

# INTERIM REPORT

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*January-June 2017*

# INTERIM REPORT JANUARY-JUNE 2017

## SECOND QUARTER 2017

- The merger with Lindorff was implemented on June 27, 2017. Accordingly, Lindorff is not included in the consolidated income statement for the second quarter of 2017 but only in the balance sheet for June 30, 2017. In connection with the merger, Intrum Justitia has undertaken to divest its Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. Consequently, Intrum Justitia's Norwegian subsidiaries are reported as discontinued operations for the second quarter and comparative periods.
- On pages 9-11 of the interim report, the development of the merged Group is commented on a pro forma basis, calculated as if Lindorff had been included in the Group throughout the interim period and in the comparative figures. Subsidiaries to be divested are reported pro forma as discontinued operations for the second quarter of 2017 and the comparison periods.
- Consolidated net revenues for the second quarter of 2017 amounted to SEK 1,796 M (1,421). Pro forma net sales amounted to SEK 3,205 M (2,565).
- Operating earnings (EBIT), excluding non-recurring items (NRIs), amounted to SEK 639 M (467). On a pro forma basis, EBIT, excluding NRIs, amounted to SEK 1,059 M (941).
- Net earnings for the quarter amounted to SEK 98 M (354) and earnings per share were SEK 1.32 (4.85). On a pro forma basis, net earnings amounted to SEK -17 M (468).
- Cash flow from operating activities amounted to SEK 703 M (686).
- The carrying amount of purchased debt, excluding Lindorff's purchased debt, has increased by 45 percent compared with the second quarter of 2016. Disbursements for investments in purchased debt during the quarter amounted to SEK 835 M (545). The return on purchased debt was 20 percent (20). On a pro forma basis, the reported value of purchased debt has increased by 31 percent compared with the second quarter of 2016. On a pro forma basis, the quarter's investments in purchased debt amounted to SEK 1,287 M (934). On a pro forma basis, the return on purchased debt was 17 percent (19).
- Net revenue for the quarter in the Credit Management service line increased by 18 percent compared with the corresponding quarter last year, with an operating margin of 26 percent (26) excluding NRIs. On a pro forma basis, revenue from Credit Management rose by 26 percent, and the operating margin was 30 percent (33) excluding NRIs.
- In connection with the merger with Lindorff, Intrum Justitia has successfully refinanced Intrum Justitia's and Lindorff's outstanding debt by issuing bonds for approximately EUR 3 billion at an average interest rate of 2.85 percent.

## SECOND QUARTER

**31%**

Quarterly change in pro forma book value for purchased debt

**17%**

Pro forma return on purchased debt for the quarter

**26%**

Quarterly increase in pro forma Credit Management revenue

**30%**

Credit Management's pro forma service line margin for the quarter, excluding NRIs

**2.85%**

Average interest rate on the Group's new bonds

| <b>SEK M</b><br>unless otherwise indicated              | <b>April-June<br/>2017</b> | April-June<br>2016 | Change<br>% | <b>Jan-June<br/>2017</b> | Jan-June<br>2016 | Change<br>% |
|---------------------------------------------------------|----------------------------|--------------------|-------------|--------------------------|------------------|-------------|
| Revenues                                                | 1,796                      | 1,421              | 26          | 3,347                    | 2,778            | 20          |
| Cash EBITDA                                             | 995                        | 880                | 13          | 2,006                    | 1,702            | 18          |
| EBITDA                                                  | 518                        | 498                | 4           | 1,027                    | 954              | 8           |
| EBIT                                                    | 476                        | 457                | 4           | 944                      | 873              | 8           |
| Non-recurring items (NRI's) in EBIT                     | -163                       | -10                |             | -180                     | -10              |             |
| Non-recurring items (NRI's) in net<br>financial items   | -316                       | 0                  |             | -316                     | 0                |             |
| Revaluations of purchased debt                          | 41                         | 17                 |             | 40                       | 22               |             |
| Cash EBITDA excl NRI's                                  | 1,158                      | 890                | 30          | 2,186                    | 1,712            | 28          |
| EBITDA excl NRI's                                       | 681                        | 508                | 34          | 1,207                    | 964              | 25          |
| EBIT excl NRI's                                         | 639                        | 467                | 37          | 1,124                    | 883              | 27          |
| Net earnings                                            | 98                         | 354                | -72         | 445                      | 664              | -33         |
| Earnings per share (EPS), SEK                           | 1.32                       | 4.85               | -73         | 6.04                     | 9.11             | -34         |
| Cash flow from operating activities                     | 703                        | 686                | 2           | 1,398                    | 1,399            | -0          |
| CMS growth, %                                           | 18                         | 4                  |             | 16                       | 3                |             |
| CMS service line margin excl NRI's, %                   | 26                         | 26                 |             | 25                       | 25               |             |
| Estimated remaining collections, ERC<br>(excl Lindorff) | 22,260                     | 15,191             | 47          | 22,260                   | 15,191           | 47          |
| Intestments in purchased debt (excl<br>Lindorff)        | 835                        | 545                | 53          | 3,209                    | 1,278            | 151         |
| Purchased debt book value (excl<br>Lindorff)            | 10,922                     | 7,519              | 45          | 10,922                   | 7,519            | 45          |
| Return on purchased debt, % (excl<br>Lindorff)          | 20                         | 20                 |             | 19                       | 20               |             |
| Net Debt/Pro forma Cash EBITDA<br>excl NRI's            | 3.9                        | n/a                |             | 3.9                      | n/a              |             |

## COMMENT BY PRESIDENT AND CEO MIKAEL ERICSON

During the second quarter of 2017, we successfully completed the merger with Lindorff, thereby achieving our goal of establishing the leading player in our segment, with a unique diversification and market position. Together with Lindorff, we have now created a platform for accelerating growth and profitability in the coming years. Although the EU's competition examination resulted in increased demands for concessions in the Nordic countries than we had initially assessed, the industrial logic behind the merger and the potential to generate significant value remain. At the end of June, we also achieved significant progress for the merged company when we refinanced the Group at considerably lower future cost than was originally estimated. We have also appointed a new Group Management and I am highly confident that we now have the leadership necessary to attain the merged company's potential over the coming years.

Financially, we experienced favorable development in the second quarter of 2017. For Intrum Justitia, excluding Lindorff and discontinued operations, we achieved an increase in our operating earnings, excluding non-recurring items, of 37 percent compared with the same period last year. Both Financial Services and Credit Management contributed to this increase, with purchased debt seeing particularly strong development with strong growth in investment and strong collection, which yielded a return on purchased debt of about 20 percent for the quarter.

Pro forma, including Lindorff but excluding discontinued operations, we also experienced favorable development. Revenues increased by 25 percent compared to the same period last year, with both Financial Services and Credit Management achieving similarly strong growth. Investments in purchased debt for the past twelve months amounted to SEK 7 billion, and in the second quarter we made two supplementary acquisitions, in Romania and Italy. We see continued good supply in purchased debt, as well as opportunities for new acquisitions within Credit Management,

In May, we published our annual 'European Payment Report' survey within the framework of our efforts in sustainability and a sound economy. Among other things, this reflected a negative trend in payments to small and medium-sized businesses, resulting in lower growth and fewer new employments. Intrum Justitia is helping address this problem in society by means of information and contacts with politicians, as well as by offering small and medium-sized businesses services to improve their cash flow.

Intrum Justitia enters the second half of the year with the strength and determination to continue offering customers the most competitive solutions in credit management and financial services. Through the merger with Lindorff, we are expanding our opportunities to develop our customer offering in several dimensions. In combination with a continued strong market, I therefore see significant potential for achieving profitable growth in the coming years. During the fourth quarter, we intend to clarify the Group's strategies for the coming years.

# GROUP

| <b>SEK M</b><br>unless otherwise indicated | <b>April-June<br/>2017</b> | April-June<br>2016 | Change<br>% | <b>Jan-June<br/>2017</b> | Jan-June<br>2016 | Change<br>% |
|--------------------------------------------|----------------------------|--------------------|-------------|--------------------------|------------------|-------------|
| Revenues                                   | 1,796                      | 1,421              | 26          | 3,347                    | 2,778            | 20          |
| EBIT                                       | 476                        | 457                | 4           | 944                      | 873              | 8           |
| Cash EBITDA excl NRI's                     | 1,158                      | 890                | 30          | 2,186                    | 1,712            | 28          |
| EBITDA excl NRI's                          | 681                        | 508                | 34          | 1,207                    | 964              | 25          |
| EBIT excl NRI's                            | 639                        | 467                | 37          | 1,124                    | 883              | 27          |
| Net financial items                        | -359                       | -30                | 1,095       | -404                     | -70              | 477         |
| Tax                                        | -21                        | -86                | -76         | -161                     | -329             | -51         |
| Net earnings                               | 98                         | 354                | -72         | 445                      | 664              | -33         |
| Average number of employees                | 4,369                      | 3,832              | 14          | 4,265                    | 3,794            | 12          |

## REVENUES AND OPERATING EARNINGS

Consolidated net revenues amounted to SEK 1,796 M (1,421) for the second quarter of 2017. This was an increase of 26 percent compared with the same period last year, and was attributable to organic growth of 17 percent, acquisition effects of 3 percent, revaluations of purchased debt of 2 percent and exchange rate effects of 4 percent.

Consolidated operating earnings (EBIT) for the second quarter amounted to SEK 476 M (457) and to SEK 639 M (509) excluding non-recurring items (NRI's). NRI's negatively impacted EBIT by SEK -163 M (-10) in the second quarter, primarily relating to costs for the merger with Lindorff. Revaluations of portfolios of purchased debt affected EBIT positively by SEK 41 M (17) in the second quarter. In the second quarter, exchange rate effects impacted EBIT by approximately SEK 15 M compared with the preceding year.

The increase in EBIT, excluding revaluations, exchange rate effects and non-recurring items was 30 percent for the second quarter compared with the corresponding period last year. This increase is mainly attributable to improved earnings within the Group's Financial Services service line and the Central Europe region. Development in the Group's regions and service lines is commented in more detail below.

## NET FINANCIAL ITEMS

Net financial items for the quarter amounted to SEK -359 M (-30), of which non-recurring items in connection with the Groups new borrowings amounted to SEK- 316 M, with other net financial items accounting for SEK -43 M. The non-recurring items include SEK -299 M in expenses to assure new borrowings in connection with the merger with Lindorff, and SEK -17 M related to amortization of capitalized expenses for the Group's previous borrowings. For consolidated other net financial items, the net interest expense for the quarter amounted to SEK -32 M (-29). Net interest has been affected negatively by increased borrowing and positively by slightly lower average interest rates compared with the corresponding period in the preceding year. Exchange rate differences are included in net financial items by SEK 0 M (5), and other financial items by SEK -328 M (-7), including the aforementioned non-recurring items. See below under the section 'Financing' for further information regarding the Group's new borrowings.

## TAXES

Earnings for the quarter were charged with tax of 20 percent, including taxes on discontinued operations, and 18 percent in continuing operations. Further information regarding an assessment of future tax expense is provided in the section 'Taxation assessments'.

It can be noted that a significant part of the non-recurring expenses for the quarter relating to the merger between Intrum Justitia and Lindorff are not deductible, but that these expenses have been paid by the Parent Company, which, with its tax-loss carryforwards, is not expected to pay taxes for the financial year. Consequently, the short-term negative effect on consolidated tax payments of certain expenses for the merger not being deductible is limited.

## CASH FLOW AND INVESTMENTS

| SEK M<br>unless otherwise indicated                                                                 | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|
| Cash flow from operating activities                                                                 | 703                | 686                | 2           | 1,398            | 1,399            | -0          |
| Cash flow from investing activities                                                                 | -313               | -473               | -34         | -2,465           | -1,609           | 53          |
| Total cash flow from operating and investing activities                                             | 390                | 213                | 83          | -1,067           | -210             | 408         |
| Cash flow from investing activities excl liquid assets in acquired subsidiaries                     | -1,278             | -473               | 170         | -3,439           | -1,610           | 114         |
| Total cash flow from operating and investing activities excl liquid assets in acquired subsidiaries | -575               | 213                | -370        | -2,041           | -211             | 867         |

Cash flow from operating activities during the second quarter amounted to SEK 703 M (686). Cash flow from operating earnings, adjusted before impairment, revaluations, amortization and non-recurring items continues to develop positively, with an increase of SEK 280 M or 32 percent compared with the same period last year. Furthermore, cash flow from operating activities has been positively affected by lower tax payments and improved cash flow from working capital during the second quarter. In total, however, cash flow from operating activities, is on a par with the same period last year due to non-recurring items attributable to the merger with Lindorff.

In the second quarter, cash flow from investing activities, adjusted for cash and cash equivalents, in acquired companies amounted to SEK -1,278 M, compared with SEK -473 M for the same period last year. The increase compared with the previous year is mainly attributable to higher payments of SEK 703 M for investments in purchased debt.

## FINANCING

| SEK M<br>unless otherwise indicated          | 30 Jun<br>2017 | 30 Jun<br>2016 | Change<br>% |
|----------------------------------------------|----------------|----------------|-------------|
| Net Debt                                     | 34,254         | 6,938          | 394         |
| Net Debt/Pro forma Cash EBITDA<br>excl NRI's | 3.9            | n/a            |             |
| Shareholders' equity                         | 21,198         | 3,248          | 553         |
| Cash and cash equivalents                    | 1,335          | 557            | 140         |

As a result of the merger with Lindorff, the previously announced refinancing of Intrum Justitia was completed successfully in June. The Group issued senior, unsecured bonds for approximately EUR 3 billion at an average interest rate of approximately 2.85% and with an average maturity of approximately 5.6 years. In addition, the Group raised a new revolving loan facility of EUR 1.1 billion with a maturity of 4.5 years. Net debt increased by approximately SEK 25.3 billion in the second quarter, mainly due to Lindorff's net debt, which amounted to SEK 22.6 billion of the increase.

Net debt in relation to pro forma rolling 12-month adjusted cash EBITDA amounted to 3.9 on June 30, 2017. The figure is calculated by placing current consolidated net debt at the end of the first six months of the year in relation to pro forma cash EBITDA, including discontinued operations and including a calculated cash EBITDA throughout the period for larger units acquired during the period, and excluding non-recurring items (NRIs).

The merger with Lindorff was implemented on June 27, 2017 through a non-cash issue, whereby Intrum Justitia AB issued 59,193,594 new Intrum Justitia shares, with a total market value of SEK 17,332 M, in exchange for all shares in Lock TopCo AS, the parent company of the Lindorff group. Of the new shares, 57,728,956 were issued to Cidron 1748 sarl (Nordic Capital), and the remaining 1,464,638 shares were issued to other shareholders in Lock TopCo AS. Accordingly, there are 131,541,320 shares outstanding in Intrum Justitia. The average number of shares outstanding in the second quarter of 2017 was 74,229,163 and the average number of shares outstanding in the first half of 2017 was 74,328,835.

## GOODWILL

Consolidated goodwill amounted to SEK 25,453 M as per June 30 2017, compared with SEK 3,120 M as per December 31, 2016. Of the increase, SEK 22,341 M is attributable to the acquisition of Lindorff, SEK 145 M to other acquisitions and SEK -153 M to exchange rate differences.

# REGIONS

Below, the Group's financial development is commented on based on the three geographical regions corresponding to the Group's organization until June 29, 2017. Effective from that date, a new geographic regional organization with four regions will apply, and this will be applied in the Group's financial reporting effective from the interim report to be issued after the third quarter of 2017.

## NORTHERN EUROPE

| SEK M                                              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Fx adj<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Fx adj<br>% |
|----------------------------------------------------|--------------------|--------------------|-------------|-------------|------------------|------------------|-------------|-------------|
| Revenues excluding revaluations                    | 716                | 639                | 12          | 9           | 1,324            | 1,234            | 7           | 5           |
| EBIT excluding revaluations and NRI's              | 220                | 223                | -1          | -4          | 398              | 410              | -3          | -5          |
| EBIT margin excluding revaluations<br>and NRI's, % | 31                 | 35                 | -4 ppt      |             | 30               | 33               | -3 ppt      |             |

Excluding revaluations, exchange rate effects and non-recurring items, revenues increased compared with the same period in the preceding year, primarily through acquired and organic growth in Credit Management. EBIT, excluding revaluations, exchange rate effects and non-recurring items, decreased somewhat compared with the same period last year. The region's profitability remains very good, although measures to increase growth and earnings over the coming years will continue in both purchased debt and Credit Management.

## CENTRAL EUROPE

| SEK M                                              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Fx adj<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Fx adj<br>% |
|----------------------------------------------------|--------------------|--------------------|-------------|-------------|------------------|------------------|-------------|-------------|
| Revenues excluding revaluations                    | 632                | 411                | 54          | 48          | 1,183            | 826              | 43          | 39          |
| EBIT excluding revaluations and NRI's              | 280                | 145                | 93          | 85          | 495              | 286              | 73          | 67          |
| EBIT margin excluding revaluations<br>and NRI's, % | 44                 | 35                 | 9 ppt       |             | 42               | 35               | 7 ppt       |             |

Revenues and EBIT excluding revaluations, exchange rate effects and non-recurring items increased significantly compared with the same period last year, with improvement programs to strengthen operational efficiency having resulted in profitable growth, primarily in purchased debt. In addition, there has been a positive impact from the macro-economic trend in certain countries in the region. The operations acquired in the UK and Romania during 2017 have continued to develop well, and according to plan.

## WESTERN EUROPE

| SEK M                                              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Fx adj<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Fx adj<br>% |
|----------------------------------------------------|--------------------|--------------------|-------------|-------------|------------------|------------------|-------------|-------------|
| Revenues excluding revaluations                    | 407                | 354                | 15          | 10          | 800              | 696              | 15          | 11          |
| EBIT excluding revaluations and NRI's              | 98                 | 82                 | 20          | 15          | 191              | 165              | 16          | 12          |
| EBIT margin excluding revaluations<br>and NRI's, % | 24                 | 23                 | 1 ppt       |             | 24               | 24               | +/-0 ppt    |             |

Revenues and EBIT excluding revaluations, exchange rate effects and non-recurring items show favorable growth compared to with same period last year, mainly due to acquired Credit Management units, growth in purchased debt and initiatives implemented to improve cost-



efficiency. The supply of purchased debt is developing well albeit with continued price pressure in most markets.

## SERVICE LINES

### CREDIT MANAGEMENT

| SEK M                             | April-June<br>2017 | April-June<br>2016 | Change<br>% | Fx adj<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Fx adj<br>% |
|-----------------------------------|--------------------|--------------------|-------------|-------------|------------------|------------------|-------------|-------------|
| Revenues                          | 1,185              | 1,006              | 18          | 13          | 2,294            | 1,984            | 16          | 12          |
| Service line earnings excl NRI's  | 307                | 264                | 16          | 12          | 564              | 492              | 15          | 11          |
| Service line margin excl NRI's, % | 26                 | 26                 | 1 ppt       |             | 25               | 25               | 2 ppt       |             |

Growth in revenues, excluding exchange rate effects, is attributable to acquisitions and increased revenues from collection on the Group's own portfolios, while revenues from external customers were relatively unchanged compared with the same period last year. Service line earnings increased in line with revenues and, accordingly, the operating margin for the quarter was in line with last year. The operating margin has been affected positively by volume growth and improved efficiency but negatively by price pressure in some markets.

### FINANCIAL SERVICES

| SEK M                                           | April-June<br>2017 | April-June<br>2016 | Change<br>% | Fx adj<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Fx adj<br>% |
|-------------------------------------------------|--------------------|--------------------|-------------|-------------|------------------|------------------|-------------|-------------|
| Revenues                                        | 982                | 682                | 44          | 40          | 1,752            | 1,311            | 34          | 31          |
| Service line earnings                           | 549                | 379                | 45          | 41          | 961              | 736              | 31          | 28          |
| Service line earnings excl NRI's                | 538                | 379                | 42          | 36          | 950              | 736              | 29          | 25          |
| Service line margin excl NRI's, %               | 55                 | 56                 | 1 ppt       |             | 54               | 56               | -1 ppt      |             |
| Estimated remaining collections (excl Lindorff) | 22,260             | 15,191             | 47          |             | 22,260           | 15,191           | 47          |             |
| Investments in purchased debt (excl Lindorff)   | 835                | 545                | 53          |             | 3,209            | 1,278            | 151         |             |
| PD book value (excl Lindorff)                   | 10,922             | 7,519              | 45          |             | 10,922           | 7,519            | 45          |             |
| Return on purchased debt, % (excl Lindorff)     | 20                 | 20                 | +/-0 ppt    |             | 19               | 20               | 1 ppt       |             |

Revenues and service line earnings in Financial Services developed very well during the second quarter. Collection on purchased debt was good, yielding a high return of 20 percent for the quarter (19 percent excluding revaluations, which impacted earnings positively by SEK 41 M in the second quarter). Investment growth continued during the quarter, with purchased debt being acquired for a value of SEK 835 M, compared with SEK 545 M in the same period last year.

## COMMENTS ON THE PRO FORMA FINANCIAL REPORTING INCLUDING LINDORFF

On June 27, 2017, the merger with Lindorff was completed. The pro forma financial reporting for the merged group has been calculated as if Lindorff was included in the Group throughout the interim period and in the comparative figures, and is shown in the tables on pages 30-34. In

connection with the merger, Intrum Justitia has undertaken to divest its Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. On a pro forma basis, therefore, all of these subsidiaries are reported as discontinued operations.

Below, comments are given on the Group's pro forma financial development in the second quarter of 2017, based on revenues, operating earnings (EBIT) and development in the two service lines, Credit Management and Financial Services. Effective from June 29, 2017, the Group is organized into four geographical regions, which will be applied to the Group's financial reporting starting with the interim report issued for the third quarter of 2017.

## REVENUES AND OPERATING EARNINGS (PRO FORMA)

| <b>SEK M</b><br>unless otherwise indicated | <b>April-June<br/>2017</b> | April-June<br>2016 | Change<br>% | <b>Jan-June<br/>2017</b> | Jan-June<br>2016 | Change<br>% | <b>Full Year<br/>2016</b> |
|--------------------------------------------|----------------------------|--------------------|-------------|--------------------------|------------------|-------------|---------------------------|
| Revenues                                   | 3,205                      | 2,565              | 25          | 6,133                    | 4,852            | 26          | 10,503                    |
| EBIT                                       | 865                        | 876                | -1          | 1,707                    | 1,556            | 10          | 3,054                     |
| Cash EBITDA excl NRI's                     | 2,037                      | 1,713              | 19          | 3,861                    | 3,152            | 22          | 6,772                     |
| EBITDA excl NRI's                          | 1,281                      | 1,076              | 19          | 2,374                    | 1,913            | 24          | 4,137                     |
| EBIT excl NRI's                            | 1,058                      | 941                | 12          | 1,988                    | 1,659            | 20          | 3,225                     |

Consolidated net revenues amounted to SEK 3,205 M (2,565) for the second quarter of 2017. This was an increase of 25 percent compared with the same period last year, and was attributable to organic growth and acquisition effects of 18 percent, revaluations of purchased debt of 2 percent and exchange rate effects of 5 percent.

Consolidated operating earnings (EBIT) for the second quarter amounted to SEK 865 M (876) and to SEK 1,058 M (941) excluding non-recurring items (NRI's). Non-recurring items impacted operating earnings negatively by –SEK 194 M (–64) in the second quarter, primarily relating to costs related to the merger with Lindorff. Revaluations of portfolios of purchased debt affected operating earnings positively by SEK 64 M (17) in the second quarter. In the second quarter, exchange rate effects impacted operating earnings by approximately SEK 35 M compared with the preceding year.

The increase in operating earnings, excluding revaluations, currency effects and non-recurring items was 4 percent for the second quarter compared with the corresponding period last year. Development in the two service lines is commented on in more detail below.

## NET FINANCIAL ITEMS (PRO FORMA)

Net financial items for the quarter amounted to SEK –883 (–356). Included in the net financial items were non-recurring items of SEK –316 M, as described in the section Net Financial Items on page 5. In addition, the second quarter also included an exchange rate difference of SEK –166 M (39).

## CREDIT MANAGEMENT (PRO FORMA)

| SEK M                             | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|-----------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Revenues                          | 2,292              | 1,823              | 26          | 4,445            | 3,452            | 29          | 7,650             |
| Service line earnings excl NRI's  | 684                | 602                | 14          | 1,269            | 1,021            | 24          | 2,038             |
| Service line margin excl NRI's, % | 30                 | 33                 |             | 29               | 30               |             | 27                |

Growth in revenues, excluding exchange rate effects, is primarily attributable to acquisitions and increased revenues from collection on the Group's own portfolios, while revenues from external customers were relatively unchanged compared with the same period last year. In terms of acquisitions, it is mainly Aktua in Spain that has contributed. Aktua was consolidated as of June 2016 and had sales for the second quarter of 2017 of SEK 337 M compared with SEK 93 M for the same period last year. The service line margin decreased compared with the same period last year, mainly due to items affecting comparability. The second quarter of 2016 included compensation of approximately SEK 37 M from a customer that terminated a contract early, and the second quarter of 2017 included a write-down of software for SEK 13 M.

## FINANCIAL SERVICES (PRO FORMA)

| SEK M                             | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|-----------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Revenues                          | 1,462              | 1,178              | 24          | 2,742            | 2,250            | 22          | 4,697             |
| Revenues excl revaluations        | 1,399              | 1,162              | 20          | 2,637            | 2,214            | 19          | 4,640             |
| Service line earnings             | 766                | 656                | 17          | 1,462            | 1,253            | 17          | 2,561             |
| Service line earnings excl NRI's  | 755                | 658                | 15          | 1,451            | 1,256            | 16          | 2,483             |
| Service line margin excl NRI's, % | 52                 | 56                 |             | 53               | 56               |             | 53                |
| Estimated remaining collections   | 40,006             | 31,079             | 29          | 40,006           | 31,079           | 29          | 35,312            |
| Investments in purchased debt     | 1,287              | 934                | 38          | 3,809            | 1,801            | 111         | 4,979             |
| PD book value                     | 18,748             | 14,280             | 31          | 18,748           | 14,280           | 31          | 16,336            |
| Return on purchased debt, %       | 17                 | 19                 |             | 17               | 18               |             | 17                |

Revenues and earnings in Financial Services developed well during the second quarter, with a good return on purchased debt of 17 percent (19) and an increase in the carrying value of purchased debt of 31 percent compared with the same period last year. Compared with the same period last year, operating earnings have been affected by items affecting comparability. The second quarter of 2016 included a larger collection of approximately SEK 36 M and the second quarter of 2017 included a write-down of software for SEK 40 M. The development of the Group's portfolios acquired in previous years is good, resulting in revaluations of purchased debt of SEK 63 M (16) in the second quarter. Investments in purchased debt amounted to approximately SEK 1.3 billion (0.9) for the second quarter. Including discontinued operations, investments in purchased debt amounted to approximately SEK 1.7 billion (1.0). The market for debt portfolios continues to be pervaded by significant supply and price pressure in most markets.

## TAXATION ASSESSMENTS

The company's assessment of the tax expense over the next few years, following the acquisition of Lindorff, has yet to be completed, but will be published once available.

## PARENT COMPANY

The Group's publicly listed Parent Company, Intrum Justitia 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 48 M (44) for the six-month period and earnings before tax of SEK -849 M (-53). The Parent Company invested SEK 0 M (0) in fixed assets during the quarter and had, at the end of the quarter, SEK 321 M (314) in cash and cash equivalents. The average number of employees was 55 (55).

## TRANSACTIONS WITH RELATED PARTIES IN THE GROUP

Since the transaction on June 27, when Lindorff was acquired, Cidron 1748 sarl, a company controlled by Nordic Capital, is the largest shareholder in Intrum Justitia. According to the agreement on the acquisition of Lindorff, each party accounts for its own transaction costs. However, Cidron 1748 sarl has received a dividend of EUR 26.3 M from the parent company of the Lindorff Group for the financing of its transaction costs, as decided prior to the completion of the transaction.

The allocation of transaction costs between the parties has been taken into account when determining the ownership stake of Lindorff's shareholders in the merged company.

During the interim period, there have been no significant transactions between Intrum Justitia and other closely related companies, the Board or the Group management team.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company. The same accounting principles and calculation methods have been applied as in the most recent Annual Report. The Group is preparing for the changes in the accounting standards concerning financial instruments and revenues from customer contracts that are to take effect in 2018, as well as concerning leases, which enters into force in 2019. An overview of changes in accounting policies and the expected impact on Intrum Justitia's financial reports is presented in Note 1 of the Annual Report for 2016. There is currently nothing new to add in this context.

The Group applies IFRS 5 Non-current assets held for sale and discontinued operations. For reasons of competition, the Group is obliged to divest Intrum Justitia's subsidiaries in Norway and Lindorff's subsidiaries in Sweden, Finland, Denmark and Estonia within a certain period following the merger with Lindorff. In accordance with IFRS 5, net earnings after tax in these companies is reported on a separate line in the consolidated income statement, Earnings for the period from discontinued operations after tax. The comparative figures for previous periods are

recalculated accordingly. Assets and liabilities are reported on separate lines in the consolidated balance sheet, Assets and liabilities in disposal group held for sale, effective from the date on which the Group undertook to sell the companies. In accordance with IFRS 5, the comparative figures in the balance sheets are not recalculated for prior periods.

## SIGNIFICANT RISKS AND UNCERTAINTIES

As a consequence of the merger with Lindorff, an updated analysis of the Group's risks has been published on pages 58-83 of a document published on June 12, 2017, this document can be accessed from the Group's website:

[https://www.intrum.com/globalassets/corporate/ir/ijab\\_investorreport\\_170612.pdf](https://www.intrum.com/globalassets/corporate/ir/ijab_investorreport_170612.pdf)

The risks described include macroeconomic developments, competitive conditions, the availability of purchased debt portfolios for purchase at attractive prices, customer concentration, the UK's exit from the EU, errors and mistakes in the debt collection process, customers' inclination to hire external debt collection agencies, regulations and legislation, possible deviations from the Group's internal rules, geographical scope, contractual risks, deviations from collection forecasts in purchased debt portfolios, errors in the company's statistical models, the risk that customer contracts are not renewed, financing risks, dependence on the banking system, dependence on suppliers, complexity when offering new services, risks related to acquisitions, dependence on IT systems, access to public information, risks related to personal data legislation, data leakage, dependence on key personnel, difficulty in retaining and recruiting competent personnel, rising personnel costs, disputes, tax risks, revaluations of purchased debt, increases in bankruptcies or debt restructuring among private individuals, access to documentation on receivables, earnings variations, exchange rate risks, strategy risks, seasonality, errors in risk management, goodwill, risks involved in the merger with Lindorff, risks involved in the divestment of units, legal risks involved in the merger, difficulties in achieving expected synergies, and integration risks.

## MERGER WITH LINDORFF

On June 12, 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 June 27, 2017, the merger between Intrum Justitia and Lindorff was completed and Lock TopCo AS (parent company in the Lindorff Group) with all subsidiaries has, since then, been owned by Intrum Justitia AB (publ).

The merger of Intrum Justitia and Lindorff creates a leading player in credit management with a local presence in 23 markets in Europe and approximately 8,000 employees dedicated to working for a sound economy.

The merger was effectuated through a non-cash issue whereby Intrum Justitia AB issued 59,193,594 new Intrum Justitia shares, with a total market value of SEK 17,332 M, in exchange

for all shares in Lock TopCo AS. In connection with the issue, a prospectus was published and this is available on the company's website.

On June 29, it was announced that the merged group will be organized into four geographical regions:

- Northern Europe (Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden).
- Central & Eastern Europe (Austria, Czech Republic, Germany, Hungary, Poland, Romania, Slovakia, Switzerland).
- Western & Southern Europe (Belgium, France, Ireland, Italy, the Netherlands, Portugal, the United Kingdom).
- Spain.

At the same time, it was announced that the Group Management Team will consist of:

- Mikael Ericson (CEO).
- Alejandro Zurbano (Regional Manager Spain).
- Anders Engdahl (CIO).
- Anette Willumsen (Regional Manager Northern Europe).
- Anne Louise Eberhard (CCO).
- Annika Billberg (CBCO).
- Cathrine Klouman (COO).
- Erik Forsberg (CFO).
- Harry Vranjes (PMO).
- Jean-Luc Ferraton (CHRO).
- Johan Brodin (CRO).
- Marc Knothe (Regional Manager Western & Southern Europe).
- Niklas Lundquist (CLO).
- Per Christofferson (Regional Manager Central & Eastern Europe).

The transaction is reported in Intrum Justitia's consolidated accounts as an acquisition with the following preliminary purchase price allocation:

| SEK M                                              | Carrying amounts before acquisition | Adjustments to fair value | Fair value recognized in Group |
|----------------------------------------------------|-------------------------------------|---------------------------|--------------------------------|
| Intangible fixed assets                            | 19,001                              | -15,248                   | 3,753                          |
| Tangible fixed assets                              | 138                                 |                           | 138                            |
| Purchased debt                                     | 7,826                               |                           | 7,826                          |
| Other fixed assets                                 | 508                                 | 334                       | 842                            |
| Current assets                                     | 1,778                               |                           | 1,778                          |
| Cash and cash equivalents                          | 684                                 |                           | 684                            |
| Assets in operations to be sold                    | 5,184                               |                           | 5,184                          |
| Long-term liabilities                              | -22,940                             | -1,392                    | -24,332                        |
| Current liabilities                                | -2,047                              |                           | -2,047                         |
| Liabilities in operations to be sold               | -3,091                              |                           | -3,091                         |
| Net assets                                         | <b>7,041</b>                        | <b>-16,306</b>            | <b>-9,265</b>                  |
| Consolidated goodwill                              |                                     |                           | 26,597                         |
| Of which, attributable to operations held for sale |                                     |                           | 4,255                          |
| Market value of issued shares in non-cash issue    |                                     |                           | 17,332                         |

The acquisition is large and complex, and the acquisition analysis may be adjusted in upcoming quarters. It was implemented shortly before the end of the quarter and the figures for Lindorff do not therefore include the consolidated income statement for the quarter, but only in the balance sheet. On pages 30-34 of the interim report, pro forma figures are presented with the

consolidated income statement presented as if Lindorff had been part of the Group throughout the interim period and in all comparative periods.

## OTHER ACQUISITIONS

In April, the acquisition of Top Factoring, one of the leading companies for purchased debt in Romania, was completed. The purchase consideration totaled approximately EUR 25 M on a net debt-free basis, attributable primarily to a diversified purchased debt portfolio.

Top Factoring has some 210 employees working predominantly with purchased debt, but also offers credit management services to external customers. The company is mainly present in the bank and telecom sectors, with several strong customer relationships generating recurring investment opportunities in portfolios of purchased debt. The purchase consideration for the shares in the company amounted to SEK 19 M, and the goodwill recognized in the consolidated balance sheet amounted to SEK 16 M.

During the first quarter, the acquisition of 1st Credit was completed. This is a medium-sized company active in purchased debt in the UK. The preliminary acquisition analysis is shown in the interim report for January-March 2017 and has not been changed during the second quarter.

During the first quarter, a small credit management company in France, Intractiv Wide Development SAS, was also acquired, as described in the interim report for January-March 2017.

## EVENTS AFTER THE END OF THE PERIOD

In early July, Intrum Justitia entered into an agreement to divest one of its subsidiaries in the Netherlands, Buckaroo BV, to BlackFin Capital Partners, a private equity company focusing on financial services in continental Europe. The divestment is conditional on customary closing procedures and approval by the relevant authorities. The transaction is expected to be completed in the third quarter of 2017. Buckaroo BV, acquired by Intrum Justitia 2012, is a supplier of billing and payment services with a market-leading position in the Netherlands. Following a strategic evaluation, a process to divest the company has commenced, although the company has developed well as a wholly-owned subsidiary of Intrum Justitia. With its new owners, the company will now be able to benefit fully from the leading payment platform that the company built with Intrum Justitia as owner.

## PRESENTATION OF THE INTERIM REPORT

The year-end report and presentation materials are available at [www.intrum.com/Investor](http://www.intrum.com/Investor) relations. President & CEO Mikael Ericson and CFO Erik Forsberg will comment on the report at a teleconference on July 25, starting at 9:00 CET. The presentation can be followed at [www.intrum.com](http://www.intrum.com) and/or [www.financialhearings.com](http://www.financialhearings.com). To participate by phone, call +46 8 566 427 00 (SE) or +44 20 300 898 07 (UK).

## FOR FURTHER INFORMATION

Mikael Ericson, President and CEO, tel: +46 8 546 102 02

Erik Forsberg, CFO, tel: +46 8 546 102 02

Erik Forsberg is the contact person under the EU Market Abuse Regulation.

This information is information that Intrum Justitia AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7.00 A.M. CET on July 25, 2017.

## FINANCIAL CALENDAR 2017

The interim report for January-September will be published October 18, 2017

The year-end report for 2017 will be published January 25, 2018

The interim report and other financial information are available at Intrum Justitia's website:  
[www.intrum.com](http://www.intrum.com)

Denna delårsrapport finns även på svenska.

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, July 25, 2017

*Per E. Larsson*  
Chairman of the Board

*Hans Larsson*  
Board Member

*Kristoffer Melinder*  
Board Member

*Andreas Näsвик*  
Board Member

*Synnöve Trygg*  
Board Member

*Fredrik Trägårdh*  
Board Member

*Ragnhild Wiborg*  
Board Member

*Magnus Yngen*  
Board Member

*Mikael Ericson*  
President and CEO

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



## ABOUT THE INTRUM JUSTITIA GROUP

On June 27, 2017, Intrum Justitia and Lindorff merged to form the sector's leading provider of credit management services. Lindorff was founded in 1898 and offers both debt collection services and purchasing of debt portfolios, as well as payment and billing services. Intrum Justitia was founded in 1923 and offers comprehensive credit management services, including purchasing of receivables, with the purpose of helping improve cash flow and profitability for the company's clients. The merged Intrum Justitia and Lindorff maintains a presence in 23 countries in Europe and has a team of approximately 8,000 employees dedicated to working for a sound economy. The merged Group's sales revenues amounted to approximately SEK 12.9 billion, pro forma for the year ending March 2017. Intrum Justitia AB has been listed on the Nasdaq Stockholm exchange since 2002. For further information, please visit [www.intrum.com](http://www.intrum.com)

# FINANCIAL REPORTS

## CONSOLIDATED INCOME STATEMENT

| SEK M                                                     | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|-----------------------------------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Revenues                                                  | 1,796              | 1,421              | 3,347            | 2,778            | 5,869             |
| Cost of sales                                             | -888               | -745               | -1,727           | -1,483           | -3,069            |
| <b>Gross earnings</b>                                     | <b>908</b>         | <b>676</b>         | <b>1,620</b>     | <b>1,295</b>     | <b>2,800</b>      |
| Sales, marketing and administrative expenses              | -430               | -217               | -674             | -419             | -871              |
| Participation in associated companies and joint ventures  | -1                 | -2                 | -2               | -3               | -8                |
| <b>Operating earnings (EBIT)</b>                          | <b>476</b>         | <b>457</b>         | <b>944</b>       | <b>873</b>       | <b>1,921</b>      |
| Net financial items                                       | -359               | -30                | -404             | -70              | -165              |
| <b>Earnings before tax</b>                                | <b>118</b>         | <b>427</b>         | <b>540</b>       | <b>803</b>       | <b>1,756</b>      |
| Tax                                                       | -21                | -86                | -105             | -161             | -329              |
| <b>Net income from continuing operations</b>              | <b>97</b>          | <b>341</b>         | <b>435</b>       | <b>642</b>       | <b>1,427</b>      |
| Profit from discontinued operations, net of tax           | 1                  | 13                 | 10               | 22               | 41                |
| <b>Net earnings for the period</b>                        | <b>98</b>          | <b>354</b>         | <b>445</b>       | <b>664</b>       | <b>1,468</b>      |
| <b>Of which attributable to:</b>                          |                    |                    |                  |                  |                   |
| Parent company's shareholders                             | 98                 | 351                | 443              | 659              | 1,458             |
| Non-controlling interest                                  | 0                  | 3                  | 2                | 5                | 10                |
| <b>Net earnings for the period</b>                        | <b>98</b>          | <b>354</b>         | <b>445</b>       | <b>664</b>       | <b>1,468</b>      |
| <b>Earnings per share before and after dilution</b>       |                    |                    |                  |                  |                   |
| Profit from continuing operations                         | 1.31               | 4.67               | 5.90             | 9.04             | 19.59             |
| Profit from discontinued operations                       | 0.01               | 0.18               | 0.14             | 0.07             | 0.57              |
| <b>Total earnings per share before and after dilution</b> | <b>1.32</b>        | <b>4.85</b>        | <b>6.04</b>      | <b>9.11</b>      | <b>20.15</b>      |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK M                                                           | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|-----------------------------------------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Net income for the period                                       | 98                 | 354                | 445              | 664              | 1,468             |
| Other comprehensive income, items that will be reclassified to  |                    |                    |                  |                  |                   |
| Currency translation difference                                 | 27                 | 39                 | 27               | 20               | 71                |
| Other comprehensive income, items that will not be reclassified |                    |                    |                  |                  |                   |
| Remeasurement of pension liability                              | 0                  | 0                  | 0                | 0                | 27                |
| <b>Comprehensive income for the period</b>                      | <b>125</b>         | <b>393</b>         | <b>472</b>       | <b>684</b>       | <b>1,566</b>      |
| <b>Of which attributable to:</b>                                |                    |                    |                  |                  |                   |
| Parent company's shareholders                                   | 125                | 389                | 470              | 678              | 1,554             |
| Non-controlling interest                                        | 0                  | 4                  | 2                | 6                | 12                |
| <b>Comprehensive income for the period</b>                      | <b>125</b>         | <b>393</b>         | <b>472</b>       | <b>684</b>       | <b>1,566</b>      |

## CONSOLIDATED BALANCE SHEET

| SEK M                                                            | 30 Jun<br>2017 | 30 Jun<br>2016 | 31 Dec<br>2016 |
|------------------------------------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                                                    |                |                |                |
| <b>Intangible fixed assets</b>                                   |                |                |                |
| Goodwill                                                         | 25,453         | 2,860          | 3,120          |
| Capitalized expenditure for IT development and other intangibles | 1,263          | 235            | 240            |
| Client relationships                                             | 2,495          | 64             | 63             |
| <b>Total intangible fixed assets</b>                             | <b>29,211</b>  | <b>3,159</b>   | <b>3,423</b>   |
| <b>Tangible fixed assets</b>                                     | <b>249</b>     | <b>110</b>     | <b>104</b>     |
| <b>Other fixed assets</b>                                        |                |                |                |
| Shares in joint ventures                                         | 20             | 12             | 12             |
| Other shares and participations                                  | 2              | 0              | 1              |
| Purchased debt                                                   | 18,748         | 7,649          | 8,733          |
| Deferred tax assets                                              | 835            | 44             | 25             |
| Other long-term receivables                                      | 48             | 7              | 6              |
| <b>Total other fixed assets</b>                                  | <b>19,653</b>  | <b>7,712</b>   | <b>8,777</b>   |
| <b>Total fixed assets</b>                                        | <b>49,113</b>  | <b>10,981</b>  | <b>12,304</b>  |
| <b>Current Assets</b>                                            |                |                |                |
| Accounts receivable                                              | 586            | 285            | 305            |
| Client funds                                                     | 865            | 586            | 588            |
| Tax assets                                                       | 250            | 85             | 87             |
| Other receivables                                                | 881            | 567            | 557            |
| Prepaid expenses and accrued income                              | 665            | 192            | 167            |
| Cash and cash equivalents                                        | 1,335          | 557            | 396            |
| <b>Total current assets</b>                                      | <b>4,582</b>   | <b>2,272</b>   | <b>2,100</b>   |
| <b>Non-current assets of disposal group held for sale</b>        | 10,069         | 0              | 0              |
| <b>TOTAL ASSETS</b>                                              | <b>63,764</b>  | <b>13,253</b>  | <b>14,404</b>  |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                      |                |                |                |
| Attributable to parent company's shareholders                    | 21,194         | 3,167          | 4,043          |
| Attributable to non-controlling interest                         | 4              | 81             | 87             |
| <b>Total shareholders' equity</b>                                | <b>21,198</b>  | <b>3,248</b>   | <b>4,130</b>   |
| <b>Long-term liabilities</b>                                     |                |                |                |
| Liabilities to credit institutions                               | 1,798          | 1,890          | 1,520          |
| Medium term note                                                 | 32,524         | 3,645          | 3,706          |
| Other long-term liabilities                                      | 302            | 2              | 16             |
| Provisions for pensions                                          | 162            | 180            | 157            |
| Other long-term provisions                                       | 21             | 3              | 0              |
| Deferred tax liabilities                                         | 1,426          | 524            | 638            |
| <b>Total long-term liabilities</b>                               | <b>36,233</b>  | <b>6,244</b>   | <b>6,037</b>   |
| <b>Current liabilities</b>                                       |                |                |                |
| Liabilities to credit institutions                               | 13             | 0              | 56             |
| Medium term note                                                 | 0              | 1,059          | 1,077          |
| Commercial paper                                                 | 1,075          | 720            | 1,124          |
| Client funds payable                                             | 865            | 586            | 588            |
| Accounts payable                                                 | 501            | 120            | 140            |
| Income tax liabilities                                           | 252            | 174            | 136            |
| Advances from clients                                            | 43             | 14             | 46             |
| Dividend declared but not paid                                   | 651            | 0              | 0              |
| Other current liabilities                                        | 695            | 407            | 325            |
| Accrued expenses and prepaid income                              | 1,221          | 681            | 718            |
| Other short-term provisions                                      | 91             | 0              | 27             |
| <b>Total current liabilities</b>                                 | <b>5,407</b>   | <b>3,761</b>   | <b>4,237</b>   |
| <b>Non-current liabilities of disposal group held for sale</b>   | 926            | 0              | 0              |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                | <b>63,764</b>  | <b>13,253</b>  | <b>14,404</b>  |

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Most of the Group's financial assets and liabilities (purchased debt, 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.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| SEK M                             | 2017                                                   |                             |               | 2016                                                   |                             |              |
|-----------------------------------|--------------------------------------------------------|-----------------------------|---------------|--------------------------------------------------------|-----------------------------|--------------|
|                                   | Attributable to<br>Parent<br>Company's<br>shareholders | Non-controlling<br>interest | Total         | Attributable to<br>Parent<br>Company's<br>shareholders | Non-controlling<br>interest | Total        |
| <b>Opening Balance, January 1</b> | 4,043                                                  | 87                          | 4,130         | 3,086                                                  | 80                          | 3,166        |
| Dividend                          | -651                                                   |                             | -651          | -597                                                   | -5                          | -602         |
| New issue of shares               | 17,332                                                 |                             | 17,332        |                                                        |                             | 0            |
| Acquired non-controlling interest |                                                        | -85                         | -85           |                                                        |                             | 0            |
| Comprehensive income for the      | 470                                                    | 2                           | 472           | 678                                                    | 6                           | 684          |
| <b>Closing Balance, June 30</b>   | <b>21,194</b>                                          | <b>4</b>                    | <b>21,198</b> | <b>3,167</b>                                           | <b>81</b>                   | <b>3,248</b> |

## CONSOLIDATED CASH FLOW STATEMENT

| SEK M                                                                        | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|------------------------------------------------------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| <b>Cash flows from continuing operations</b>                                 |                    |                    |                  |                  |                   |
| <b>Operating activities</b>                                                  |                    |                    |                  |                  |                   |
| Operating earnings (EBIT)                                                    | 477                | 457                | 944              | 873              | 1,921             |
| Depreciation/amortization and impairment write-down                          | 42                 | 41                 | 83               | 81               | 170               |
| Amortization/revaluation of purchased debt                                   | 477                | 382                | 979              | 749              | 1,578             |
| Other adjustment for items not included in cash flow                         | -11                | 2                  | -16              | 4                | 31                |
| Interest received                                                            | 12                 | 2                  | 16               | 4                | 11                |
| Interest paid and other financial expenses                                   | -310               | -42                | -361             | -76              | -137              |
| Income tax paid                                                              | -52                | -131               | -186             | -154             | -246              |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>635</b>         | <b>711</b>         | <b>1,459</b>     | <b>1,481</b>     | <b>3,328</b>      |
| Changes in factoring receivables                                             | -15                | -33                | -45              | -20              | -46               |
| Other changes in working capital                                             | 83                 | 8                  | -16              | -62              | 22                |
| <b>Cash flow from operating activities</b>                                   | <b>703</b>         | <b>686</b>         | <b>1,398</b>     | <b>1,399</b>     | <b>3,304</b>      |
| <b>Investing activities</b>                                                  |                    |                    |                  |                  |                   |
| Purchases of tangible and intangible fixed assets                            | -42                | -35                | -77              | -70              | -142              |
| Investments in purchased debt                                                | -1,123             | -420               | -3,193           | -1,456           | -3,357            |
| Purchases of shares in subsidiaries and associated companies                 | -112               | -18                | -169             | -88              | -283              |
| Liquid assets in acquired subsidiaries                                       | 965                | 0                  | 974              | 1                | 31                |
| Other cash flow from investing activities                                    | -1                 | 0                  | 0                | 4                | 6                 |
| <b>Cash flow from investing activities</b>                                   | <b>-313</b>        | <b>-473</b>        | <b>-2,465</b>    | <b>-1,609</b>    | <b>-3,745</b>     |
| <b>Financing activities</b>                                                  |                    |                    |                  |                  |                   |
| Borrowings and repayment of loans                                            | 911                | 750                | 2,288            | 1,103            | 1,158             |
| Share dividend to parent company's shareholders                              | 0                  | -597               | 0                | -597             | -597              |
| Share dividend to non-controlling interest                                   | 0                  | -5                 | 0                | -5               | -5                |
| <b>Cash flow from financing activities</b>                                   | <b>911</b>         | <b>148</b>         | <b>2,288</b>     | <b>501</b>       | <b>556</b>        |
| Cash flows from continuing operations                                        | 1,301              | 361                | 1,221            | 291              | 115               |
| Cash flows from discontinued operations                                      | -1                 | -1                 | 0                | -3               | -1                |
| <b>Total change in liquid assets</b>                                         | <b>1,300</b>       | <b>360</b>         | <b>1,221</b>     | <b>289</b>       | <b>114</b>        |
| <b>Opening balance of liquid assets</b>                                      | <b>318</b>         | <b>194</b>         | <b>396</b>       | <b>265</b>       | <b>265</b>        |
| Exchange rate differences in liquid assets                                   | -2                 | 3                  | -1               | 3                | 17                |
| <b>Closing balance of liquid assets</b>                                      | <b>1,616</b>       | <b>557</b>         | <b>1,616</b>     | <b>557</b>       | <b>396</b>        |
| <b>Thereof liquid assets in discontinued operations</b>                      | <b>281</b>         | <b>4</b>           | <b>281</b>       | <b>4</b>         | <b>6</b>          |
| <b>Discontinued operations</b>                                               |                    |                    |                  |                  |                   |
| Cash flow from operating activities                                          | -2                 | 9                  | 10               | 25               | 70                |
| Cash flow from investing activities                                          | -2                 | -5                 | -5               | -10              | -18               |
| Cash flow from financing activities                                          | 3                  | -5                 | -5               | -17              | -53               |
| <b>Group total</b>                                                           |                    |                    |                  |                  |                   |
| Cash flow from operating activities                                          | 701                | 695                | 1,408            | 1,424            | 3,374             |
| Cash flow from investing activities                                          | -315               | -478               | -2,470           | -1,619           | -3,763            |
| Cash flow from financing activities                                          | 596                | 143                | 2,283            | 484              | 503               |

## CONSOLIDATED QUARTERLY OVERVIEW

|                                                           | Quarter 2<br>2017 | Quarter 1<br>2017 | Quarter 4<br>2016 | Quarter 3<br>2016 | Quarter 2<br>2016 | Quarter 1<br>2016 | Quarter 4<br>2015 | Quarter 3<br>2015 | Quarter 2<br>2015 |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues, SEK M                                           | 1,796             | 1,551             | 1,657             | 1,433             | 1,421             | 1,357             | 1,349             | 1,334             | 1,419             |
| Revenue growth, %                                         | 26                | 14                | 23                | 7                 | 0                 | 3                 | 3                 | 7                 | 14                |
| Cash EBITDA, SEK M                                        | 995               | 1,011             | 1,034             | 934               | 880               | 822               | 846               | 824               | 805               |
| EBITDA, SEK M                                             | 518               | 509               | 592               | 546               | 498               | 456               | 421               | 478               | 468               |
| EBIT, SEK M                                               | 476               | 468               | 543               | 506               | 457               | 416               | 380               | 437               | 428               |
| Non-recurring items (NRI's) in EBIT, SEK M                | -163              | -17               | 5                 | 15                | -10               | 0                 | -26               | 0                 | 0                 |
| Non-recurring items (NRI's) in net financial items, SEK M | -316              | 0                 | 0                 | 0                 | 0                 | 0                 | -13               | 0                 | 0                 |
| Revaluations of Purchased Debt, SEK M                     | 41                | -1                | 5                 | -29               | 17                | 5                 | -40               | 28                | 45                |
| Cash EBITDA excl NRI's, SEK M                             | 1,158             | 1,028             | 1,029             | 919               | 890               | 822               | 872               | 824               | 805               |
| EBITDA excl NRI's, SEK M                                  | 681               | 526               | 587               | 531               | 508               | 456               | 447               | 478               | 468               |
| EBIT excl NRI's, SEK M                                    | 639               | 485               | 538               | 491               | 467               | 416               | 406               | 437               | 428               |
| Net earnings, SEK M                                       | 98                | 347               | 429               | 375               | 354               | 310               | 274               | 330               | 324               |
| Earnings per share, SEK                                   | 1.32              | 4.77              | 5.90              | 5.14              | 4.85              | 4.26              | 3.76              | 4.51              | 4.38              |
| EPS growth, %                                             | -73               | 12                | 57                | 14                | 11                | 30                | -2                | 10                | 36                |
| Average number of shares, '000                            | 74,299            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            |
| Number of shares outstanding at end of                    | 131,541           | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            | 72,348            |
| Net Debt, SEK M                                           | 34,254            | 8,738             | 7,260             | 7,053             | 6,937             | 6,465             | 6,026             | 5,815             | 6,234             |
| EBIT EXCL REVALUATIONS AND NRI'S BY REGION, SEK M         |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Northern Europe                                           | 220               | 178               | 246               | 231               | 223               | 187               | 222               | 204               | 198               |
| Central Europe                                            | 280               | 215               | 186               | 159               | 145               | 141               | 134               | 124               | 121               |
| Western Europe                                            | 98                | 93                | 109               | 72                | 82                | 83                | 80                | 81                | 51                |
| SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Credit Management                                         | 307               | 257               | 332               | 259               | 264               | 228               | 272               | 266               | 235               |
| Financial Services                                        | 538               | 412               | 393               | 406               | 379               | 357               | 330               | 323               | 372               |
| Common costs                                              | -206              | -184              | -188              | -174              | -176              | -169              | -196              | -152              | -179              |
| Estimated remaining collections (ERC), SEK M              | 22,260            | 21,409            | 17,645            | 16,012            | 15,191            | 14,816            | 15,073            | 13,784            | 10,945            |
| Return on purchased debt, %                               | 20                | 17                | 22                | 21                | 20                | 20                | 19                | 20                | 24                |
| Investments in purchased debt, SEK M                      | 835               | 2,374             | 1,162             | 643               | 545               | 733               | 1,096             | 315               | 502               |
| Average number of employees                               | 4,369             | 4,172             | 3,993             | 3,864             | 3,832             | 3,750             | 3,732             | 3,737             | 3,771             |

## CONSOLIDATED FIVE-YEAR OVERVIEW

|                                                           | 2017<br>April-June | 2016<br>April-June | 2015<br>April-June | 2014<br>April-June | 2013<br>April-June |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues, SEK M                                           | 1,796              | 1,421              | 1,419              | 1,247              | 1,100              |
| Revenue growth, %                                         | 26                 | 0                  | 14                 | 13                 | 11                 |
| Cash EBITDA, SEK M                                        | 995                | 880                | 805                | 721                | 643                |
| EBITDA, SEK M                                             | 518                | 498                | 468                | 392                | 325                |
| EBIT, SEK M                                               | 476                | 457                | 428                | 356                | 288                |
| Non-recurring items (NRI's) in EBIT, SEK M                | -163               | -10                | 0                  | 0                  | 0                  |
| Non-recurring items (NRI's) in net financial items, SEK M | -316               | 0                  | 0                  | 0                  | 0                  |
| Revaluations of Purchased Debt, SEK M                     | 41                 | 17                 | 45                 | 23                 | 6                  |
| Cash EBITDA excl NRI's, SEK M                             | 1,158              | 890                | 805                | 721                | 643                |
| EBITDA excl NRI's, SEK M                                  | 681                | 508                | 468                | 392                | 325                |
| EBIT excl NRI's, SEK M                                    | 639                | 467                | 428                | 356                | 288                |
| Net earnings, SEK M                                       | 98                 | 354                | 324                | 252                | 206                |
| Earnings per share, SEK                                   | 1.32               | 4.85               | 4.38               | 3.23               | 2.57               |
| EPS growth, %                                             | -73                | 11                 | 36                 | 26                 | 45                 |
| Average number of shares, '000                            | 74,299             | 72,348             | 72,348             | 76,983             | 79,745             |
| Number of shares outstanding at end of                    | 131,541            | 72,348             | 72,348             | 76,600             | 79,745             |
| Net Debt, SEK M                                           | 34,254             | 6,937              | 6,234              | 5,423              | 4,311              |
| EBIT EXCL REVALUATIONS AND NRI'S BY REGION, SEK M         |                    |                    |                    |                    |                    |
| Northern Europe                                           | 220                | 223                | 198                | 184                | 176                |
| Central Europe                                            | 280                | 145                | 121                | 87                 | 56                 |
| Western Europe                                            | 98                 | 82                 | 51                 | 62                 | 50                 |
| SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M   |                    |                    |                    |                    |                    |
| Credit Management                                         | 307                | 264                | 235                | 213                | 188                |
| Financial Services                                        | 538                | 379                | 372                | 312                | 257                |
| Common costs                                              | -206               | -176               | -179               | -169               | -157               |
| Estimated remaining collections (ERC), SEK M              | 22,260             | 15,191             | 10,945             | 13,766             | 11,432             |
| Return on purchased debt, %                               | 20                 | 20                 | 24                 | 21                 | 22                 |
| Investments in purchased debt, SEK M                      | 835                | 545                | 502                | 529                | 586                |
| Average number of employees                               | 4,369              | 3,832              | 3,771              | 3,706              | 3,415              |

## CONSOLIDATED FIVE-YEAR OVERVIEW

|                                                           | 2016<br>Full Year | 2015<br>Full Year | 2014<br>Full Year | 2013<br>Full Year | 2012<br>Full Year |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues, SEK M                                           | 5,869             | 5,419             | 4,958             | 4,355             | 3,841             |
| Revenue growth, %                                         | 8                 | 9                 | 14                | 13                | 2                 |
| Cash EBITDA, SEK M                                        | 3,668             | 3,193             | 2,916             | 2,623             | 2,179             |
| EBITDA, SEK M                                             | 2,090             | 1,736             | 1,546             | 1,318             | 1,024             |
| EBIT, SEK M                                               | 1,921             | 1,577             | 1,382             | 1,168             | 846               |
| Non-recurring items (NRI's) in EBIT, SEK M                | 10                | -54               | 36                | 0                 | -17               |
| Non-recurring items (NRI's) in net financial items, SEK M | 0                 | 0                 | 0                 | -13               | 0                 |
| Revaluations of Purchased Debt, SEK M                     | 45                | 32                | 33                | 5                 | -85               |
| Cash EBITDA excl NRI's, SEK M                             | 3,658             | 3,247             | 2,880             | 2,623             | 2,196             |
| EBITDA excl NRI's, SEK M                                  | 2,080             | 1,790             | 1,510             | 1,318             | 1,041             |
| EBIT excl NRI's, SEK M                                    | 1,911             | 1,631             | 1,346             | 1,168             | 863               |
| Net earnings, SEK M                                       | 1,468             | 1,172             | 1,041             | 819               | 584               |
| Earnings per share, SEK                                   | 20.15             | 15.92             | 13.48             | 10.30             | 7.32              |
| EPS growth, %                                             | 27                | 18                | 31                | 41                | 6                 |
| Dividend per share, SEK                                   | 9.00              | 8.25              | 7.00              | 5.75              | 5.00              |
| Average number of shares, '000                            | 72,348            | 73,097            | 76,462            | 79,306            | 79,745            |
| Number of shares outstanding at end of                    | 72,348            | 72,348            | 73,848            | 78,547            | 79,745            |
| Net Debt, SEK M                                           | 7,260             | 6,026             | 5,635             | 4,328             | 3,261             |
| EBIT EXCL REVALUATIONS AND NRI'S BY REGION, SEK M         |                   |                   |                   |                   |                   |
| Northern Europe                                           | 890               | 803               | 643               | 711               | 595               |
| Central Europe                                            | 631               | 507               | 420               | 265               | 209               |
| Western Europe                                            | 345               | 289               | 250               | 187               | 144               |
| SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M   |                   |                   |                   |                   |                   |
| Credit Management                                         | 1,098             | 998               | 868               | 761               | 773               |
| Financial Services                                        | 1,521             | 1,332             | 1,190             | 958               | 593               |
| Common costs                                              | -708              | -699              | -712              | -551              | -503              |
| Estimated remaining collections (ERC), SEK M              | 17,645            | 15,073            | 13,682            | 12,454            | 9,717             |
| Return on purchased debt, %                               | 20                | 20                | 20                | 21                | 17                |
| Investments in purchased debt, SEK M                      | 3,084             | 2,271             | 1,909             | 2,503             | 2,110             |
| Average number of employees                               | 3,865             | 3,738             | 3,694             | 3,427             | 3,369             |



## RECONCILIATION OF KEY FIGURES

| SEK M<br>unless otherwise indicated      | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% |
|------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|
| Service line earnings purchased debt     | 541                | 372                | 45          | 944              | 718              | 31          |
| Average carrying value of purchased debt | 10,722             | 7,397              | 45          | 9,764            | 7,246            | 35          |
| <b>Return on purchased debt, %</b>       | <b>20</b>          | <b>20</b>          |             | <b>19</b>        | <b>20</b>        |             |
| EBIT                                     | 476                | 457                | 4           | 944              | 873              | 8           |
| Depreciation                             | 42                 | 41                 | 2           | 83               | 81               | 2           |
| Amortization and revaluations            | 477                | 382                | 25          | 979              | 748              | 31          |
| <b>Cash EBITDA</b>                       | <b>995</b>         | <b>880</b>         | 13          | <b>2,006</b>     | <b>1,702</b>     | 18          |
| EBIT                                     | 476                | 457                | 4           | 944              | 873              | 8           |
| Depreciation                             | 42                 | 41                 | 2           | 83               | 81               | 2           |
| <b>EBITDA</b>                            | <b>518</b>         | <b>498</b>         | 4           | <b>1,027</b>     | <b>954</b>       | 8           |
| Cash EBITDA                              | 995                | 880                | 13          | 2,006            | 1,702            | 18          |
| Non-recurring items, NRI's               | 163                | 10                 | 1,530       | 180              | 10               | 1,700       |
| <b>Cash EBITDA excl NRI's</b>            | <b>1,158</b>       | <b>890</b>         | 30          | <b>2,186</b>     | <b>1,712</b>     | 28          |
| EBITDA                                   | 518                | 498                | 4           | 1,027            | 954              | 8           |
| Non-recurring items, NRI's               | 163                | 10                 | 1,530       | 180              | 10               | 1,700       |
| <b>EBITDA excl NRI's</b>                 | <b>681</b>         | <b>508</b>         | 34          | <b>1,207</b>     | <b>964</b>       | 25          |
| EBIT                                     | 476                | 457                | 4           | 944              | 873              | 8           |
| Non-recurring items, NRI's               | 163                | 10                 | 1,530       | 180              | 10               | 1,700       |
| <b>EBIT excl NRI's</b>                   | <b>639</b>         | <b>467</b>         | 37          | <b>1,124</b>     | <b>883</b>       | 27          |
| Liabilities to credit institutions       | 1,811              | 1,890              | -4          | 1,811            | 1,890            | -4          |
| Medium term note                         | 32,524             | 4,704              | 591         | 32,524           | 4,704            | 591         |
| Provisions for pensions                  | 162                | 180                | -10         | 162              | 180              | -10         |
| Commercial paper                         | 1,075              | 720                | 49          | 1,075            | 720              | 49          |
| Other interest-bearing liabilities       | 17                 | 3                  | 467         | 17               | 3                | 467         |
| Cash and cash equivalents                | -1,335             | -557               | 140         | -1,335           | -557             | 140         |
| Other interest-bearing assets            | 0                  | -2                 | -100        | 0                | -2               | -100        |
| <b>Net Debt</b>                          | <b>34,254</b>      | <b>6,938</b>       | <b>394</b>  | <b>34,254</b>    | <b>6,938</b>     | <b>394</b>  |

## OPERATING SEGMENTS

### REGIONS – REVENUES FROM EXTERNAL CLIENTS

| SEK M                                       | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|---------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Northern Europe                             | 717                | 651                | 10          | 1,303            | 1,245            | 5           | 2,594             |
| Central Europe                              | 668                | 428                | 56          | 1,233            | 860              | 43          | 1,825             |
| Western Europe                              | 411                | 342                | 20          | 811              | 673              | 21          | 1,450             |
| <b>Total revenues from external clients</b> | <b>1,796</b>       | <b>1,421</b>       | <b>26</b>   | <b>3,347</b>     | <b>2,778</b>     | <b>20</b>   | <b>5,869</b>      |

### REGIONS – INTERCOMPANY REVENUES

| SEK M                              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Northern Europe                    | 110                | 74                 | 49          | 169              | 138              | 22          | 295               |
| Central Europe                     | 112                | 80                 | 40          | 208              | 166              | 25          | 334               |
| Western Europe                     | 77                 | 57                 | 35          | 147              | 102              | 44          | 236               |
| Eliminations                       | -299               | -211               | 42          | -524             | -406             | 29          | -865              |
| <b>Total intercompany revenues</b> | <b>0</b>           | <b>0</b>           |             | <b>0</b>         | <b>0</b>         |             | <b>0</b>          |

### REGIONS – REVALUATIONS OF PURCHASED DEBT

| SEK M                    | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|--------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Northern Europe          | 1                  | 12                 | -21              | 11               | -11               |
| Central Europe           | 36                 | 17                 | 50               | 34               | 50                |
| Western Europe           | 4                  | -12                | 11               | -23              | 6                 |
| <b>Total revaluation</b> | <b>41</b>          | <b>17</b>          | <b>40</b>        | <b>22</b>        | <b>45</b>         |

### REGIONS – REVENUES EXCLUDING REVALUATIONS

| SEK M                                        | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|----------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Northern Europe                              | 716                | 639                | 12          | 1,324            | 1,234            | 7           | 2,605             |
| Central Europe                               | 632                | 411                | 54          | 1,183            | 826              | 43          | 1,775             |
| Western Europe                               | 407                | 354                | 15          | 800              | 696              | 15          | 1,444             |
| <b>Total revenues excluding revaluations</b> | <b>1,755</b>       | <b>1,404</b>       | <b>25</b>   | <b>3,307</b>     | <b>2,756</b>     | <b>20</b>   | <b>5,824</b>      |

## REGIONS – OPERATING EARNINGS (EBIT)

| SEK M                      | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|----------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Northern Europe            | 152                | 225                | -32         | 300              | 411              | -27         | 924               |
| Central Europe             | 259                | 162                | 60          | 483              | 320              | 51          | 666               |
| Western Europe             | 65                 | 70                 | -7          | 161              | 142              | 13          | 331               |
| <b>Total EBIT</b>          | <b>476</b>         | <b>457</b>         | <b>4</b>    | <b>944</b>       | <b>873</b>       | <b>8</b>    | <b>1,921</b>      |
| Net financial items        | -359               | -30                | 1,095       | -404             | -70              | 477         | -165              |
| <b>Earnings before tax</b> | <b>117</b>         | <b>427</b>         | <b>-73</b>  | <b>540</b>       | <b>803</b>       | <b>-33</b>  | <b>1,756</b>      |

## REGIONS – NON-RECURRING ITEMS (NRI'S)

| SEK M              | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|--------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Northern Europe    | -69                | -10                | -77              | -10              | 45                |
| Central Europe     | -57                | 0                  | -62              | 0                | -15               |
| Western Europe     | -37                | 0                  | -41              | 0                | -20               |
| <b>Total NRI's</b> | <b>-163</b>        | <b>-10</b>         | <b>-180</b>      | <b>-10</b>       | <b>10</b>         |

## REGIONS – EBIT EXCLUDING REVALUATIONS AND NRI'S

| SEK M                                              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|----------------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Northern Europe                                    | 220                | 223                | -1          | 398              | 410              | -3          | 890               |
| Central Europe                                     | 280                | 145                | 93          | 495              | 286              | 73          | 631               |
| Western Europe                                     | 98                 | 82                 | 20          | 191              | 165              | 16          | 345               |
| <b>Total EBIT excluding revaluations and NRI's</b> | <b>598</b>         | <b>450</b>         | <b>33</b>   | <b>1,084</b>     | <b>861</b>       | <b>26</b>   | <b>1,866</b>      |

## REGIONS – EBIT MARGIN EXCLUDING REVALUATIONS AND NRI'S

| %                                                            | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|--------------------------------------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Northern Europe                                              | 31                 | 35                 | 30               | 33               | 34                |
| Central Europe                                               | 44                 | 35                 | 42               | 35               | 36                |
| Western Europe                                               | 24                 | 23                 | 24               | 24               | 24                |
| <b>EBIT margin excl revaluations and NRI's for the Group</b> | <b>34</b>          | <b>32</b>          | <b>33</b>        | <b>31</b>        | <b>32</b>         |

## SERVICE LINES – REVENUES

| SEK M                                        | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|----------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management                            | 1,185              | 1,006              | 18          | 2,294            | 1,984            | 16          | 4,144             |
| Financial Services                           | 982                | 682                | 44          | 1,752            | 1,311            | 34          | 2,849             |
| Elimination of inter-service line<br>revenue | -371               | -267               | 39          | -699             | -517             | 35          | -1,124            |
| <b>Total revenues</b>                        | <b>1,796</b>       | <b>1,421</b>       | <b>26</b>   | <b>3,347</b>     | <b>2,778</b>     | <b>20</b>   | <b>5,869</b>      |

## REVENUES BY TYPE

| SEK M                                     | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|-------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| External Credit Management                | 814                | 739                | 10          | 1,595            | 1,467            | 9           | 3,020             |
| Collections on purchased debt             | 1,430              | 1,043              | 37          | 2,678            | 2,017            | 33          | 4,338             |
| Amortization of purchased debt            | -518               | -398               | 30          | -1,019           | -769             | 33          | -1,624            |
| Revaluation of purchased debt             | 41                 | 16                 | 156         | 40               | 21               | 90          | 45                |
| Other revenues from Financial<br>Services | 29                 | 21                 | 38          | 53               | 42               | 26          | 90                |
| <b>Total revenues</b>                     | <b>1,796</b>       | <b>1,421</b>       | <b>26</b>   | <b>3,347</b>     | <b>2,778</b>     | <b>20</b>   | <b>5,869</b>      |

## SERVICE LINES – SERVICE LINE EARNINGS

| SEK M              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|--------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management  | 307                | 264                | 16          | 564              | 492              | 15          | 1,072             |
| Financial Services | 549                | 379                | 45          | 961              | 736              | 31          | 1,606             |
| Common costs       | -380               | -186               | 104         | -581             | -355             | 64          | -757              |
| <b>Total EBIT</b>  | <b>476</b>         | <b>457</b>         | <b>4</b>    | <b>944</b>       | <b>873</b>       | <b>8</b>    | <b>1,921</b>      |

## SERVICE LINES – NON-RECURRING ITEMS (NRI'S)

| SEK M              | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|--------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Credit Management  | 0                  | 0                  | 0                | 0                | -26               |
| Financial Services | 11                 | 0                  | 11               | 0                | 85                |
| Common costs       | -174               | -10                | -191             | -10              | -49               |
| <b>Total NRI's</b> | <b>-163</b>        | <b>-10</b>         | <b>-180</b>      | <b>-10</b>       | <b>10</b>         |

## SERVICE LINES – SERVICE LINE EARNINGS EXCLUDING NRI'S

| SEK M                        | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management            | 307                | 264                | 16          | 564              | 492              | 15          | 1,098             |
| Financial Services           | 538                | 379                | 42          | 950              | 736              | 29          | 1,521             |
| Common costs                 | -206               | -176               | 17          | -390             | -345             | 13          | -708              |
| <b>Total EBIT excl NRI's</b> | <b>639</b>         | <b>467</b>         | <b>37</b>   | <b>1,124</b>     | <b>883</b>       | <b>27</b>   | <b>1,911</b>      |

## SERVICE LINES – SERVICE LINE MARGINS EXCLUDING NRI'S

| %                             | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|-------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Credit Management             | 26                 | 26                 | 25               | 25               | 26                |
| Financial Services            | 55                 | 56                 | 54               | 56               | 54                |
| <b>EBIT margin excl NRI's</b> | <b>36</b>          | <b>33</b>          | <b>34</b>        | <b>32</b>        | <b>33</b>         |

# PRO FORMA FINANCIAL REPORTS

## PRO FORMA CONSOLIDATED INCOME STATEMENT INCLUDING LINDORFF

| SEK M                                                    | Q1<br>2016   | Q2<br>2016   | Q3<br>2016 | Q4<br>2016   | Full Year<br>2016 | Q1<br>2017   | Q2<br>2017   |
|----------------------------------------------------------|--------------|--------------|------------|--------------|-------------------|--------------|--------------|
| Revenues                                                 | 2,287        | 2,565        | 2,623      | 3,028        | 10,503            | 2,927        | 3,205        |
| Cost of sales                                            | -1,243       | -1,287       | -1,688     | -1,547       | -5,765            | -1,579       | -1,681       |
| <b>Gross earnings</b>                                    | <b>1,044</b> | <b>1,277</b> | <b>935</b> | <b>1,482</b> | <b>4,738</b>      | <b>1,348</b> | <b>1,524</b> |
| Sales, marketing and administrative expenses             | -363         | -399         | -392       | -522         | -1,676            | -506         | -658         |
| Participation in associated companies and joint ventures | -1           | -2           | -2         | -2           | -8                | -1           | -1           |
| <b>Operating earnings (EBIT)</b>                         | <b>680</b>   | <b>876</b>   | <b>541</b> | <b>958</b>   | <b>3,054</b>      | <b>841</b>   | <b>865</b>   |
| Net financial items                                      | -306         | -356         | -331       | -516         | -1,509            | -490         | -883         |
| <b>Earnings before tax</b>                               | <b>375</b>   | <b>520</b>   | <b>210</b> | <b>441</b>   | <b>1,545</b>      | <b>351</b>   | <b>-18</b>   |
| Tax                                                      | -112         | -161         | -228       | -115         | -616              | -124         | -59          |
| <b>Net income from continuing operations</b>             | <b>262</b>   | <b>359</b>   | <b>-19</b> | <b>327</b>   | <b>929</b>        | <b>226</b>   | <b>-77</b>   |
| Profit from discontinued operations, net of tax          | 47           | 109          | 113        | 94           | 363               | 51           | 60           |
| <b>Net earnings for the period</b>                       | <b>310</b>   | <b>468</b>   | <b>94</b>  | <b>421</b>   | <b>1,292</b>      | <b>277</b>   | <b>-17</b>   |
| <b>Of which attributable to:</b>                         |              |              |            |              |                   |              |              |
| Parent company's shareholders                            | 308          | 465          | 91         | 419          | 1,282             | 275          | -17          |
| Non-controlling interest                                 | 2            | 3            | 3          | 2            | 10                | 2            | 0            |
| <b>Net earnings for the period</b>                       | <b>310</b>   | <b>468</b>   | <b>94</b>  | <b>421</b>   | <b>1,292</b>      | <b>277</b>   | <b>-17</b>   |

PRO FORMA CONSOLIDATED BALANCE SHEET INCLUDING LINDORFF

| SEK M                                                            | 31 Mar<br>2016 | 30 Jun<br>2016 | 30 Sep<br>2016 | 31 Dec<br>2016 | 31 Mar<br>2017 | 30 Jun<br>2017 |
|------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS</b>                                                    |                |                |                |                |                |                |
| <b>Intangible fixed assets</b>                                   |                |                |                |                |                |                |
| Goodwill                                                         | 28,066         | 30,005         | 30,505         | 30,692         | 30,735         | 25,453         |
| Capitalized expenditure for IT development and other intangibles | 1,429          | 1,502          | 1,498          | 1,502          | 1,514          | 1,263          |
| Client relationships                                             | 1,842          | 3,002          | 2,680          | 2,651          | 2,556          | 2,495          |
| <b>Total intangible fixed assets</b>                             | <b>31,337</b>  | <b>34,509</b>  | <b>34,683</b>  | <b>34,845</b>  | <b>34,805</b>  | <b>29,211</b>  |
| <b>Tangible fixed assets</b>                                     | <b>240</b>     | <b>247</b>     | <b>246</b>     | <b>240</b>     | <b>253</b>     | <b>249</b>     |
| <b>Other fixed assets</b>                                        |                |                |                |                |                |                |
| Shares in joint ventures                                         | 1              | 12             | 10             | 14             | 14             | 20             |
| Other shares and participations                                  | 6              | 1              | 1              | 2              | 1              | 2              |
| Purchased debt                                                   | 17,206         | 17,918         | 18,483         | 19,995         | 21,776         | 18,748         |
| Deferred tax assets                                              | 1,028          | 1,022          | 692            | 731            | 788            | 835            |
| Other long-term receivables                                      | 75             | 83             | 105            | 162            | 50             | 48             |
| <b>Total other fixed assets</b>                                  | <b>18,316</b>  | <b>19,036</b>  | <b>19,291</b>  | <b>20,904</b>  | <b>22,629</b>  | <b>19,653</b>  |
| <b>Total fixed assets</b>                                        | <b>49,893</b>  | <b>53,792</b>  | <b>54,220</b>  | <b>55,989</b>  | <b>57,687</b>  | <b>49,113</b>  |
| <b>Current Assets</b>                                            |                |                |                |                |                |                |
| Accounts receivable                                              | 494            | 634            | 555            | 663            | 659            | 586            |
| Client funds                                                     | 927            | 943            | 957            | 944            | 984            | 865            |
| Tax assets                                                       | 95             | 225            | 215            | 183            | 228            | 250            |
| Other receivables                                                | 1,093          | 1,272          | 1,668          | 1,275          | 1,298          | 881            |
| Prepaid expenses and accrued income                              | 417            | 461            | 465            | 485            | 482            | 665            |
| Cash and cash equivalents                                        | 677            | 1,050          | 967            | 966            | 1,026          | 1,335          |
| <b>Total current assets</b>                                      | <b>3,703</b>   | <b>4,585</b>   | <b>4,827</b>   | <b>4,516</b>   | <b>4,677</b>   | <b>4,582</b>   |
| <b>Non-current assets of disposal group held for sale</b>        | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>10,069</b>  |
| <b>TOTAL ASSETS</b>                                              | <b>53,596</b>  | <b>58,377</b>  | <b>59,047</b>  | <b>60,505</b>  | <b>62,364</b>  | <b>63,764</b>  |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                      |                |                |                |                |                |                |
| Attributable to parent company's shareholders                    | 21,930         | 21,993         | 22,274         | 22,373         | 22,618         | 21,194         |
| Attributable to non-controlling interest                         | 165            | 184            | 181            | 180            | 181            | 4              |
| <b>Total shareholders' equity</b>                                | <b>22,095</b>  | <b>22,177</b>  | <b>22,455</b>  | <b>22,553</b>  | <b>22,799</b>  | <b>21,198</b>  |
| <b>Long-term liabilities</b>                                     |                |                |                |                |                |                |
| Liabilities to credit institutions                               | 2,514          | 3,554          | 3,181          | 5,437          | 7,592          | 1,798          |
| Medium term note                                                 | 20,714         | 22,588         | 23,086         | 22,989         | 22,916         | 32,524         |
| Other long-term liabilities                                      | 9              | 2              | 204            | 325            | 292            | 302            |
| Provisions for pensions                                          | 244            | 252            | 258            | 182            | 188            | 162            |
| Other long-term provisions                                       | 11             | 286            | 286            | 94             | 97             | 21             |
| Deferred tax liabilities                                         | 976            | 1,123          | 1,083          | 1,238          | 1,306          | 1,426          |
| <b>Total long-term liabilities</b>                               | <b>24,468</b>  | <b>27,805</b>  | <b>28,098</b>  | <b>30,265</b>  | <b>32,391</b>  | <b>36,233</b>  |
| <b>Current liabilities</b>                                       |                |                |                |                |                |                |
| Liabilities to credit institutions                               | 2,069          | 2,909          | 2,937          | 1,048          | 1,520          | 13             |
| Medium term note                                                 | 1,188          | 1,385          | 1,240          | 1,414          | 158            | 0              |
| Commercial paper                                                 | 745            | 720            | 825            | 1,124          | 1,360          | 1,075          |
| Client funds payable                                             | 927            | 943            | 957            | 944            | 984            | 865            |
| Accounts payable                                                 | 309            | 335            | 333            | 450            | 431            | 501            |
| Income tax liabilities                                           | 236            | 277            | 456            | 269            | 296            | 252            |
| Advances from clients                                            | 13             | 14             | 15             | 46             | 47             | 43             |
| Dividend declared but not paid                                   | 0              | 0              | 0              | 0              | 0              | 651            |
| Other current liabilities                                        | 680            | 751            | 613            | 1,013          | 1,171          | 695            |
| Accrued expenses and prepaid income                              | 866            | 1,061          | 1,118          | 1,151          | 1,025          | 1,221          |
| Other short-term provisions                                      | 0              | 0              | 0              | 228            | 182            | 91             |
| <b>Total current liabilities</b>                                 | <b>7,033</b>   | <b>8,395</b>   | <b>8,494</b>   | <b>7,687</b>   | <b>7,174</b>   | <b>5,407</b>   |
| <b>Non-current liabilities of disposal group held for sale</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>926</b>     |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                | <b>53,596</b>  | <b>58,377</b>  | <b>59,047</b>  | <b>60,505</b>  | <b>62,364</b>  | <b>63,764</b>  |

# PRO FORMA OPERATING SEGMENTS

## SERVICE LINES – REVENUES

| SEK M                                     | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|-------------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management                         | 2,292              | 1,823              | 26          | 4,445            | 3,452            | 29          | 7,650             |
| Financial Services                        | 1,462              | 1,178              | 24          | 2,742            | 2,250            | 22          | 4,697             |
| Elimination of inter-service line revenue | -549               | -436               | 26          | -1,054           | -850             | 24          | -1,845            |
| <b>Total revenues</b>                     | <b>3,205</b>       | <b>2,565</b>       | <b>25</b>   | <b>6,133</b>     | <b>4,852</b>     | <b>26</b>   | <b>10,503</b>     |

## REVENUES BY TYPE

| SEK M                                  | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|----------------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| External Credit Management revenues    | 1,743              | 1,387              | 26          | 3,391            | 2,602            | 30          | 5,806             |
| Collections on purchased debt          | 2,187              | 1,793              | 22          | 4,178            | 3,444            | 21          | 7,235             |
| Amortization of purchased debt         | -818               | -653               | 25          | -1,591           | -1,275           | 25          | -2,693            |
| Revaluation of purchased debt          | 63                 | 16                 | -           | 105              | 36               | -           | 57                |
| Other revenues from Financial Services | 30                 | 22                 | 36          | 50               | 45               | 11          | 98                |
| <b>Total revenues</b>                  | <b>3,205</b>       | <b>2,565</b>       | <b>25</b>   | <b>6,133</b>     | <b>4,852</b>     | <b>26</b>   | <b>10,503</b>     |

## SERVICE LINES – SERVICE LINE EARNINGS

| SEK M              | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|--------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management  | 676                | 561                | 20          | 1,254            | 950              | 32          | 1,930             |
| Financial Services | 766                | 656                | 17          | 1,462            | 1,253            | 17          | 2,561             |
| Common costs       | -577               | -341               | 69          | -1,011           | -647             | 56          | -1,437            |
| <b>Total EBIT</b>  | <b>865</b>         | <b>876</b>         | <b>-1</b>   | <b>1,707</b>     | <b>1,556</b>     | <b>10</b>   | <b>3,054</b>      |

## SERVICE LINES – NON-RECURRING ITEMS (NRI'S)

| SEK M              | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|--------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Credit Management  | -8                 | -41                | -15              | -71              | -108              |
| Financial Services | 11                 | -2                 | 11               | -3               | 78                |
| Common costs       | -197               | -22                | -279             | -29              | -141              |
| <b>Total NRI's</b> | <b>-194</b>        | <b>-64</b>         | <b>-283</b>      | <b>-103</b>      | <b>-171</b>       |



## SERVICE LINES – SERVICE LINE EARNINGS EXCLUDING NRI'S

| SEK M                        | April-June<br>2017 | April-June<br>2016 | Change<br>% | Jan-June<br>2017 | Jan-June<br>2016 | Change<br>% | Full Year<br>2016 |
|------------------------------|--------------------|--------------------|-------------|------------------|------------------|-------------|-------------------|
| Credit Management            | 684                | 602                | 14          | 1,269            | 1,021            | 24          | 2,038             |
| Financial Services           | 755                | 658                | 15          | 1,451            | 1,256            | 16          | 2,483             |
| Common costs                 | -380               | -319               | 19          | -732             | -618             | 18          | -1,295            |
| <b>Total EBIT excl NRI's</b> | <b>1,059</b>       | <b>941</b>         | <b>12</b>   | <b>1,989</b>     | <b>1,659</b>     | <b>20</b>   | <b>3,226</b>      |

## SERVICE LINES – SERVICE LINE MARGINS EXCLUDING NRI'S

| %                                           | April-June<br>2017 | April-June<br>2016 | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|---------------------------------------------|--------------------|--------------------|------------------|------------------|-------------------|
| Credit Management                           | 30                 | 33                 | 29               | 30               | 27                |
| Financial Services                          | 52                 | 56                 | 53               | 56               | 53                |
| <b>EBIT margin excl NRI's for the Group</b> | <b>33</b>          | <b>37</b>          | <b>32</b>        | <b>34</b>        | <b>31</b>         |

## PRO FORMA CONSOLIDATED QUARTERLY OVERVIEW

|                                              | Q1<br>2016 | Q2<br>2016 | Q3<br>2016 | Q4<br>2016 | Full Year<br>2016 | Q1<br>2017 | Q2<br>2017 |
|----------------------------------------------|------------|------------|------------|------------|-------------------|------------|------------|
| Revenues, SEK M                              | 2,287      | 2,565      | 2,623      | 3,028      | 10,503            | 2,928      | 3,205      |
| Cash EBITDA, SEK M                           | 1,401      | 1,649      | 1,669      | 1,883      | 6,601             | 1,735      | 1,843      |
| EBITDA, SEK M                                | 799        | 1,011      | 1,017      | 1,138      | 3,966             | 1,004      | 1,088      |
| EBIT, SEK M                                  | 680        | 876        | 540        | 958        | 3,054             | 841        | 864        |
| Non-recurring items (NRI's) in EBIT, SEK M   | -38        | -64        | -27        | -42        | -171              | -89        | -194       |
| Revaluations of Purchased Debt, SEK M        | 20         | 16         | 20         | 1          | 57                | 42         | 63         |
| Cash EBITDA excl NRI's, SEK M                | 1,439      | 1,713      | 1,696      | 1,925      | 6,772             | 1,824      | 2,037      |
| EBITDA excl NRI's, SEK M                     | 837        | 1,076      | 1,044      | 1,180      | 4,137             | 1,093      | 1,281      |
| EBIT excl NRI's, SEK M                       | 718        | 941        | 567        | 1,000      | 3,225             | 930        | 1,058      |
| Estimated remaining collections (ERC), SEK M | 29,462     | 31,079     | 32,126     | 35,312     | 35,312            | 38,895     | 40,006     |
| Return on purchased debt, %                  | 17         | 19         | 16         | 18         | 17                | 16         | 17         |
| Investments in purchased debt, SEK           | 567        | 934        | 828        | 2,350      | 4,979             | 2,522      | 1,287      |
| PD book value, SEK M                         | 13,567     | 14,280     | 14,838     | 16,336     | 16,336            | 18,184     | 18,748     |

# PARENT COMPANY

## INTRUM JUSTITIA AB (PUBL)

### INCOME STATEMENT – PARENT COMPANY

| SEK M                                                                         | Jan-June<br>2017 | Jan-June<br>2016 | Full Year<br>2016 |
|-------------------------------------------------------------------------------|------------------|------------------|-------------------|
| Revenues                                                                      | 48               | 44               | 105               |
| <b>Gross earnings</b>                                                         | <b>48</b>        | <b>44</b>        | <b>105</b>        |
| Sales and marketing expenses                                                  | -10              | -9               | -20               |
| Administrative expenses                                                       | -259             | -58              | -151              |
| <b>Operating earnings (EBIT)</b>                                              | <b>-221</b>      | <b>-23</b>       | <b>-66</b>        |
| Income from subsidiaries                                                      | 0                | 0                | 224               |
| Exchange rate differences on monetary items classified as expanded investment | -347             | 5                | -28               |
| Net financial items                                                           | -281             | -35              | -89               |
| <b>Earnings before tax</b>                                                    | <b>-849</b>      | <b>-53</b>       | <b>41</b>         |
| Tax                                                                           | 0                | 0                | 0                 |
| <b>Net earnings for the period</b>                                            | <b>-849</b>      | <b>-53</b>       | <b>41</b>         |

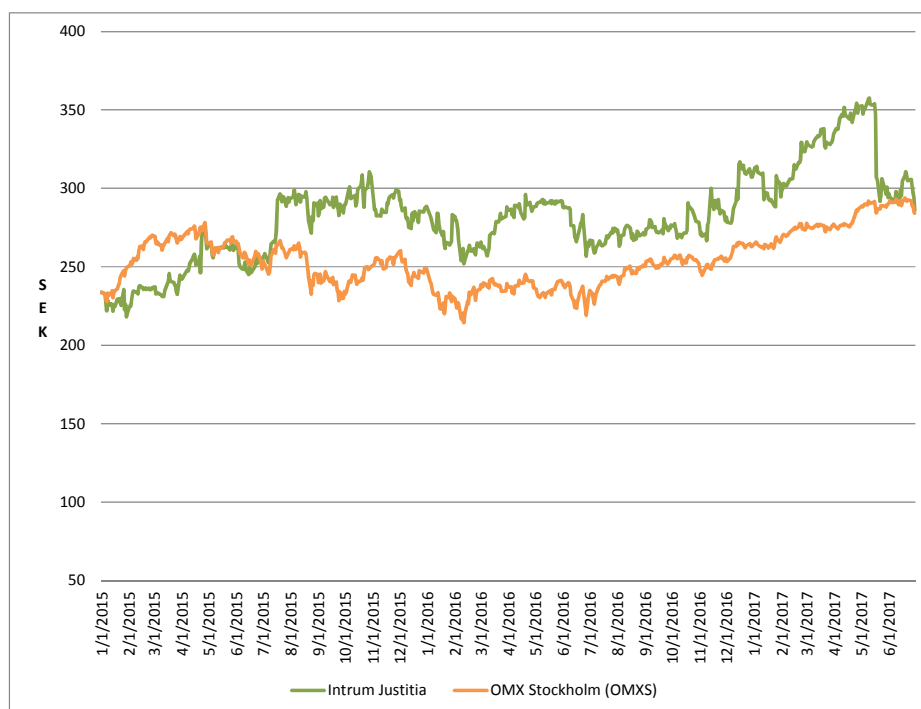
### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

| SEK M                                              | Jan-June<br>2016 | Jan-June<br>2016 | Full Year<br>2016 |
|----------------------------------------------------|------------------|------------------|-------------------|
| Net earnings for the period                        |                  | -53              | 41                |
| Other comprehensive income:                        | 267              | -126             | -210              |
| Change of translation reserve (fair value reserve) |                  |                  |                   |
| <b>Total comprehensive income</b>                  | <b>267</b>       | <b>-179</b>      | <b>-169</b>       |

### BALANCE SHEET – PARENT COMPANY

| SEK M                                             | 30 Jun<br>2017 | 30 Jun<br>2016 | 31 Dec<br>2016 |
|---------------------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                                     |                |                |                |
| <b>Fixed assets</b>                               |                |                |                |
| Financial fixed assets                            | 53,144         | 7,578          | 8,333          |
| <b>Total fixed assets</b>                         | <b>53,144</b>  | <b>7,578</b>   | <b>8,333</b>   |
| <b>Current assets</b>                             |                |                |                |
| Current receivables                               | 5,344          | 4,407          | 4,629          |
| Cash and cash equivalents                         | 321            | 314            | 8              |
| <b>Total current assets</b>                       | <b>5,665</b>   | <b>4,721</b>   | <b>4,637</b>   |
| <b>TOTAL ASSETS</b>                               | <b>58,809</b>  | <b>12,299</b>  | <b>12,970</b>  |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |                |                |                |
| Restricted equity                                 | 285            | 284            | 284            |
| Unrestricted equity                               | 17,060         | 952            | 963            |
| <b>Total shareholders' equity</b>                 | <b>17,345</b>  | <b>1,236</b>   | <b>1,247</b>   |
| Long-term liabilities                             | 36,768         | 7,415          | 7,658          |
| Current liabilities                               | 4,696          | 3,648          | 4,065          |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>58,809</b>  | <b>12,299</b>  | <b>12,970</b>  |

## SHARE PRICE TREND



## OWNERSHIP STRUCTURE

| 30 June 2017                               | No of shares      | Capital and<br>Votes, % |
|--------------------------------------------|-------------------|-------------------------|
| Cidron 1748 sarl (Nordic Capital)          | 57,728,956        | 43.9                    |
| SEB Funds                                  | 5,538,944         | 4.2                     |
| Jupiter Asset Management                   | 4,188,000         | 3.2                     |
| AMF Insurance & Funds                      | 3,538,779         | 2.7                     |
| Lannebo Funds                              | 3,082,411         | 2.3                     |
| Handelsbanken Funds                        | 2,957,100         | 2.2                     |
| Swedbank Robur Funds                       | 2,371,136         | 1.8                     |
| Odin Funds                                 | 2,153,707         | 1.6                     |
| BlackRock                                  | 1,883,311         | 1.4                     |
| Vanguard                                   | 1,525,336         | 1.2                     |
| AFA Insurance                              | 1,396,650         | 1.1                     |
| Columbia Threadneedle                      | 1,314,228         | 1.0                     |
| TIAA - Teachers Advisors                   | 1,283,679         | 1.0                     |
| BNP Paribas Investment Partners            | 1,156,142         | 0.9                     |
| Schroders                                  | 1,066,823         | 0.8                     |
| <b>Total, fifteen largest shareholders</b> | <b>91,185,202</b> | <b>69.3</b>             |

**Total number of shares:** **131,541,320**

Swedish ownership accounted for 23.2 percent (institutions 2.8 percentage points, mutual funds 16.3 percentage points, retail 4.1 percentage points) Source: Modular Finance Holdings and Intrum Justitia

# DEFINITIONS

## RESULT CONCEPTS, KEY FIGURES AND ALTERNATIVE INDICATORS

### CONSOLIDATED NET REVENUES

Consolidated revenues include external credit management revenues (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), revenue from purchased debt operations (collected amounts less amortization and revaluations for the period) and other revenues 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.

### PURCHASED DEBT – COLLECTED AMOUNTS, AMORTIZATIONS AND REVALUATIONS

Purchased debt consists 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 purchased debt 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.

### REVENUES, OPERATING EARNINGS AND OPERATING MARGIN, EXCLUDING REVALUATIONS

The period's revaluations of purchased receivables are included in consolidated net revenues and operating earnings. Revaluations are performed in connection with changes in estimates of future collections, and are therefore inherently difficult to predict. They have low forecast values for future earnings trends, particularly for an individual geographical region. Consequently, Intrum Justitia also reports alternative key figures in which revenues, operating earnings and operating margin are calculated excluding purchased debt revaluations.

### ORGANIC GROWTH

Organic growth refers to the average increase in revenues in local currency, adjusted for revaluations of purchased debt portfolios and the effects of acquisitions and divestments of Group companies. Organic growth is a measure of the development of the Group's existing operations that management has the ability to influence.

#### SERVICE LINE EARNINGS

Service line earnings relate to the operating earnings of each business line, Credit Management and Financial Services, excluding shared expenses for sales, marketing and administration.

#### SERVICE LINE MARGIN

The operating margin consists of operating earnings expressed as a percentage of net revenues.

#### RETURN ON PURCHASED DEBT

Return on purchased debt is the service line earnings for the period, excluding the Group's new services such as 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 business 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.

#### EBITDA

Operating earnings before depreciation and amortization (EBITDA) are operating earnings after reversal of depreciation of non-current assets.

#### CASH EBITDA

Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortization and revaluations of purchased debt are added back.

#### RTM

The abbreviation RTM refers to figures on a rolling twelve-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.

#### 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.

#### NON-RECURRING ITEMS (NRIS)

Significant income items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. Non-recurring items include restructuring costs,

closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, extraordinary projects, divestments, impairment of non-current fixed assets other than purchased debt, mergers and acquisitions expenses, advisory costs for discontinued acquisition projects, costs for relocation to new office premises, termination and recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unusual settlements. Non-recurring items are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

#### EBIT, EBITDA AND CASH EBITDA, EXCLUDING NRI'S

In accordance with the above, the key figures EBIT, EBITDA and Cash EBITDA are also reported after recurring non-recurring items, NRIs.

#### EXPECTED REMAINING COLLECTIONS, ERC

Estimated remaining collections are the nominal value of expected future collections on the Group's purchased debt portfolios.

#### 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 for the entire period, as well as in the comparative figures. Pro forma earnings have been calculated by adding Intrum Justitia's and Lindorff's actual results for each period without making adjustments for the periods in which transaction costs would have been incurred if the acquisition had taken place at another time. Fair value adjustments made in the acquisition analysis on Intrum Justitia's acquisition of Lindorff are not recognized in earnings for any period, although they can be recognized as expenses in the acquired legal entity.

#### REGION NORTHERN EUROPE

During the quarter, Region Northern Europe comprised the Group's activities for external clients and debtors in Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden.

#### REGION CENTRAL EUROPE

During the quarter, Region Central Europe comprised the Group's activities for external clients and debtors in Switzerland, Slovakia, the UK (effective from 2017), the Czech Republic, Germany, Hungary and Austria.

#### REGION WESTERN EUROPE

During the quarter, Region Western Europe comprises the Group's activities for external clients and debtors in Belgium, France, Ireland, Italy, Portugal, Spain and the UK (up to and including 2016).