis on Intrum Justitia's acquisition of Lindorff are not recognised in earnings for any period, although they can be recognised as costs in the acquired legal entity.

Note 39: Discontinued operations and assets and liabilities in operations held for sale

The merger between Intrum Justitia and Lindorff was implemented on 27 June 2017.

In connection with the merger, Intrum undertook to the European Commission to divest Intrum Justitia's Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. In November 2017, Intrum agreed to divest these subsidiaries to a company in the Lowell Group, and the

Note 39: Discontinued operations and assets and liabilities in operations held for sale (continued)

transaction was finalised in March 2018, in connection with which Intrum received the purchase consideration of SEK 7,511 M.

In the income statement, the subsidiaries being divested in accordance with the above have been reported in accordance with IFRS 5 Non-currrent Assets Held for Sale and Discontinued Operations as discontinued operations, with the comparative figures for previous years being recalculated. In the balance sheet for 2017, these subsidiaries are reported as assets and liabilities in operations held for sale, without the comparative figures being recalculated.

Earnings from discontinued operations are stated below:

	Group	
SEK M	**2018**	**2017**
Net revenues	415	1,051
Operating expenses	–335	–824
Operating earnings (EBIT)	**80**	**227**
Net financial items	–7	–49
Profit before tax	**73**	**178**
Taxes	–5	–41
Earnings from discontinued operations	**68**	**137**
Loss on disposal including accumulated translation differences	–141	0
Total earnings from discontinued operations	**–73**	**137**

The loss on disposal includes transaction costs of SEK 126 M.

The above income statements include Intrum Justitia's Norwegian subsidiaries for 1 January 2017 to 31 March 2018, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries for the period 27 June 2017 to 31 March 2018.

At the end of 2017, the carrying values of assets in operations held for sale amounted to SEK 8,314 M, and liabilities in assets held for sale to SEK 1,168 M.

Note 40: Pro forma income statement including Lindorff

On 27 June 2017, Lock TopCo AS and a subsidiary (the Lindorff Group) was acquired. Below is a calculated pro forma income statement, as well as key ratios and alternative performance measurements, in which Lindorff has been consolidated for all of 2017 in the comparison figures.

SEK M	Group Full-year 2018	Group Full-year 2017	Lindorff 1 Jan–27 Jun 2017	Pro forma Full-year 2017
Consolidated income statement				
Income from customers	7,240	5,041	1,793	6,834
Income from portfolio investments in accordance with the effective interest method	6,114	4,394	928	5,322
Positive revaluations of portfolio investments	795	334	64	398
Negative revaluations of portfolio investments	–707	–335	0	–335
Total revenues	**13,442**	**9,434**	**2,785**	**12,219**
Operating expenses	–9,570	–6,716	–2,024	–8,740
Participations in earnings of associated companies and joint ventures	106	10	0	10
Operating earnings (EBIT)	**3,978**	**2,728**	**761**	**3,489**
Net financial items	–1,363	–973	–969	–1,942
Profit before tax	**2,615**	**1,755**	**–208**	**1,547**
Taxes	–599	–389	–78	–467
Net earnings for the year from continuing operations	**2,016**	**1,366**	**–286**	**1,080**
Earnings for the period from discontinued operations after tax	–73	137	101	238
Net earnings for the year	**1,943**	**1,503**	**–185**	**1,318**
Net revenues by geographical region				
Northern Europe	3,979	3,012	857	3,869
Central and Eastern Europe	3,790	2,775	471	3,246
Western and Southern Europe	2,564	1,847	209	2,056
Iberian Peninsula and Latin America	3,109	1,800	1,248	3,048
Total net revenues by geographical region	**13,442**	**9,434**	**2,785**	**12,219**
Revaluations of portfolio investments				
Northern Europe	–23	18	24	42
Central and Eastern Europe	109	–19	32	13
Western and Southern Europe	–58	0	6	6
Iberian Peninsula and Latin America	60	–2	4	2
Total revaluations of portfolio investments	**88**	**–3**	**66**	**63**
Net revenues excluding revaluations and items affecting comparability				
Northern Europe	4,002	2,994	833	3,827
Central and Eastern Europe	3,681	2,794	439	3,233
Western and Southern Europe	2,622	1,847	203	2,050
Iberian Peninsula and Latin America	2,826	1,802	1,244	3,046
Total net revenues excluding revaluations and items affecting comparability	**13,131**	**9,437**	**2,719**	**12,156**
Operating earnings (EBIT)				
Northern Europe	1,294	1,014	257	1,271
Central and Eastern Europe	1,377	831	137	968
Western and Southern Europe	228	290	2	292
Iberian Peninsula and Latin America	1,079	593	365	958
Total operating earnings (EBIT)	**3,978**	**2,728**	**761**	**3,489**

Note 40: Pro forma income statement including Lindorff (continued)

SEK M	Group Full-year 2018	Group Full-year 2017	Lindorff 1 Jan–27 Jun 2017	Pro forma Full-year 2017
Adjusted operating earnings (EBIT)				
Northern Europe	1,425	1,124	288	1,412
Central and Eastern Europe	1,442	999	115	1,114
Western and Southern Europe	664	334	3	337
Iberian Peninsula and Latin America	969	671	391	1,062
Total adjusted operating earnings (EBIT)	**4,500**	**3,128**	**797**	**3,925**
Net revenues by service line				
Credit Management	9,480	6,700	2,152	8,852
Financial Services	6,394	4,516	990	5,506
Elimination of inter-service line revenue	−2,432	−1,782	−356	−2,138
Total net revenues by service line	**13,442**	**9,434**	**2,786**	**12,220**
Service line earnings excl. NRIs and items affecting comparability				
Credit Management	2,489	1,771	704	2,475
Financial Services	3,604	2,445	501	2,946
Shared expenses	−1,505	−1,091	−342	−1,433
Total service line earnings excl. NRIs and items affecting comparability	**4,588**	**3,125**	**863**	**3,988**
Key figures and alternative performance indicators				
Adjusted operating earnings (EBIT)	4,500	3,128	797	3,925
Cash EBITDA excl. NRIs	9,474	6,349	1,676	8,025
EBITDA excl. NRIs	5,620	3,561	1,169	4,730
EBIT excl. NRIs	4,720	3,125	863	3,988
Non-recurring items in EBIT	−742	−397	−102	−499
Items affecting comparability	132	0	0	0
Revaluations of portfolio investments	88	−3	66	63
Cash EBITDA	8,732	5,952	1,574	7,526
EBITDA	4,878	3,164	1,067	4,231
EBIT	3,978	2,728	761	3,489
Portfolio investments	11,854	7,223	634	7,857

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
Fair value reserve	−1,163,951,762
Retained earnings	−1,593,942,869
Net earnings for the year	1,477,888,542
Total	**16,161,829,195**

The Board of Directors and the President propose that the earnings be distributed as follows:

SEK	
Dividend, 131,291,320 shares × SEK 9.50	1,247,267,540
Balance carried forward	14,914,201,655
Total	**16,161,829,195**

The Board of Directors' complete statement motivating the proposed disposition of earnings for the 2018 fiscal year will be presented in a separate document prior to the 2019 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 28 March 2019 and are proposed for approval by the Annual General Meeting on 26 April 2019.

Stockholm, 28 March 2019

Mikael Ericson
President and CEO

Per E. Larsson
Chairman of the Board

Magnus Yngen
Deputy Chairman of the Board

Hans Larsson
Board member

Kristoffer Melinder
Board member

Andreas Näsvik
Board member

Magdalena Persson
Board member

Synnöve Trygg
Board member

Fredrik Trägårdh
Board member

Ragnhild Wiborg
Board member

Our audit report regarding this annual report was submitted on 3 April 2019.

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Audit report

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

Report on the annual and consolidated accounts

Opinions

We have conducted an audit of the annual and consolidated accounts of Intrum AB (publ) for the year 2018. The company's annual and consolidated accounts are presented on pages F-132-F207 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of 31 December 2018 and its financial performance and cash flow for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a fair portrayal of the financial position of the Group as of 31 December 2018 and its financial performance and cash flow for the year in accordance with the International Financial Reporting Standards IFRS), as adopted by the EU, and the Annual Accounts Act. We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

Our statements in this report on the annual and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility in accordance with these standards is described in the section Auditor's responsibility. We are independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and conviction, no prohibited services referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or companies that it controls within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the area	How our audit addressed this key audit matter
Consolidated net revenues for 2018 amounted to SEK 13,442 M. As is evident from Notes 2 and 3 to the annual accounts, net revenues are distributed between the various revenue sources, including collection fees, commissions and fees, as well as amounts collected on purchased receivables 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.	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 using data-based analysis tools and evaluated the effectiveness of the Company's controls for IT systems of relevance for income recognition. On a random basis, we have also examined income against agreements and amounts paid in. Processes for programme development, programme changes and access management have been reviewed, as has the monitoring and handling of incidents. We have also reviewed the disclosures in the financial statements regarding income recognition.

Goodwill

Description of the area	How our audit addressed this key audit matter
Goodwill is reported in the amount of SEK 33,055 M in the consolidated balance sheet as per 31 December 2018. Over the fiscal year, goodwill increased by SEK 3,490 M as a consequence of acquisitions. The Company tests, at least annually and when there is an indication of impairment, that the carrying values do not exceed the assets' recoverable amounts. The recoverable amounts are determined by calculating the value in use of each cash generating unit, in connection with which estimated future cash flows are discounted. The Company's cash flow forecasts are based on historical experience, business plans and other forward-looking assessments. The impairment test for 2018 did not result in any impairment. A description of the accounting principles for goodwill is presented in Note 1 and the impairment testing, as well as critical estimates and assumptions are presented in Notes 10 and 36. As a consequence of the reported amounts being of material importance to the financial reporting and the assessments and critical assumptions required for the calculation of the value in use, we have assessed goodwill accounting as an area of particular importance in the audit.	We have assessed the Company's process for performing impairment testing. We have examined valuation methods and calculations, the reasonableness of the assumptions made and sensitivity analyses for changed assumptions supported by our valuation specialists. Comparisons have been made with historical results, and other companies in the same sector. The precision of previous forecasts has been evaluated. We have also reviewed the disclosures in the financial statements regarding goodwill.

Portfolio investments

Description of the area	How our audit addressed this key audit matter
Purchased debt is reported at SEK 24,830 M in the consolidated balance sheet as per 31 December 2018. 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 purchased debt are presented in Note 1, critical estimates and assumptions are presented in Note 36, and a description of the purchased debt is given in Note 14. The Company's accounting of purchased debt 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.	In our audit, we have, among other things, evaluated the Company's processes for valuing purchased debt, 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 purchased debt.

Information other than the annual and consolidated accounts

This document also contains information other than the annual and consolidated accounts presented on pages 1–45 and 104–128. The Board of Directors and the President 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 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.

Responsibility of the Board of Directors and the CEO

The Board of Directors and the President are responsible for the preparation of the annual and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual 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 President are responsible for the assessment of the Company's ability to continue operating. They disclose, as applicable, conditions

that could impact the company's capacity to continue operating, and the assumption of continued operation. However, the assumption of continued operation is not applied if the Board of Directors and the President intend to liquidate the Company, cease operations, or have 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.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the annual 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 and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition, we:

- 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 President.

- 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 ability to continue its operations. 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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 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 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 opinion 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 and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these areas in the audit report unless legislation or other regulations prevent disclosure.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the President of Intrum AB (publ) for 2018 and the proposed appropriations of the Company's profit or loss.

We recommend that the Annual General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the fiscal year.

Basis for opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in the section Auditor's responsibility. We are independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise fulfilled our professional 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 opinion.

Responsibility of the Board of Directors and the CEO

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 organisation 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 organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The President is responsible for the ongoing management in accordance with the Board's guidelines and instructions, including taking the measures necessary for the Company's accounting to be completed in accordance with the law and for the management of funds being handled in a secure manner.

Auditors' 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 President in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company.

- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies 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 judgement and maintain professional scepticism 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 judgement 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, Sweden was appointed Intrum AB's auditor at the Annual General Meeting on 27 April 2018 and has been the Company's auditor since 25 April 2012.

Stockholm, 3 April 2019
Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant