

Interim report

Third quarter, 2021

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- Favourable economic sentiment throughout the quarter, supported by gradual normalisation, improving consumption and a strong economic growth outlook.
- Seasonally softer third quarter 2021, especially when compared to the exceptionally strong, rebound-driven third quarter 2020.
- High commercial activity with increasing demand for our services driven by economic recovery and growth expectations, but also financial services clients' need to proactively address their balance sheets.
- Transformation program on track with global front office deployment ahead of plan and accelerating case migrations.
- In the third quarter cash EBIT decreased to SEK 1,394 M (1,659), cash RoIC to 7.8 per cent (9.2) and cash earnings per share (cash EPS) to SEK 3.68 (5.88).
- Cash EBIT for Credit Management Services decreased to SEK 396 M (495) and the adjusted operating margin decreased to 23 per cent (29). The segment cash RoIC for the quarter was 8.2 per cent (10.2).
- Cash EBIT for Strategic Markets decreased to SEK 482 M (819) and the adjusted operating margin decreased to 22 per cent (30). The segment cash RoIC for the quarter was 12.3 per cent (19.6).
- Cash EBIT for Portfolio Investments increased to SEK 907 M (748), cash RoIC was 9.9 per cent (8.4) and total portfolio investments made amounted to SEK 1,633 M (873) for the quarter.

	Third quarter			9 months			Rolling	Full year
	July–Sep 2021	July–Sep 2020	Change %	Jan–Sep 2021	Jan–Sep 2020	Change %	Oct 2020–Sep 2021	
SEK M, unless otherwise indicated								
Revenues	4,294	4,521	-5	12,919	11,739	10	18,028	16,848
Adjusted revenues	4,183	4,520	-7	12,803	12,372	3	17,162	16,731
Operating earnings (EBIT)	1,341	1,688	-21	4,435	3,495	29	5,635	4,695
Adjusted operating earnings (EBIT)	1,533	1,687	-9	4,659	4,127	13	6,270	5,738
Earnings per share, SEK	4.33	6.97	-38	16.90	11.80	43	23.38	15.18
Cash EBITDA	2,906	3,142	-8	8,583	8,484	1	11,706	11,607
Cash EBIT	1,394	1,659	-16	4,172	4,058	3	5,694	5,580
Cash EPS, SEK	3.68	5.88	-37	15.03	16.40	-8	24.04	25.28
Cash RoIC, %	7.8	9.2	-1.4 ppt	7.8	7.4	0.4 ppt	8.0	7.7
Net debt/RTM cash EBITDA, x							4.2	4.0
Cash EBIT: Credit Management Services	396	495	-20	1,202	1,315	-9	1,484	1,596
Cash EBIT: Strategic Markets	482	819	-41	1,699	1,664	2	2,574	2,539
Cash EBIT: Portfolio Investments	907	748	21	2,662	2,357	13	3,496	3,190
Total portfolio investments made	1,633	873	87	5,423	3,856	41	6,696	5,129
Carrying value of portfolio investments	36,179	34,940	4	36,179	34,940	4	36,179	33,305
Adjusted return on portfolio investments, (ROI), %	14	12	2 ppt	14	12	2 ppt	14	12

Comment by the President and CEO

Gradual normalisation across our footprint and significant acceleration of ONE Intrum transformation

The third quarter of 2021 was characterised by a continued, gradual normalisation - both in terms of consumer and business behaviour. With increasing vaccination rates and restrictions continuing to be eased, Europeans returned to leisure activities, including holiday travel, over the summer months as well as more in office work thereafter. For Intrum this was reflected in a seasonally slower third quarter, in line with more normalised pre-pandemic patterns. However, we continue to maintain a generally high level of cash revenues, only 5 per cent down from the second quarter this year and 4 per cent down from last year's exceptionally strong, rebound-driven, third quarter.

Overall European economic sentiment remained favourable throughout the quarter, with our customers and clients continuing to have a positive view of the near-term future, supported by improving consumption and a strong economic growth outlook. We continue to see an increasing demand for our services driven by economic recovery and growth expectations but also our financial services clients' need to proactively address their balance sheets.

For the third quarter we recorded a decline in cash EBIT of 16 per cent versus the same quarter last year. However, looking at the first nine months of the year compared against the same period in 2020 we saw growth of 3 per cent. The leverage ratio was 4.2x net debt to cash EBITDA and the RTM cash EPS at the end of the third quarter amounted to SEK 24.04.

Transformation program on track with global front office deployment ahead of plan

The transformation program is on track with scaling up of the four global front offices well ahead of plan covering 14 countries with 302 agents. The team leads in our global front offices are using the latest technology to make more than 100,000 calls per day. Our focus on recruiting, onboarding and training our new colleagues remains high - instilling the ethical and sound debt collection principles we launched during the second quarter and

building a common culture. The successful establishment of our global front offices clearly highlights the benefits inherent in the ONE Intrum transformation program.

Case migrations accelerated during the third quarter and we completed the largest migration to date when we moved part of one of our largest markets, Spain, to the new global platform with more than 2.2 million cases migrated. This was achieved through a single migration with only minimal exceptions detected - highlighting the maturity of our migration concept and processes. This migration tripled the total number of cases on the new platform and we expect to add a further 4.5 million cases to the platform during the fourth quarter. It is exciting and pleasing to see the smooth acceleration in case migrations - the leading indicator for our ONE Intrum transformation - as well as the resulting increasing use of our new global platform.

New case inflows continuing to normalise

The peak of the vacation period and more normalised consumption patterns led to seasonally lower revenues in our CMS segment, both compared to the second quarter 2021 as well as the third quarter 2020. The new CMS case inflow trend continues to gradually improve from the inflection point observed during the first quarter. We are now down approximately 5 per cent compared to pre-pandemic levels and expect this development to gradually continue throughout the fourth quarter and into 2022. We expect case volumes, from both existing and new clients, to over time drive normalisation and growth of both revenues and profitability. Commercial activity remains high and during the quarter we signed an agreement with a large niche bank to become their servicer in Sweden, showcasing our continued success in the important bank and financial services sector.

The CMS cash EBIT is down 20 per cent compared to the third quarter 2020 and return on invested capital is at 8.2 per cent.



“Global front office deployment ahead of plan and accelerating case migration”

Significant commercial successes during a seasonally softer quarter

Seasonality across our Strategic Markets is reverting to pre-pandemic patterns, highlighting the success of vaccination campaigns and progress in reopening societies. Driven by this normalisation, we recorded a softer quarter in Strategic Markets from a revenue and profitability perspective, albeit the level of commercial activity remained high, including the signing of significant new servicing contracts in Spain and Italy. We were awarded a groundbreaking contract to service a more than EUR 1 bn Unlikely to Pay (“UTP”) portfolio highlighting Intrum’s position as the leading Spanish servicer for residential mortgages. In Italy we are also able to add further volumes to several of our servicing contracts.

The cash EBIT came in 41 per cent below the third quarter last year and the return on invested capital was 12.3 per cent for the third quarter.

Continued strong performance in terms of cash collections and returns

Strong operations, focus on affordable and stable payment plans as well as positive customer sentiment underpin a continued strong performance trajectory across all markets in our Portfolio Investments segment. During the third quarter our gross cash collections amounted to approximately SEK 3 bn, equivalent to 112 per cent of the active forecast.

New investments in portfolios amounted to SEK 1.6 bn, almost twice the amount invested during the third quarter 2020. We continue to invest at attractive return levels and newly acquired portfolios are well diversified geographically. The segment is ready for a seasonally more active fourth quarter when we expect increasing volumes and high activity levels all the way to year end.

The cash EBIT from the segment is up to SEK 907 M (748) with return on invested capital increasing to 9.9 per cent compared to 8.4 per cent during the third quarter 2020.

A transparent climate footprint

Climate change is one of the biggest challenges of our time and it affects everybody - nations, industries and companies. For us as a business it is crucial to consider and address climate related

risks in the context of our operations in order to contribute to a sustainable society.

Transparently reporting climate related risks as well as opportunities supports reducing emissions and contributes to a faster change towards a low-fossil fuel society. Such change is needed in order to minimise both climate related risks and the negative impact on our ecosystems and economies. Transparency is also a prerequisite to enable our stakeholders to make insightful decisions and thus contribute to limiting the climate impact.

This is why we at Intrum choose to support Task Force on Climate-related Financial Disclosures (TCFD) recommendations and have initiated the implementation of these. In parallel we have also started to report to the Carbon Disclosure Project (CDP), which evaluates companies’ climate efforts and mitigating actions.

These are important tools for the way we operate, as they provide frameworks for how to describe and communicate about our climate efforts.

A year of executing on transformation and organic growth

When reflecting on my first year as CEO of Intrum, I am excited about the path we have embarked on with our transformation journey towards ONE Intrum as well as the progress made to date. In combination with addressing pandemic related challenges, these last four quarters have been focused on two things - and two things only - our transformation program and building the foundation for sustainable organic growth. I am very proud of all team members’ persistent dedication to find client and customer centric solutions for all challenges at hand and to serve all stakeholders in an empathic and ethical manner.

I am convinced that the societal megatrends provide a positive backdrop for our continued success, as highlighted by the activity level amongst our clients both with regard to servicing as well as investment opportunities. I look forward to an active fourth quarter with important milestones in the transformation program as well as ample business opportunities to address.

Stockholm, October 2021

Anders Engdahl
President & CEO

“Strong operations, focus on affordable and stable payment plans as well as positive customer sentiment underpin a continued positive performance trajectory across all markets in our Portfolio Investments segment”

Group overview

Development during the third quarter

Revenues and operating earnings

Revenues for the quarter decreased 5 per cent to SEK 4,294 M (4,521), with organic growth accounting for -6 per cent, revaluations for 2 per cent and currency effects for -1 per cent compared to the third quarter the preceding year. The share of revenues denominated in EUR amounted to 60 per cent (67).

Operating earnings (EBIT) for the quarter amounted to SEK 1,341 M (1,688), with items affecting comparability of SEK -192 M (1). The adjusted operating earnings, excluding items affecting comparability, decreased to SEK 1,533 M (1,687).

Items affecting comparability

Operating earnings for the quarter included items affecting comparability of SEK -192 M (1). Portfolio revaluations amounted to SEK 112 M, items affecting comparability attributable to joint ventures of SEK -219 M and other items affecting comparability to SEK -85 M.

Net financial items

Net financial items for the quarter amounted to SEK -579 M (-573). Net interest amounted to SEK -468 M (-442), interest cost

on leasing liabilities to SEK -9 M (-10), exchange rate differences to SEK -15 M (19) and other financial items to SEK -87 M (-139).

Earnings for the period and taxes

The tax expense for the quarter was SEK 221 M, representing 22.5 per cent of earnings before tax excluding write-downs in joint ventures. Net earnings for the quarter amounted to SEK 541 M (864), corresponding to earnings per share of SEK 4.33 (6.97) before and after dilution.

The company's assessment is that the tax expense will, over the next few years, be around 20–25 per cent of earnings before tax for each year, excluding the outcome of any tax disputes.

Cash flow and investments

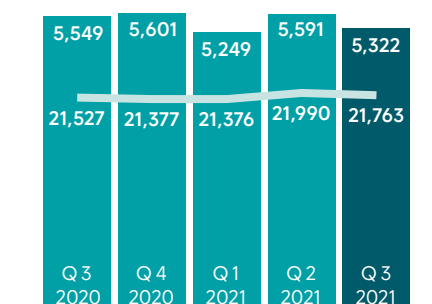
Cash revenues decreased to SEK 5,322 M (5,549). Cash EBITDA and cash EBIT decreased to SEK 2,906 M (3,142) and SEK 1,394 M (1,659) respectively. Cash EPS for the quarter amounted to SEK 3.68 per share (5.88). Cash EBIT corresponds to a return on invested capital (cash RoIC) of 7.8 per cent (9.2) for the quarter. RTM cash revenues increased to SEK 21,763 M (21,527), cash EBIT to SEK 5,694 M (5,477) and cash RoIC to 8.0 per cent (7.4).

Assets and financing

Total assets at the end of the quarter amounted to SEK 84,888 M, compared to SEK 84,275 M at the end of the third quarter of the preceding year. Net debt amounted to SEK 48,693 M (48,880). Net debt in relation to the RTM cash EBITDA stands at 4.2x compared to 4.2x at the end of the third quarter 2020. By the end of the third quarter Intrum had SEK 3,891 M (1,557) outstanding commercial paper, the increase reflects a more positive short term credit sentiment and the proceeds have been used to repay drawings under the revolving credit facility. At the end of the quarter SEK 2,684 M (3,720) of Intrum's revolving credit facility was utilised. In July, Intrum issued a three-year unsecured bond of SEK 1,500 M at STIBOR 3m +325 basis points under the Swedish MTN programme. The proceeds were used to refinance a fixed-rate bond maturing in 2022. Also during the quarter, Intrum issued a five-year unsecured bond under the Swedish MTN programme of SEK 1,000 M at STIBOR 3m +330 basis points. The proceeds of this issue were used to repay outstanding amounts under Intrum's revolving credit facility.

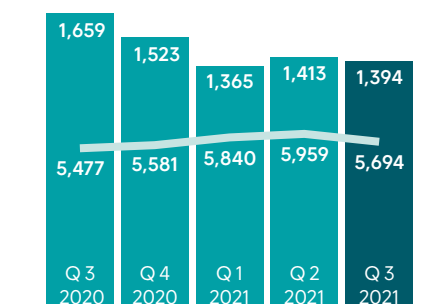
Cash revenues, SEK M

Cash revenues rolling 12 months, SEK M



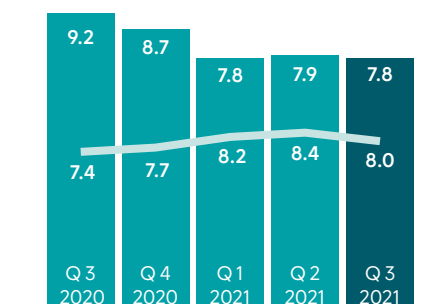
Cash EBIT, SEK M

Cash EBIT rolling 12 months, SEK M

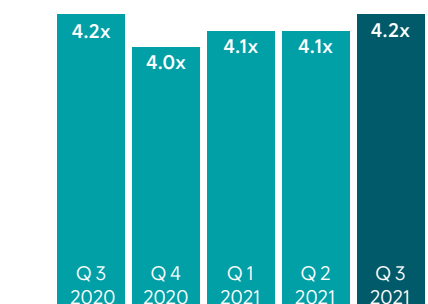


Cash RoIC, %

Cash RoIC rolling 12 months, %



Net Debt/RTM cash EBITDA



Segment overview

Credit Management Services, Strategic Markets and Portfolio Investments

Key figures, Q3 2021

SEK M	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Cash revenues	996	1,160	3,166	–	5,322
Reported segment earnings	356	265	1,198	-479	1,341
Items affecting comparability	–	6	107	79	192
Adjusted segment earnings	356	271	1,305	-400	1,533
Depreciation and amortisation	60	223	2	46	330
EBITDA	416	488	1,200	-433	1,671
Portfolio amortisation	–	–	1,072	–	1,072
Adjustment earnings from joint ventures	–	–	121	–	121
Adjustment cash flow from joint ventures	–	–	67	–	67
Items affecting comparability	–	6	-111	79	-25
Cash EBITDA	416	494	2,350	-354	2,906
Replenishment capex	–	–	-1,443	–	-1,443
Other capex	-21	-12	–	-36	-69
Cash EBIT	396	482	907	-390	1,394
Cash financial items					-630
Cash tax normalised					-320
Recurring consolidated cash earnings					445
Average number of shares outstanding					121
Cash EPS, SEK					3.68
Average invested capital	19,379	15,692	36,478	229	71,778
Cash RoIC, %	8.2	12.3	9.9	–	7.8
Revenues	1,541	1,257	2,138	-642	4,294
Items affecting comparability	–	–	-112	–	-112
Adjusted revenues	1,541	1,257	2,027	-642	4,183
Reported segment earnings	356	265	1,198	-479	1,341
Depreciation and amortisation	60	223	2	46	330
Items affecting comparability	–	6	107	79	192
Adjusted EBITDA	416	494	1,307	-354	1,863
Depreciation and amortisation	-60	-223	-2	-46	-330
Adjusted segment earnings	356	271	1,305	-400	1,533

Credit Management Services, Strategic Markets and Portfolio Investments, cont.

Key figures, Q3 2020

SEK M	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Cash revenues	1,089	1,637	2,823	–	5,549
Reported segment earnings	482	515	1,094	-403	1,688
Items affecting comparability	–	–	-1	–	-1
Adjusted segment earnings	482	515	1,093	-403	1,687
Depreciation and amortisation	55	380	2	48	485
EBITDA	537	895	1,096	-355	2,173
Portfolio amortisation	–	–	972	–	972
Adjustment earnings from joint ventures	–	–	-60	–	-60
Adjustment cash flow from joint ventures	–	–	57	–	57
Items affecting comparability	–	–	-1	–	-1
Cash EBITDA	537	895	2,065	-355	3,142
Replenishment capex	–	–	-1,317	–	-1,317
Other capex	-42	-76	–	-48	-166
Cash EBIT	495	819	748	-403	1,659
Cash financial items					-812
Cash tax normalised					-135
Recurring consolidated cash earnings					712
Average number of shares outstanding					121
Cash EPS, SEK					5.88
Average invested capital	19,500	16,755	35,440	243	71,938
Cash RoIC, %	10.2	19.6	8.4	–	9.2
Revenues	1,647	1,738	1,795	-659	4,521
Items affecting comparability	–	–	-1	–	-1
Adjusted revenues	1,647	1,738	1,794	-659	4,520
Reported segment earnings	482	515	1,094	-403	1,688
Depreciation and amortisation	55	380	2	48	485
Items affecting comparability	–	–	-1	–	-1
Adjusted EBITDA	537	895	1,095	-355	2,172
Depreciation and amortisation	-55	-380	-2	-48	-485
Adjusted segment earnings	482	515	1,093	-403	1,687

Credit Management Services

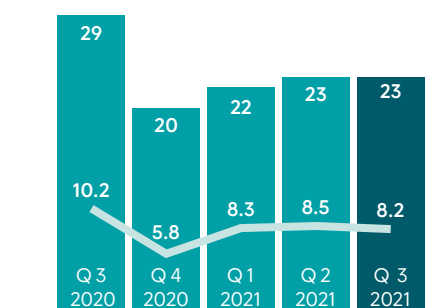
Credit management with a focus on late payments and collections. This segment includes 21 of the 24 European countries in which Intrum maintains credit management operations.

SEK M	Third quarter			9 months			Full year 2020
	July-Sep 2021	July-Sep 2020	Change %	Jan-Sep 2021	Jan-Sep 2020	Change %	
Cash revenues	996	1,089	-9	3,046	3,276	-7	4,375
Cash EBITDA	416	537	-23	1,256	1,499	-16	1,891
Other capex	-21	-42	-50	-54	-184	-71	-295
Cash EBIT	396	495	-20	1,202	1,315	-9	1,596
External revenues	996	1,089	-9	3,046	3,276	-7	4,375
Internal revenues	545	559	-3	1,651	1,667	-1	2,232
Total revenues	1,541	1,647	-6	4,697	4,943	-5	6,607
Items affecting comparability	-	-	-	-	-	-	-
Adjusted revenues	1,541	1,647	-6	4,697	4,943	-5	6,607
Segment earnings	356	482	-26	1,075	1,285	-16	1,613
Items affecting comparability	0	-	n.m.	1	-	n.m.	-
Adjusted segment earnings	356	482	-26	1,073	1,285	-16	1,613
KPI's							
Average invested capital	19,379	19,500	-1	19,311	19,898	-3	19,747
Segment cash RoIC, %	8.2	10.2	-2.0 ppt	8.3	8.8	-0.5 ppt	8.1
Cash revenues change, %	-9	-8		-7	-8		-7
– thereof organic change, %	-8	-4		-5	-6		-5
– thereof exchange rates, %	-1	-4		-2	-2		-2
– thereof acquired growth, %	-	-		-	-		-
Operating margin, %	23	29	-6 ppt	23	26	-3 ppt	24
Adjusted operating margin, %	23	29	-6 ppt	23	26	-3 ppt	24

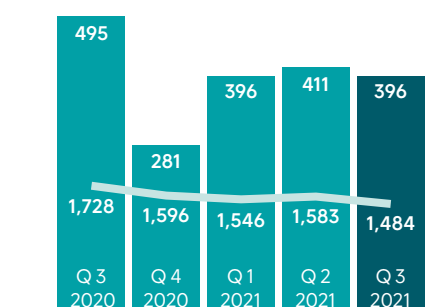
Normalising consumer and business patterns led to seasonally lower revenues in the CMS segment, both compared to the second quarter 2021 as well as the third quarter 2020. Also supported by this development, the new case inflow trend continues to gradually improve from the inflection point observed during the first quarter and is now approximately 5 per cent below pre pandemic levels. Cash EBIT and adjusted operating margin

showed a stable development throughout 2021. The segment's cash revenues decreased by 9 per cent and cash EBIT decreased 20 per cent compared to the third quarter of the preceding year. Cash return on invested capital (cash RoIC) decreased by 2 percentage point to 8.2 per cent (10.2).

Credit Management Services, adjusted operating margin, % and segment cash RoIC, %



Credit Management Services, Cash EBIT, SEK M
Cash EBIT rolling 12 months, SEK M



Strategic Markets

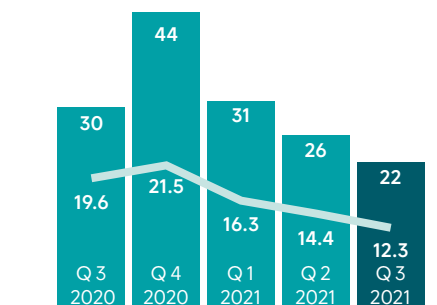
Credit management focusing on late payments and collections in Greece, Italy and Spain.

	Third quarter			9 months			Full year 2020
	July–Sep 2021	July–Sep 2020	Change %	Jan–Sep 2021	Jan–Sep 2020	Change %	
SEK M							
Cash revenues	1,160	1,637	-29	3,822	3,948	-3	5,409
Cash EBITDA	494	895	-45	1,740	1,808	-4	2,722
Other capex	-12	-76	-84	-41	-144	-72	-183
Cash EBIT	482	819	-41	1,699	1,664	2	2,539
External revenues	1,160	1,637	-29	3,822	3,948	-3	5,409
Internal revenues	97	101	-4	287	249	15	346
Total revenues	1,257	1,738	-28	4,108	4,197	-2	5,755
Items affecting comparability	-	-	-	-	-	-	-
Adjusted revenues	1,257	1,738	-28	4,108	4,197	-2	5,755
Segment earnings	265	515	-49	1,074	962	12	1,547
Items affecting comparability	6	-	n.m.	9	-	n.m.	106
Adjusted segment earnings	271	515	-47	1,083	962	13	1,653
KPI's							
Average invested capital	15,692	16,755	-6	15,800	17,468	-9	17,175
Segment cash RoIC, %	12.3	19.6	-7.3 ppt	14.3	12.7	1.6 ppt	14.8
Cash revenues change, %	-29	82		-3	53		29
– thereof organic change, %	-28	28		1	-7		-7
– thereof exchange rates, %	-1	-4		-4	-		-1
– thereof acquired growth, %	-	58		-	60		37
Operating margin, %	21	30	-9 ppt	26	23	3 ppt	27
Adjusted operating margin, %	22	30	-8 ppt	26	23	3 ppt	29

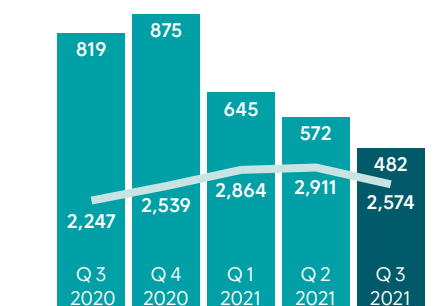
Strategic Markets' seasonality is also reverting towards pre-pandemic patterns, highlighting the success of vaccination campaigns and progress in reopening societies. Driven by this normalisation, we recorded a softer quarter in Strategic Markets from a revenue and profitability perspective. Performance in Greece and Spain continues on the trajectory from the preceding quarters, while Italy is still impacted by pandemic related

challenges with, in particular, the efficiency of the legal system only gradually reverting towards pre-pandemic levels. Cash revenues decreased by 29 per cent compared to the preceding year, mainly due to exceptionally strong catch-up effects after markets reopened in the third quarter 2020. Cash EBIT decreased 41 per cent compared to the same period last year. Cash RoIC stood at 12.3 per cent (19.6) for the quarter.

Strategic Markets, adjusted operating margin, % and segment cash RoIC, %



Strategic Markets, Cash EBIT, SEK M
Cash EBIT rolling 12 months, SEK M



Portfolio Investments

Intrum invests in portfolios of overdue receivables and similar claims, after which Intrum's servicing operations collect on the claims acquired.

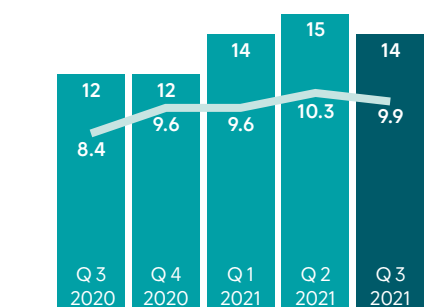
SEK M	Third quarter 2021					Third quarter 2020				
	Overdue receivables	REO	Financial services	Joint ventures	Segment total	Overdue receivables	REO	Financial services	Joint ventures	Segment total
Cash revenues	2,980	58	61	67	3,166	2,700	30	36	57	2,823
Cash EBITDA	2,236	7	41	67	2,350	1,990	-2	20	57	2,065
Replenishment capex	-1,443	-	-	-	-1,443	-1,317	-	-	-	-1,317
Cash EBIT	793	7	41	67	907	673	-2	20	57	748
Total revenues	2,019	58	61	-	2,138	1,729	30	36	-	1,795
Items affecting comparability	-112	-	-	-	-112	-1	-	-	-	-1
Adjusted segment revenues	1,908	58	61	-	2,027	1,728	30	36	-	1,794
Segment earnings	1,273	7	40	-121	1,198	1,017	-2	19	60	1,094
Items affecting comparability	-112	0	-	219	107	-1	-	-	-	-1
Adjusted segment earnings	1,161	7	40	97	1,305	1,016	-2	19	60	1,093
KPI's										
Average invested capital	29,570	336	575	5,998	36,478	27,999	411	497	6,532	35,440
Segment cash RoIC, %	10.7	8.3	28.5	4.5	9.9	9.6	-1.9	16.1	3.5	8.4
Total portfolio investments made	1,420	24	-	189	1,633	837	36	-	-	873
Money-on-money multiple (RTM)	2.05	-	-	-	2.05	2.05	-	-	-	2.05
Book value	29,840	326	-	6,013	36,179	27,966	416	-	6,557	34,940
ERC	62,603	411	-	7,308	70,322	55,082	710	-	8,601	64,393
Cost to collect, paid %	25	89	-	-	26	26	107	-	-	27
Amortisation ratio, %	36	-	-	-	36	36	-	-	-	36
Operating margin, %	63	11	67	-	66	59	-7	53	-	61
Adjusted operating margin, %	61	11	67	-	64	59	-7	53	-	61
Return on portfolio investments, ROI, %	17	8	-	-8	13	15	-1	-	4	12
Adjusted return on portfolio investments, ROI, %	16	7	-	6	14	15	-1	-	4	12

Portfolio Investments continues to exhibit a positive performance trajectory across all markets. In the third quarter the segment's gross cash collections on overdue receivables were up 10 per cent compared to the same quarter last year and amounted to 112 per cent (117) of the active forecast. This continued high collections level is a testament to our strong operations, focus on affordable and stable payment plans as well as the prevailing positive customer sentiment.

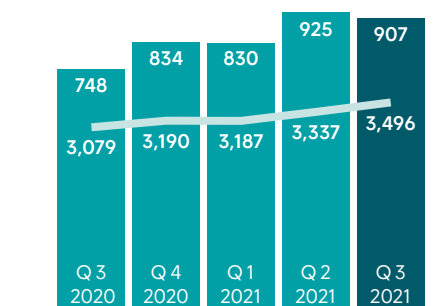
New portfolio investments in the quarter amounted to SEK 1,633 M (873). This includes a large portfolio of unsecured consumer loans in Denmark, an investment of SEK 189 M in a joint venture structure sponsored by Piraeus Bank in Greece as well as a portfolio acquired from Intesa Sanpaolo in Italy.

Cash EBIT for the segment increased by 21 per cent compared to the third quarter 2020 and cash RoIC increased to 9.9 per cent (8.4). The pricing environment remains attractive with a RTM

Portfolio Investments, Adjusted return, %, Cash RoIC, %



Portfolio Investments, Cash EBIT, SEK M Cash EBIT rolling 12 months, SEK M



money-on-money multiple (MoM) of 2.05 (2.05). Total book value stands at SEK 36,179 M, an increase of 4 per cent, including net revaluations and write-downs of SEK -107 M (1).

We are currently investigating a refinancing of the Italian SPV which owns the portfolio Intrum, together with partners, acquired in 2018. We expect that such refinancing will lead to a reshape and delay of the associated expected remaining collections (ERC) curve.

Portfolio Investments, cont.

SEK M	9 months 2021					9 months 2020				
	Overdue receivables	REO	Financial services	Joint ventures	Segment total	Overdue receivables	REO	Financial services	Joint ventures	Segment total
Cash revenues	8,831	160	143	160	9,295	8,020	105	117	310	8,552
Cash EBITDA	6,580	15	85	160	6,840	5,922	11	58	310	6,302
Replenishment capex	-4,179	–	–	–	-4,179	-3,945	–	–	–	-3,945
Cash EBIT	2,401	15	85	160	2,662	1,977	11	58	310	2,357
Total revenues	5,748	160	143	–	6,052	4,293	105	117	–	4,515
Items affecting comparability	-116	–	–	–	-116	632	–	–	–	632
Adjusted segment revenues	5,632	160	143	–	5,935	4,925	105	117	–	5,147
Segment earnings	3,495	-15	83	169	3,731	2,192	9	57	242	2,501
Items affecting comparability	-116	28	–	248	160	632	–	–	–	632
Adjusted segment earnings	3,379	13	83	417	3,891	2,824	9	57	242	3,133
KPI's										
Average invested capital	29,011	365	521	5,783	35,680	28,432	407	509	6,637	35,986
Segment cash RoIC, %	11.0	5.5	21.8	3.7	9.9	9.3	3.6	15.2	6.2	8.7
Total portfolio investments made	4,661	92	–	670	5,423	3,754	102	–	–	3,856
Money-on-money multiple (RTM)	2.05	–	–	–	2.05	2.05	–	–	–	2.05
Book value	29,840	326	–	6,013	36,179	27,966	416	–	6,557	34,940
ERC	62,603	411	–	7,308	70,322	55,082	710	–	8,601	64,393
Cost to collect, paid %	26	109	–	–	25	26	91	–	–	27
Amortisation ratio, %	36	–	–	–	36	39	–	–	–	39
Operating margin, %	59	-9	58	–	62	51	9	49	–	55
Adjusted operating margin, %	60	8	58	–	66	57	9	49	–	61
Return on portfolio investments, ROI, %	16	-6	–	4	14	10	3	–	5	9
Adjusted return on portfolio investments, ROI, %	16	5	–	10	14	13	3	–	5	12

Financial overview, cont.

Revenues by type

	Third quarter			9 months			Full year
	July-Sep 2021	July-Sep 2020	Change %	Jan-Sep 2021	Jan-Sep 2020	Change %	2020
SEK M							
External servicing revenues	2,156	2,725	-21	6,867	7,224	-5	9,784
Gross cash collections	2,961	2,700	10	8,810	8,020	10	10,957
Other Portfolio Investments segment revenues	138	66	90	325	222	37	298
Cash flow from joint ventures	67	57	18	160	310	-48	338
Cash revenues	5,322	5,549	-4	16,162	15,775	2	21,377
Portfolio amortisation	-1,072	-972	10	-3,199	-3,095	3	-4,158
Portfolio revaluations	112	1	n.m.	116	-632	-118	-33
Adjustment cash flow from joint ventures	-67	-57	18	-160	-310	-48	-338
Total revenues	4,294	4,521	-5	12,919	11,739	10	16,848

Change in revenues

	Third quarter			9 months			Full year
	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Change %	2020	
Change in revenues, %							
Organic growth	-6	10	8	-3		-2	
Acquired growth	0	14	-	14		10	
Portfolio revaluations	2	-	6	-6		-1	
Exchange rates	-1	-5	-4	-1		-2	
Total	-5	19	10	4		5	

Items affecting comparability in operating earnings

	Third quarter			9 months			Full year
	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Change %	2020	
SEK M							
Positive revaluations of portfolio investments	683	71	1,468	115		3,145	
Negative revaluations of portfolio investments	-571	-71	-1,352	-746		-3,177	
Efficiency improvement programme	-	-	-	-		-1	
Items affecting comparability joint ventures	-219	-	-248	-		-1,040	
Other items affecting comparability	-85	-	-93	-		-119	
Items affecting comparability portfolio amortisations	-	-	-	-		150	
Total items affecting comparability in operating earnings	-192	1	-224	-632		-1,043	

Net financial items specification

	Third quarter			9 months			Full year
	July-Sep 2021	July-Sep 2020	Change %	Jan-Sep 2021	Jan-Sep 2020	Change %	2020
SEK M							
Interest earnings	6	2	154	17	32	-47	43
Interest costs	-474	-444	7	-1,365	-1,319	4	-1,746
Interest cost on leasing liability according to IFRS 16	-9	-10	-12	-28	-31	-9	-41
Exchange rate differences	-15	19	-178	-11	20	-154	16
Amortisation of borrowing costs	-29	-46	-38	-78	-86	-9	-109
Commitment fee	-39	-24	65	-115	-89	30	-137
Other financial items	-19	-69	-73	-29	-84	-65	-88
Total net financial items	-579	-573	1	-1,610	-1,557	-250	-2,062

Quarterly overview

Group

	Quarter 3 2021	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019
SEK M								
Cash revenues	5,322	5,591	5,249	5,601	5,549	4,977	5,250	5,751
Cash EBITDA	2,906	2,966	2,712	3,124	3,142	2,709	2,633	3,063
Cash EBIT	1,394	1,413	1,365	1,523	1,659	1,294	1,105	1,419
Cash EPS, SEK	3.68	5.67	5.68	9.00	5.88	7.98	2.78	5.92
Revenues	4,294	4,424	4,200	5,109	4,521	3,885	3,333	4,663
Adjusted revenues	4,183	4,422	4,198	4,359	4,520	3,882	3,969	4,662
Operating earnings (EBIT)	1,341	1,563	1,531	1,200	1,688	1,348	459	-2,137
Adjusted EBIT	1,533	1,594	1,532	1,611	1,687	1,345	1,095	1,821
Net profit	541	810	787	576	864	671	-33	-2,482
Earnings per share, SEK	4.33	6.48	6.06	3.40	6.97	5.39	-0.25	-18.84
Return on equity, %	11	16	15	8	16	13	0	-42
Equity per share, SEK	168.72	162.54	171.12	158.05	166.15	159.46	165.62	168.12
Cash flow from operating activities per share, SEK	24.08	17.40	14.88	11.75	17.54	22.30	17.37	14.03
Average invested capital	71,778	71,345	69,951	70,430	71,938	73,928	74,962	73,365
Cash RoIC, %	7.8	7.9	7.8	8.7	9.2	7.0	5.9	7.7
Number of employees (FTEs)	9,733	9,786	9,626	9,458	9,446	9,366	9,188	9,430

Credit Management Services

	Quarter 3 2021	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019
SEK M								
Cash revenues	996	1,012	1,038	1,099	1,089	1,048	1,139	1,182
Cash EBIT	396	411	396	281	495	374	446	413
Revenues	1,541	1,572	1,585	1,664	1,647	1,590	1,705	1,792
– thereof external clients	996	1,012	1,038	1,099	1,089	1,048	1,139	1,182
– thereof intercompany revenues	545	560	546	565	559	542	566	610
Adjusted revenues	1,541	1,572	1,585	1,664	1,647	1,590	1,705	1,793
Segment earnings	356	367	352	328	482	383	420	255
Adjusted segment earnings	356	367	350	328	482	383	420	430
Items affecting comparability	–	-1	-2	–	–	–	–	-176
Adjusted operating margin, %	23	23	22	20	29	24	25	24
Average invested capital	19,379	19,381	19,173	19,292	19,500	19,874	20,321	20,737
Segment cash RoIC, %	8.2	8.5	8.3	5.8	10.2	7.5	8.8	8.0

Strategic Markets

	Quarter 3 2021	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019
SEK M								
Cash revenues	1,160	1,315	1,346	1,461	1,637	1,202	1,108	1,610
Cash EBIT	482	572	645	875	819	525	320	583
Revenues	1,257	1,416	1,434	1,558	1,738	1,265	1,194	1,665
– thereof external clients	1,160	1,315	1,346	1,461	1,637	1,202	1,108	1,610
– thereof intercompany revenues	97	101	88	97	101	63	86	55
Adjusted revenues	1,257	1,416	1,434	1,558	1,738	1,265	1,194	1,665
Segment earnings	265	370	439	585	515	345	102	-2,702
Adjusted segment earnings	271	373	439	691	515	345	102	517
Items affecting comparability	-6	-3	–	106	–	–	–	3,219
Adjusted operating margin, %	22	26	31	44	30	27	9	31
Average invested capital	15,692	15,841	15,866	16,297	16,755	17,664	17,986	17,520
Segment cash RoIC, %	12.3	14.4	16.3	21.5	19.6	11.9	7.1	13.3

Quarterly overview, cont.

Portfolio Investments

SEK M	Quarter 3 2021	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019
Cash revenues	3,166	3,265	2,864	3,041	2,823	2,727	3,002	2,959
Cash EBITDA	2,350	2,402	2,089	2,243	2,065	1,998	2,239	2,104
Cash EBIT	907	925	830	834	748	775	834	722
Gross cash collections	2,961	3,108	2,740	2,937	2,700	2,536	2,784	2,826
Portfolio amortisation	-1,072	-1,120	-1,007	-1,063	-972	-994	-1,129	-1,058
Portfolio revaluation	112	3	2	599	1	3	-636	1
Other Portfolio Investments segment revenues	138	107	80	76	66	90	66	98
Revenues	2,138	2,098	1,816	2,549	1,795	1,635	1,085	1,867
Segment earnings	1,198	1,303	1,231	751	1,094	1,006	401	1,195
Adjusted segment earnings	1,305	1,353	1,234	1,063	1,093	1,003	1,037	1,208
Portfolio investments	1,420	1,739	1,503	1,258	837	1,267	1,650	3,780
Total carrying value of portfolio investments	36,179	35,629	35,104	33,305	34,940	34,945	36,297	35,429
– thereof purchased receivables	29,840	29,300	28,984	27,658	27,966	28,032	29,026	28,508
– thereof joint ventures	6,013	5,983	5,726	5,266	6,557	6,507	6,855	6,539
– thereof real estate	326	347	394	381	416	406	416	382
Adjusted return on portfolio investments, ROI, %	14	15	14	12	12	11	11	14
Amortisation ratio, %	36	36	37	36	36	39	41	37
ERC	70,322	69,107	68,263	65,467	64,393	64,674	68,551	64,995
Replenishment capex	-1,443	-1,477	-1,259	-1,409	-1,317	-1,223	-1,405	-1,382
Money-on-money multiple (RTM)	2.05	2.10	2.18	2.08	2.05	2.07	1.98	2.04
Average invested capital	36,478	35,888	34,673	34,602	35,440	36,134	36,383	34,818
Segment cash RoIC, %	9.9	10.3	9.6	9.6	8.4	8.6	9.2	8.3

Money-on-money multiple

	Quarter 3 2021	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019
Purchase price of portfolios acquired in quarter	1,445	1,680	1,443	1,256	837	1,267	1,650	3,780
Lifetime ERC of portfolios acquired in quarter	2,794	3,414	3,190	2,554	1,791	2,944	3,036	7,165
Quarterly MoM	1.93	2.03	2.21	2.03	2.14	2.32	1.84	1.90
RTM MoM (average of quarterly MoM)	2.05	2.10	2.18	2.08	2.05	2.07	1.98	2.04
In quarter collections	2,961	3,108	2,740	2,937	2,700	2,536	2,784	2,826
RTM MoM (average of quarterly MoM)	2.05	2.10	2.18	2.08	2.05	2.07	1.98	2.04
Replenishment capex	-1,443	-1,477	-1,259	-1,409	-1,317	-1,223	-1,405	-1,382
	Jan–Sep 2021		Full year 2020				Full year 2019	
Replenishment capex	-4,179		-5,355				-5,339	

Five year overview

Group

SEK M	2020	2019	2018	2017	2016
Revenues	16,848	15,985	13,442	9,434	5,869
Adjusted revenues	16,731	15,780	13,131	9,437	5,824
EBIT	4,695	2,060	3,978	2,728	1,921
Adjusted EBIT	5,738	6,208	4,500	3,128	1,866
Net earnings	2,078	-285	1,943	1,503	1,468
Earnings per share, SEK	15.18	-2.76	14.18	14.62	20.15
Return on equity, %	37	-2	8	11	41
Equity per share, SEK	154.28	168.12	195.16	170.59	55.88
Cash flow from operating activities per share, SEK	68.64	48.77	48.10	-	46.64
Number of employees (FTEs)	9,379	8,766	7,910	6,293	3,865

Group

SEK M	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018	Quarter 3 2017
Revenues	4,294	4,521	3,786	3,180	2,986
Adjusted revenues	4,183	4,520	3,777	3,180	2,985
EBIT	1,341	1,688	1,375	834	977
Adjusted EBIT	1,533	1,687	1,476	1,095	1,036
Cash EBITDA	2,906	3,142	2,609	2,247	2,065
Net profit	541	864	579	396	615
Earnings per share, SEK	4.33	6.97	4.26	3.02	4.68
Return on equity, %	11	16	9	7	11
Equity per share, SEK	168.72	166.15	193.28	177.57	166.46
Cash flow from operating activities per share, SEK	24.08	17.01	9.97	9.25	13.65
Number of employees (FTEs)	9,733	9,446	8,959	7,571	8,349

Reconciliation of alternative performance measures

	Third quarter		9 months		Rolling	Full year
	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	12 months Oct 2020-Sep 2021	
SEK M						
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	683	71	1,468	115	4,498	3,145
Negative revaluations of portfolio investments	-571	-71	-1,352	-746	-3,784	-3,178
Items affecting comparability portfolio amortisations	-	-	-	-	150	150
Total items affecting comparability in revenues	112	1	116	-632	865	117
Items affecting comparability in operating earnings						
Positive revaluations of portfolio investments	683	71	1,468	115	4,498	3,145
Negative revaluations of portfolio investments	-571	-71	-1,352	-746	-3,784	-3,178
Transaction costs for M&A	-	-	-	-	-1	-1
Items affecting comparability joint ventures	-219	-	-248	-	-1,288	-1,040
Other items affecting comparability	-85	-	-93	-	-212	-119
Items affecting comparability portfolio amortisations	-	-	-	-	150	150
Total items affecting comparability in operating earnings	-192	1	-224	-632	-635	-1,043
Items affecting comparability by earnings statement line						
Positive revaluations of portfolio investments	683	71	1,468	115	4,498	3,145
Negative revaluations of portfolio investments	-571	-71	-1,352	-746	-3,784	-3,178
Cost of sales	-6	-	-36	-	-6	30
Sales, marketing and administration costs	-79	-	-56	-	-56	-
Items affecting comparability joint ventures	-219	-	-248	-	-1,288	-1,040
Total items affecting comparability in operating earnings	-192	1	-224	-632	-635	-1,043
Other items affecting comparability by segment						
Credit Management Services	0	-	1	-	1	-
Strategic Markets	-6	-	-9	-	-115	-106
Portfolio Investments	-107	-	-160	-	-1,104	-944
Common costs	-79	-	-56	-	-49	7
Total other items affecting comparability	-192	-	-224	-	-1,267	-1,043
Adjusted revenues						
Revenues	4,294	4,521	12,919	11,739	18,028	16,848
Items affecting comparability	-112	-1	-116	632	-865	-117
Adjusted revenues	4,183	4,520	12,803	12,372	17,162	16,731

	Third quarter		9 months		Rolling	Full year
	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	12 months Oct 2020-Sep 2021	
SEK M						
Adjusted EBIT						
EBIT	1,341	1,688	4,435	3,495	5,635	4,695
Items affecting comparability	192	-1	224	632	635	1,043
Total adjusted EBIT	1,533	1,687	4,659	4,127	6,270	5,738
Portfolio Investments segment earnings excluding items affecting comparability						
Portfolio Investments segment earnings	1,158	1,094	3,648	2,501	4,314	3,167
Items affecting comparability for investments	107	-1	160	632	472	944
Portfolio Investments segment earnings excluding items affecting comparability	1,265	1,093	3,808	3,133	4,786	4,111
Average carrying value						
Average carrying value receivables	29,570	27,999	29,011	28,432	28,711	28,277
Average carrying value joint ventures	5,998	6,532	5,783	6,637	5,815	6,456
Average carrying value real estate	337	411	365	407	373	405
Total average carrying value	35,905	34,942	35,158	35,477	34,899	35,138
Return including items affecting comparability	13	12	14	9	12	9
Return excluding items affecting comparability	14	12	14	12	14	12
Cash EBITDA						
EBIT	1,341	1,688	4,435	3,495	5,636	4,696
Depreciation and amortisation	330	485	982	1,194	1,316	1,528
Portfolio amortisation	1,072	972	3,199	3,095	4,262	4,158
Portfolio revaluations	-112	-1	-116	632	-715	33
Adjustments according to loan covenants:						
Adjustment earnings from joint ventures	121	-60	-169	-242	808	735
Adjustment cash flow from joint ventures	67	57	160	310	188	338
Items affecting comparability excluding portfolio revaluations	305	-	341	-	1,351	1,010
Items affecting comparability joint ventures	-219	-	-248	-	-1,288	-1,040
Items affecting comparability portfolio amortisations	-	-	-	-	150	150
Cash EBITDA	2,906	3,142	8,583	8,484	11,706	11,607
Net debt						
Liabilities to credit institutions	2,568	3,602	2,568	3,602	2,568	2,081
Bond loans	45,229	45,743	45,229	45,743	45,229	43,706
Provisions for pensions	384	400	384	400	384	382
Commercial paper	3,882	1,553	3,882	1,553	3,882	2,916
Cash and cash equivalents	-3,371	-2,417	-3,371	-2,417	-3,371	-2,134
Net debt at end of period	48,693	48,880	48,693	48,880	48,693	46,951
Net debt/RTM cash EBITDA					4.2	4.0

Financial report

Condensed consolidated income statement

	Third quarter		9 months		Full year
	July–Sep 2021	July–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	
SEK M					
Revenues from clients	2,294	2,799	7,192	7,449	10,085
Revenues from portfolio investments calculated using the effective interest method	1,889	1,721	5,610	4,922	6,796
Positive revaluations of portfolio investments	683	71	1,468	115	3,145
Negative revaluations of portfolio investments	-571	-71	-1,352	-746	-3,178
Total revenues	4,294	4,521	12,919	11,739	16,848
Cost of sales	-2,317	-2,421	-7,127	-7,056	-9,501
Gross earnings	1,977	2,100	5,792	4,682	7,347
Sales, marketing and administrative expenses	-515	-472	-1,526	-1,430	-1,918
Participation in associated companies and joint ventures	-121	60	169	242	-734
Operating earnings (EBIT)	1,341	1,688	4,435	3,495	4,695
Net financial items	-579	-573	-1,610	-1,557	-2,062
Profit before tax	762	1,115	2,825	1,938	2,633
Taxes	-221	-251	-685	-436	-555
Net earnings for the period	541	864	2,141	1,502	2,078
Of which attributable to:					
Parent company's shareholders	524	844	2,042	1,471	1,881
Non-controlling interest	18	21	99	31	197
Net earnings for the period	541	864	2,141	1,502	2,078
Average no of shares before dilution, '000	120,797	121,121	120,839	124,665	123,914
Average no of shares after dilution, '000	120,797	–	120,839	–	–
Earnings per share before dilution					
Profit from continuing operations, SEK	4.33	6.97	16.90	11.80	15.18
Total earnings per share before dilution, SEK	4.33	6.97	16.90	11.80	15.18
Total earnings per share after dilution, SEK	4.33	–	16.90	–	–

Condensed consolidated statement of comprehensive income

	Third quarter		9 months		Full year
	July–Sep 2021	July–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	
SEK M					
Net earnings for the period	541	864	2,141	1,502	2,078
Other comprehensive earnings, items that will be reclassified to profit and loss:					
Currency translation difference	198	29	705	-705	-2,250
Other comprehensive earnings, items that will not be reclassified to profit and loss:					
Remeasurement of pension liability					-3
Comprehensive income for the period	739	893	2,845	797	-175
Of which attributable to:					
Parent company's shareholders	686	811	2,708	692	-202
Non-controlling interest	53	82	137	105	27
Comprehensive income for the period	739	893	2,845	797	-175

Condensed consolidated balance sheet

SEK M	30 Sep 2021	30 Sep 2020	31 Dec 2020	SEK M	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				SHAREHOLDERS' EQUITY AND LIABILITIES			
Intangible fixed assets				Attributable to parent company's shareholders	20,381	20,124	19,118
Goodwill	32,304	32,855	31,650	Attributable to non-controlling interest	2,781	2,943	2,845
Capitalised expenditure for IT development and other intangibles	866	868	861	Total shareholders' equity	23,163	23,067	21,963
Client relationships	4,444	5,386	4,936				
Total intangible fixed assets	37,614	39,109	37,447	Long-term liabilities			
				Liabilities to credit institutions	2,568	3,602	2,081
Tangible fixed assets				Bond loans	43,379	45,743	42,606
Right-of-use assets	771	880	831	Long-term leasing liabilities	598	692	651
Investment property	1	0	2	Other long-term liabilities	740	684	622
Other tangible fixed assets	211	199	209	Provisions for pensions	384	400	381
Total tangible fixed assets	983	1,079	1,042	Other long-term provisions	59	57	48
				Deferred tax liabilities	1,074	1,304	1,110
Other fixed assets				Total long-term liabilities	48,803	52,481	47,499
Shares in joint ventures	6,013	6,557	5,266				
Other shares and participations	1	0	0	Current liabilities			
Portfolio investments	29,840	27,966	27,658	Bond loans	1,850	0	1,100
Deferred tax assets	1,418	1,274	1,438	Commercial paper	3,882	1,553	2,916
Other long-term receivables	76	94	124	Client funds payable	1,068	1,142	1,125
Total other fixed assets	37,348	35,893	34,486	Accounts payable	421	562	493
				Earnings tax liabilities	844	1,042	925
Total fixed assets	75,945	76,080	72,975	Advances from clients	50	65	64
				Short-term leasing liabilities	220	227	220
Current assets				Other current liabilities	1,093	1,541	1,515
Accounts receivable	1,323	1,157	1,184	Accrued expenses and prepaid earnings	3,480	2,559	2,924
Inventory of real estate	326	416	379	Other short-term provisions	14	35	24
Client funds	1,068	1,142	1,125	Total current liabilities	12,922	8,727	11,307
Tax assets	206	304	193	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	84,888	84,275	80,768
Other receivables	1,568	1,410	1,338				
Prepaid expenses and accrued earnings	1,081	1,349	1,441				
Cash and cash equivalents	3,371	2,417	2,134				
Total current assets	8,943	8,195	7,793				
TOTAL ASSETS	84,888	84,275	80,768				

Condensed consolidated statement of changes in shareholders' equity

	2021			2020		
	Attributable to Parent Company's shareholder	Non-controlling interest	Total	Attributable to Parent Company's shareholder	Non-controlling interest	Total
SEK M						
Opening balance, January 1	19,118	2,845	21,963	22,014	2,879	24,893
Repurchase of shares				-1,332	-41	-1,373
Dividends paid	-1,451	-181	-1,633	-1,250		-1,250
Treasury shares	-41		-41			
Comprehensive earnings for the period	2,756	118	2,874	692	105	797
Closing balance, September 30	20,381	2,781	23,163	20,124	2,943	23,067

Condensed consolidated cash flow statement

	Third quarter		9 months		Full year
	July-Sep 2021	July-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	2020
Change in revenues, %					
Operating activities					
EBIT	1,341	1,688	4,435	3,495	4,695
Depreciation/amortisation and impairment write-down	330	485	982	1,194	1,529
Amortisation/revaluation of purchased debt	961	971	3,083	3,726	4,189
Other adjustment for items not included in cash flow	133	-38	-179	-330	570
Interest received	6	2	17	32	43
Interest paid	-578	-721	-1,467	-1,527	-1,792
Other financial expenses paid	-55	-93	-144	-173	-225
Earnings tax paid	-320	-135	-825	-346	-969
Cash flow from operating activities before changes in working capital	1,819	2,160	5,902	6,072	8,041
Changes in factoring receivables	-36	-29	-144	-6	36
Other changes in working capital	1,151	-7	1,076	1,019	429
Cash flow from operating activities	2,933	2,124	6,835	7,084	8,506
Investing activities					
Purchases of tangible and intangible fixed assets	-66	-166	-226	-481	-672
Portfolio investments in receivables and inventory of real estate	-1,552	-747	-4,645	-3,728	-5,135
Acquisition of subsidiaries and joint ventures	0	0	0	-6	-35
Other cash flow from investing activities	-387	111	-458	404	398
Cash flow from investing activities	-2,005	-802	-5,329	-3,811	-5,444
Financing activities					
Borrowings and repayment of loans	-335	-1,737	1,242	-4	142
Repurchase of shares	0	0	-41	-1,250	-1,307
Share dividend to parent company's shareholders	2	0	-1,451	-1,332	-1,332
Dividend to non-controlling shareholders	-1	-41	-181	-41	-72
Cash flow from financing activities	-334	-1,778	-432	-2,627	-2,569
Total change in liquid assets	595	-456	1,074	645	494
Opening balance of liquid assets	2,672	2,879	2,134	1,906	1,906
Exchange rate differences in liquid assets	104	-8	163	-136	-265
Closing balance of liquid assets	3,371	2,414	3,371	2,414	2,134
Group total					
Cash flow from operating activities	2,933	2,124	6,835	7,084	8,506
Cash flow from investing activities	-2,005	-802	-5,329	-3,811	-5,444
Cash flow from financing activities	-334	-1,778	-432	-2,627	-2,569

Certain prior year comparative information has been revised to conform to the current year presentation. In particular, exchange rate differences classified as reduction of interest paid in 2020 are now reported in the "Borrowings and repayments of loans".

Condensed income statement – parent company

	9 months		Full year
	Jan–Sep 2021	Jan–Sep 2020	2020
SEK M			
Revenues	454	409	557
Gross earnings	454	409	557
Sales and marketing expenses	-21	-18	-28
Administrative expenses	-697	-552	-804
EBIT	-264	-161	-275
Earnings from subsidiaries	935	114	1 382
Exchange rate differences on monetary items classified as expanded investment and hedging activities	-224	297	678
Net financial items	-717	-721	-1 261
Earnings before tax	-270	-471	524
Tax	0	81	-104
Net earnings for the period	-270	-390	420

Net earnings for the period corresponds to comprehensive earnings for the period.

Condensed balance sheet – parent company

	30 Sep 2021	30 Sep 2020	31 Dec 2020
SEK M			
ASSETS			
Fixed assets			
Intangible fixed assets	393	268	298
Tangible fixed assets	11	11	13
Financial fixed assets	73,447	69,409	68,195
Total fixed assets	73,851	69,688	68,506
Current assets			
Current receivables	491	521	458
Cash and cash equivalents	505	294	533
Total current assets	996	815	991
TOTAL ASSETS	74,847	70,503	69,497
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	670	285	285
Unrestricted equity	9,782	11,170	11,923
Total shareholders' equity	10,452	11,455	12,208
Long-term liabilities	52,788	54,980	50,386
Current liabilities	11,607	4,068	6,902
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	74,847	70,503	69,497

Other information

Parent Company

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

The Parent Company reported revenues of SEK 454 M (409) for the quarter and earnings before tax of SEK -270 M (-471). The Parent Company invested SEK 30 M (148) in fixed assets for the quarter and at the end of the quarter held SEK 505 M (294) in cash and cash equivalents. The average number of employees was 60 (56).

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company. In addition to appearing in the financial statements, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report.

The accounting principles applied by the Group and the Parent Company are essentially unchanged compared with the 2020 Annual Report.

Changes in IFRS standards as of 1 January 2021 did not have any material impact on this interim report.

Transactions with related parties

During the quarter no significant transactions occurred between Intrum and other closely related companies, board members or Group management team.

Market development and outlook

Intrum's integrated business model consists of credit management services and portfolio investments. Intrum enjoys favourable medium term development prospects in both areas. Intrum continues to execute its transformation programme. Intrum will gradually standardise, globalise and improve its collections processes. Intrum anticipates the actions being taken in this area will continue to improve efficiency and margins, as well as enabling sustainable and organic growth.

Significant risks and uncertainties

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, compliance and changes in regulations, reputation risks, tax risks, risks attributable to IT and information management, epidemic and pandemic risks, risks attributable to acquisitions, market risks, liquidity risks, credit risks, risks inherent in portfolio investments and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2020 Annual and Sustainability report. No significant risks have arisen besides those described in the Annual and Sustainability report.

Fair value of financial instruments

Most of the Group's financial assets and liabilities (portfolio investments, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, bonds, commercial paper, accounts payable and other liabilities) are carried at amortised cost in the consolidated financial statements. For most of these financial instruments, the carrying amount is deemed to be a good estimate of fair value. For outstanding bonds with a total carrying value of SEK 44,129 M (45,743) at the end of the quarter, fair value is, however, estimated at SEK 46,156 M

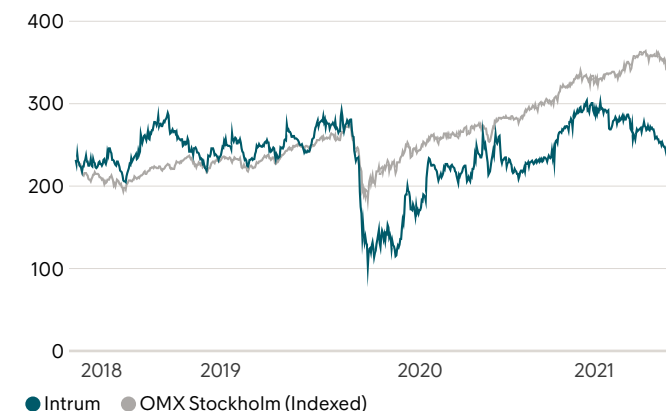
(43,076). The Group also holds forward exchange contracts and other financial assets of SEK 78 M (384), as well as financial liabilities of SEK 78 M (100) carried at fair value through the income statement.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 July–30 September 2021, 17,603,044 shares were traded for a total value of SEK 4,612 M, corresponding to 15 per cent of the total number of shares at the end of the period.

The highest price paid during the period 1 July–30 September 2021 was SEK 289.4 (13 July) and the lowest was SEK 235.3 (30 September). On the last trading day of the period, 30 September 2021, the price was SEK 238.6 (latest paid). During the period 1 July–30 September 2021, Intrum's share price fell by 15 per cent, while Nasdaq OMX Stockholm rose by 0 per cent.

Share price, SEK (1 October 2018 – 30 September 2021)



Shareholders

30 September 2021	No of shares	Capital and Votes, %
Nordic Capital through companies	47,728,956	39,2
AMF Pension & Fonder	11,574,431	9,5
Swedbank Robur Fonder	5,825,116	4,8
Första AP-fonden	2,444,409	2,0
Vanguard	2,407,754	2,0
Handelsbanken Fonder	2,355,978	1,9
C WorldWide Asset Management	2,141,411	1,8
TIAA - Teachers Advisors	1,936,604	1,6
Robeco	1,250,000	1,0
BlackRock	1,176,486	1,0
Avanza Pension	1,135,833	0,9
Norges Bank	1,018,981	0,8
Intrum AB	923,654	0,8
Capital Group	900,000	0,7
SEB Fonder	829,248	0,7
Total fifteen largest shareholders	83,648,861	68,7
Total number of shares excluding treasury shares	120,797,264	

Source: Modular Finance Holdings and Intrum

Treasury holdings of 923,654 shares are not included in the number of shares outstanding. The proportion of Swedish ownership amounted to 39.3 per cent (institutions 11.2 percentage points, mutual funds 17.8 percentage points and private individuals 10.3 percentage points).

Currency exchange rates

	Closing rate 30 Sep 2021	Closing rate 30 Sep 2020	Average rate Jul-Sep 2021	Average rate Jul-Sep 2020	Average rate Jan-Dec 2020
1 EUR=SEK	10.17	10.57	10.15	10.35	10.48
1 CHF=SEK	9.39	9.78	9.31	9.62	9.80
1 NOK=SEK	1.00	0.95	0.99	0.97	0.98
1 HUF=SEK	0.0282	0.0289	0.0284	0.0292	0.0299

Events after the balance sheet date

No events after the balance sheet date.

For further information, please contact

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Michael Ladurner, CFO, tel: +46 8 546 102 02

Emil Folkesson, Investor Relations, tel: +46 8 546 102 02

Michael Ladurner is the contact under the EU Market Abuse Regulation.

The information in this interim report is such as Intrum AB (publ) is required to disclose pursuant to the EU's markets abuse directive and the Securities Markets Act.

The information was provided under the auspices of the contact person above for publication on 21 October 2021 at 07.00 a.m. CET.

Year-end reports, interim reports and other financial information are available on www.intrum.com.

Denna delårsrapport finns även på svenska.

Stockholm, 21 October 2021

Anders Engdahl

President and CEO

Auditor's Review Report

Introduction

We have reviewed the interim report for Intrum AB (publ) as of 30 September 2021 and for the nine month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures per-

formed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 20 October 2021

Deloitte AB

Patrick Honeth

Authorised Public Accountant

Definitions

Result concepts, key figures and alternative indicators

Acquired growth

Growth in cash revenues related to mergers and acquisitions of Group companies.

Adjusted revenues

Revenues excluding portfolio revaluations and other items affecting comparability.

Adjusted operating earnings (EBIT)

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

Adjusted operating margin

Adjusted operating earnings (EBIT) in relation to adjusted revenues.

Adjusted segment earnings

Adjusted segment earnings is segment earnings excluding revaluations of portfolio investments and other items affecting comparability.

Amortisation percentage

Amortisation on portfolio investments during the period, as a percentage of collections.

Cash EBIT

Cash EBITDA less replenishment capex and other capex.

Cash EBITDA

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

Cash EPS

Cash EBIT minus cash net financial items and cash net tax normalised divided by the average number of outstanding shares.

Cash return on invested capital (RoIC)

Annualised cash EBIT divided by average invested capital for the period. Average invested capital calculated using quarterly opening and closing balances for the relevant period. Year to date and RTM is calculated using the opening and closing balances of the quarters in the period.

Cash revenues

Revenues excluding non-cash revenues such as portfolio amortisation and earnings from joint ventures.

Cash tax normalised

Earnings tax paid adjusted for non recurring items.

Cash flow from joint ventures

The cash flow received by Intrum in form of distributions and dividends from investments in non-consolidated joint ventures.

EBITDA

EBITDA is defined as operating earnings (EBIT) adding back depreciation and amortisations of tangible and intangible assets.

Estimated remaining collections, ERC

The estimated remaining collections represent the nominal value of the expected future collection on the Group's portfolio investments, including Intrum's anticipated cash flows from investments in joint ventures.

Exchange rates

Growth in cash revenues related to the effects of changes in exchange rates.

External revenues

Revenues from Intrum's external clients and revenues generated from Real Estate Owned assets (REO).

Internal revenues

Predominantly related to revenues paid by the Portfolio Investment segment to Credit Management Services and Strategic Markets segments for collection activities made on the behalf of Intrum's own portfolios.

Items affecting comparability

Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. These may include but are not limited to portfolio revaluations, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, extraordinary projects, divestments, impairment of non-current fixed assets other than portfolio investments, acquisition and divestment expenses, advisory costs for discontinued acquisition projects, costs for relocation to new office space, termination and recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unusual agreements. Items affecting comparability are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

Net debt

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

Net debt/cash EBITDA

This key figure refers to net debt divided by Cash EBITDA on a rolling 12-month basis. The key figure is included among the Group's financial targets, it is an important measure for assessing the level of the Group's borrowings and is a widely accepted measure of financial capacity among lenders. This key figure is calculated in accordance with the definitions stated in the terms of the Group's revolving syndicated loan facility, which means, among other things, that participations in non-consolidated joint ventures is only included to the extent that earnings are distributed to Intrum and that operations acquired during the period are included on a pro forma-basis throughout the 12-month period.

Operating earnings (EBIT)

Operating earnings consist of revenues less operating expenses as shown in the income statement.

Operating margin

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

Operating margin, segment

The operating margin, segment consists of service line earnings expressed as a percentage of revenues.

Organic growth

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

Other capex

Investments made to maintain and grow the business. For example, IT and tangible assets.

Portfolio investments – collected amounts, amortisations and revaluations

Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognised at amortised cost applying the effective interest method, based on a collection forecast established at the acquisition date of each portfolio. Revenues attributable to portfolio investments consist of collected amounts less amortisation for the period and revaluations. The amortisation represents the period's reduction in the portfolio's current value, which is attributable to collection taking place as planned. Revaluation is the period's increase or decrease in the current value of the portfolios attributable to the period's changes in forecasts of future collection.

Total portfolio investments made

The investments for the period in portfolios of overdue receivables, with and without collateral, investments in real estate and in joint ventures whose operations entail investing in portfolios of receivables and properties.

Replenishment capex

The estimated portfolio investments required to maintain the ERC in a steady state. Calculated by dividing the in quarter gross cash collections by the RTM MoM multiple.

REO

Real estate owned.

Return on Portfolio Investments (ROI)

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees (financial services), recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the segment's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. The definition of average book value is based on using average values for the quarters. Year to date and RTM is calculated using the opening and closing balances of the quarters in the period.

Revenues

Consolidated revenues include external servicing earnings (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription earnings, etc.), earnings from portfolio investments operations (collected amounts less amortisation and revaluations for the period) and other earnings from financial services (fees and net interest from financing services).

RTM

Rolling Twelve Months, RTM, refers to figures on a last 12-month basis.

RTM MoM multiple

The average quarterly underwriting money-on-money multiple for the past 12 months. Calculated by dividing the lifetime ERC of acquired portfolios with the purchase price of the portfolios.

Segment earnings

Segment earnings relate to the operating earnings of each segment, Credit Management Services, Strategic Markets, Portfolio Investments and Group items.

About Intrum

Intrum is the industry-leading credit management company in Europe with presence in 24 markets. We help companies prosper by offering solutions designed to improve cash flow as well as long-term profitability and by caring for their customers. Our focus is to create shared value for business and society, which both benefit from companies being paid on time and citizens getting out of debt. Intrum has around 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2020, the company generated revenues of SEK 16.8 billion. Intrum is headquartered in Stockholm, Sweden, and the Intrum share is listed on the Nasdaq Stockholm exchange. For further information, please visit www.intrum.com.

Business model

We ensure that companies are paid by offering a full range of services covering companies' entire credit management chain. In our Credit Management Services and Strategic Markets segments we act as agents, collect late payments on our clients' behalf and generate a commission. In our Portfolio Investments segment we act as principals and invest in portfolios of overdue receivables as well as similar claims and collect on our own behalf.

Intrum as an investment

Growing market – The market for our services is growing, supported by our clients' desire to manage their balance sheets, also aided by regulation, focus on their core businesses as well as ongoing NPL generation. Digitisation and changes in customer behaviour lead to new types of receivables being generated. This market backdrop is a strong foundation for sustainable organic growth.

Market-leading position – Intrum is the industry leader in Europe, with a presence in 24 countries. We also work with partners to cover approximately 160 countries across the world. Given our comprehensive footprint we can partner with clients across several markets. Our broad knowledge spans multiple industries and our scale enables us to invest in the newest technologies and innovative solutions.

A complete range – Intrum offers a complete range of credit management services, covering companies' complete credit management chain.

Considerable trust and 100 years of experience – Our work can only be performed if we have our clients' complete trust and conduct our operations ethically and with respect for the end-customer. Our 100 years of experience demonstrate the strength of our business model. We build long-term partnerships with our clients.

Intrum leads the way towards a sound economy – A functioning credit market is a prerequisite for the business community and consequently for society as a whole. Intrum plays an important role in this context.

Financial targets

Returns: Cash RoIC >10% medium term

Growth: Cash EPS >10% p.a. on average medium term

Leverage: Net debt/Cash EBITDA 2.5–3.5x by end of 2022

Shareholder remuneration policy: Absolute annual increase in dividend per share

For further details and definitions, see <https://www.intrum.com/investors/financial-info/financial-targets/>

Financial calendar 2021

21 October 2021 Interim report for the third quarter

27 January 2022 Full-year report 2021

29 April 2022 Interim report for the first quarter

21 July 2022 Interim report for the second quarter



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