IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering memorandum (the "Preliminary Offering Memorandum"), and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Preliminary Offering Memorandum. In accessing the attached Preliminary Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined in the Preliminary Offering Memorandum) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTIONS AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE ATTACHED PRELIMINARY OFFERING MEMORANDUM WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOU ACKNOWLEDGE THAT YOU RECEIVED THE ATTACHED PRELIMINARY OFFERING MEMORANDUM IN A FORMAT THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view the attached Preliminary Offering Memorandum or make an investment decision with respect to the securities described therein, you must: (i) not be a U.S. person (as defined in Regulation S under the U.S. Securities Act), and be outside the United States; provided that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area) or (ii) be a qualified institutional buyer ("QIB") (as defined in Rule 144A under the U.S. Securities Act). You have accessed the attached Preliminary Offering Memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached Preliminary Offering Memorandum (collectively, the "Initial Purchasers"), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons, and (ii) you have not accessed the attached Preliminary Offering Memorandum in the United States, its territories and possessions, any state of the United States or the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (and if you are resident in a Member State of the European Economic Area, you are a qualified investor); or (B) you and any customers you represent are QIBs and that you consent to delivery by electronic transmission.

The attached Preliminary Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Initial Purchasers, any person who controls any Initial Purchaser, the Issuer or any of their respective subsidiaries or affiliates, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached Preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this Preliminary Offering Memorandum to any other person. You will not transmit the attached Preliminary Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Nothing set forth in the attached Preliminary Offering Memorandum constitutes a recommendation that any person take or refrain from taking any course of action within the meaning of U.S. Department of Labor Regulation §2510.3-21(b)(1).

The information in this preliminary offering memorandum is not complete and may be changed. The Issuer may not sell these securities until the offering memorandum is delivered in final form. This preliminary offering memorandum is not an offer to sell these securities and the Issuer is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated June 12, 2017

Strictly Confidential
Not for general distribution
in the United States

Preliminary Offering Memorandum

€3,000,000,000 (equivalent)

in combination of

€ Senior Floating Rate Notes due 2022

€ % Senior Notes due 2022

€ % Senior Notes due 2024

SEK Senior Floating Rate Notes due 2022

issued by

Intrum Justitia AB (publ)

Intrum Justitia AB (publ), a Swedish public limited liability company (the "**Issuer**"), is offering € in aggregate principal amount of its Senior Floating Rate Notes due 2022 (the "**Euro Floating Rate Notes**"), € in aggregate principal amount of its % Senior Notes due 2022 (the "**Euro Fixed Rate 2022 Notes**"), € in aggregate principal amount of its % Senior Notes due 2024 (the "**Euro Fixed Rate 2024 Notes**" and, together with the Euro Floating Rate Notes and the Euro Fixed Rate 2022 Notes, the "**Euro Notes**") and SEK in aggregate principal amount of its Senior Floating Rate Notes due 2022 (the "**SEK Floating Rate Notes**" and, together with the Euro Notes, the "**Notes**").

The Euro Floating Rate Notes will mature on , 2022. The Issuer will pay interest on the Euro Floating Rate Notes quarterly on each , , and , commencing , 2017. Prior to , 2018, the Issuer may, at its option, redeem all or a portion of the Euro Floating Rate Notes by paying the relevant "make-whole" premium. At any time and from time to time on or after , 2018 the Issuer may redeem all or part of the Euro Floating Rate Notes at the redemption prices set forth herein.

The Euro Fixed Rate 2022 Notes will mature on , 2022. The Issuer will pay interest on the Euro Fixed Rate 2022 Notes semi-annually on each and , commencing . Prior to , 2019, the Issuer may, at its option, redeem all or a portion of the Euro Fixed Rate 2022 Notes by paying the relevant "make-whole" premium. At any time and from time to time on or after , 2019 the Issuer may redeem all or part of the Euro Fixed Rate 2022 Notes at the redemption prices set forth herein. In addition, prior to , 2019 the Issuer may, at its option, redeem up to 40% of the Euro Fixed Rate 2022 Notes with the net proceeds from certain equity offerings at the redemption price set forth herein.

The Euro Fixed Rate 2024 Notes will mature on , 2024. The Issuer will pay interest on the Euro Fixed Rate 2024 Notes semi-annually on each and , commencing . Prior to , 2020, the Issuer may, at its option, redeem all or a portion of the Euro Fixed Rate 2024 Notes by paying the relevant "make-whole" premium. At any time and from time to time on or after , 2020 the Issuer may redeem all or part of the Euro Fixed Rate 2024 Notes at the redemption prices set forth herein. In addition, prior to , 2020 the Issuer may, at its option, redeem up to 40% of the Euro Fixed Rate 2024 Notes with the net proceeds from certain equity offerings at the redemption price set forth herein.

The SEK Floating Rate Notes will mature on , 2022. The Issuer will pay interest on the SEK Floating Rate Notes quarterly on each , , and , commencing , 2017. Prior to , 2018, the Issuer may, at its option, redeem all or a portion of the SEK Floating Rate Notes by paying the relevant "make-whole" premium. At any time and from time to time on or after , 2018 the Issuer may redeem all or part of the SEK Floating Rate Notes at the redemption prices set forth herein.

At any time prior to , 2018, the Issuer may redeem up to €300 million equivalent in aggregate principal amount of the Notes, on a *pro rata* basis across all series of Notes, with the net cash proceeds of one or more Required Disposals (as defined herein) at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, as applicable, to the redemption date and additional amounts, if any. See "*Description of the Notes—Optional Redemption—Special Optional Redemption*."

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

Pending satisfaction of certain conditions (as further described herein), the Initial Purchasers (as defined herein) will, concurrently with the issuance of the Notes on the Issue Date (as defined herein), deposit the gross proceeds of the offering of the Notes (in aggregate, the "**Escrowed Proceeds**") into the respective Escrow Accounts (as defined herein). The Notes will not benefit from any security interest in the applicable Escrow Accounts or in the applicable Escrowed Proceeds. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to July 31, 2017, the Notes will be subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

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

There is currently no public market for the Notes. Application will be made to the Irish Stock Exchange (the "**Exchange**") for the Notes to be admitted to the Official List and to trading on the Global Exchange Market. There can be no assurance that the Notes will be listed and admitted to trading on the Global Exchange Market or that such listing will be maintained.

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

See "*Risk Factors*" beginning on page 44 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

Price for the Euro Floating Rate Notes:	% plus accrued interest, if any, from the Issue Date
Price for the Euro Fixed Rate 2022 Notes:	% plus accrued interest, if any, from the Issue Date
Price for the Euro Fixed Rate 2024 Notes:	% plus accrued interest, if any, from the Issue Date
Price for the SEK Floating Rate Notes:	% plus accrued interest, if any, from the Issue Date

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

Joint Bookrunners

Goldman Sachs International **J.P. Morgan** **Morgan Stanley**

Danske Bank **Deutsche Bank** **DNB Markets** **Nordea** **Nykredit** **Swedbank** **UBS Investment Bank**

The date of this Offering Memorandum is , 2017.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

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

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it.

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

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

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

We have prepared this Offering Memorandum solely for use in connection with this offering. You may not distribute this Offering Memorandum or make photocopies of it without our prior written consent other than to people you have retained to advise you in connection with this offering of the Notes.

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

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

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

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

Application will be made to the Irish Stock Exchange (the "**Exchange**") for the Notes to be admitted to the Official List and to trading on the Global Exchange Market, and we intend to submit listing particulars to the competent authorities in connection with such listing application. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum, including the inclusion of additional information in the listing particulars. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for the Notes to be admitted to the Official List of the Exchange and to trading on the Global Exchange Market thereof will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

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

STABILIZATION

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

Notice to Certain Other Investors

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

France. This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the French financial markets authority, or "**AMF**"). Consequently, the Notes have not been nor will be, directly or indirectly, offered or sold to the public in France ("*offre au public de titres financiers*"), and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes have been distributed or caused to be distributed and must be distributed or caused to be distributed to the public in France.

The Notes have only and will only be offered, sold or distributed in France to qualified investors (*investisseurs qualifiés*) and/or to persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*), all as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier.*

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

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

Norway. This Offering Memorandum has not been, and will not be, approved by or registered with the Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, neither this Offering Memorandum nor any other offering material relating to the Notes constitutes or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007, other than in circumstances that are exempted from the prospectus requirements under the Norwegian Securities Trading Act (2007) chapter 7.

Spain. The Notes, may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law Act 4/2015, of October 23 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, and Royal Decree 1310/2005, of November 4, on the listing of securities, public offers and applicable prospectus, as amended (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) (the "**Spanish Securities Market Law**"). The Notes, may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, within the meaning of the Spanish Securities Market Law. None of the Notes, this offering or this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of the Notes in Spain.

Sweden. This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes, otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Swedish Financial Instruments Trading Act.

United Kingdom. The issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") by, a person authorized under the FSMA. This Offering Memorandum is for distribution only to persons who: (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**")); (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or cause to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances that will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Switzerland. The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations (SR 220) and does not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers' Association. The Notes will not be listed on the SIX Swiss Exchange Ltd or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. Neither this Offering Memorandum nor any other material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes are being offered in Switzerland by way of a private placement (i.e., to a limited number of selected, hand-picked investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Canada. The Notes may only be offered or sold in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island to or for the benefit of a resident of these provinces pursuant to an exemption from the requirement to file a prospectus in such province in which such offer or sale is made, and only by a registrant duly registered under the applicable securities laws of that province or by a registrant that is relying in that province on the "international dealer" exemption provided by section 8.18 of National Instrument 31 103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31 103**"). Furthermore, the Notes may only be offered or sold to residents of any such province that are purchasing, or deemed to be purchasing, as principal, that are "accredited investors" as defined in National Instrument 45 106 *Prospectus Exemptions* ("**NI 45 106**") or subsection 73.3(1) of the *Securities Act* (Ontario), and that are "permitted clients" as defined in NI 31 103. Each Canadian purchaser hereby acknowledges that any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws and that it shall be deemed to represent and warrant it is an accredited investor and is purchasing as principal (or deemed principal) in connection with any purchase of Notes hereunder.

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

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

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

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

Notice to U.S. Investors

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

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

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

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various “forward-looking statements” that reflect management’s current view with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical fact or present facts or circumstances. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “will,” “should,” “could,” “aim” or “might” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements occur in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled “*Summary*,” “*Risk Factors*,” “*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia*,” “*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff,*” “*Industry Overview*” and “*Business*” and include, among other things, statements relating to:

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

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

- changes in the economic conditions in the markets in which we operate;
- inability to compete with businesses that may offer more attractive prices or have greater financing resources;
- insufficient supply of portfolios to purchase and willingness of clients to outsource their credit management services to us;
- reliance on clients in the financial services industry and risk of material failures in banking systems;
- errors in our collection process or other operational matters, such as failure of third parties as part of the supply chain to provide certain services;
- inability to purchase portfolios at sufficient levels, appropriate prices or of sufficient quality due to a lack of supply or lack of funding;

- failure to comply with applicable laws, regulations and codes of practice or changes to the regulatory environment in which we operate;
- failure of our statistical models and data analysis tools to accurately assess pricing terms and project remaining cash flows from our portfolios;
- deterioration in the value of our existing portfolios and inability to address underlying concerns;
- inability to replace terminated or expired forward flow agreements;
- negative attention relating to the credit management industry in general, or to us in particular;
- inability to manage our international operations and expansion plans, achieve our strategic goals or identify and anticipate future risks;
- failure to integrate acquired businesses, including Lindorff, dispose of businesses, including the Carveout Business (as defined herein), and realize planned synergy benefits, within anticipated timeframes or at all, from past or future acquisitions (including, without limitation, the Merger after giving estimated effect to the disposal of the Carveout Business);
- risks related to the Transactions (as defined herein), including any litigation that may arise as a result, and our ability to execute the Transactions in the manner and within the timetable currently envisaged;
- reliance on our senior management team and trained employees;
- inability to maintain, manage, integrate and develop our IT or data analysis systems or anticipate, manage or adopt technological advances within our industry; and
- failure to maintain IT security or protect our data analysis system.

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

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

This Offering Memorandum contains certain synergy estimates, among others, relating to cost reductions and other benefits expected to arise from the Merger after giving estimated effect to the disposal of the Carveout Business, as well as costs related to implementing such measures. The estimates present the expected future impact of the Merger and the integration of Lindorff into Intrum Justitia's existing business after giving estimated effect to the disposal of the Carveout Business. Such estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating the synergies arising from the Merger after giving estimated effect to the disposal of the Carveout Business are inherently uncertain and are subject to a variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the synergy benefit estimates. The synergy estimates presented in this Offering Memorandum and/or our ability to realize such estimates may be significantly affected by any additional measures, commitments, undertakings or promises required to secure the European Commission's approval of the Merger. See "*Risk Factors—Risks Related to the Transactions—Anticipated synergies from the Merger may not materialize.*"

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This Offering Memorandum contains the following financial information:

The Issuer

- the audited consolidated financial statements and the accompanying notes thereto of the Issuer as of and for the years ended December 31, 2016 and 2015 (including comparative information as of and for the year ended December 31, 2014), which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and audited by the Issuer's independent auditors, Ernst & Young AB, as set forth in their audit reports included elsewhere herein (the "**Issuer's Audited Financial Statements**");

- the unaudited consolidated financial statements and the accompanying notes thereto of the Issuer as of and for the three months ended March 31, 2017 and 2016, which have been prepared in accordance with IFRS and reviewed by the Issuer's independent auditors, Ernst & Young AB (the "**Issuer's Interim Financial Statements**" and, together with the Issuer's Audited Financial Statements, the "**Issuer's Financial Statements**");

Lindorff

- the audited consolidated financial statements and the accompanying notes thereto of Lock Lower Holding AS ("**Lock Lower Holding**") as of and for the years ended December 31, 2016 and 2015, which have been prepared in accordance with IFRS and audited by Lock Lower Holding's independent auditors, PricewaterhouseCoopers AS, as set forth in their audit reports included elsewhere herein ("**Lock Lower Holding's Audited Financial Statements**");

- the unaudited interim consolidated financial statements and the accompanying notes thereto of Lock Lower Holding as of and for the three months ended March 31, 2017 and 2016, which have been prepared in accordance with IFRS and reviewed by Lock Lower Holding's independent auditors, PricewaterhouseCoopers AS ("**Lock Lower Holding's Interim Financial Statements**" and, together with Lock Lower Holding's Audited Financial Statements, "**Lock Lower Holding's Financial Statements**"); and

- the audited consolidated financial statements and the accompanying notes thereto of Lindorff AB as of and for the year ended December 31, 2014 (including comparative information as of and for the year ended December 31, 2013), which have been prepared in accordance with IFRS and audited by Lindorff AB's independent auditors, PricewaterhouseCoopers AB, as set forth in their audit report included elsewhere herein ("**Lindorff AB's Audited Financial Statements**" and, together with Lock Lower Holding's Financial Statements, "**Lindorff's Financial Statements**").

Lock Lower Holding was established on May 22, 2014. Lock Lower Holding's only assets consist of its indirect interest in the share capital of Lindorff AB, which it acquired on October 6, 2014 upon completion of the Prior Lindorff Acquisition (as defined herein), and intercompany loans. Lock Lower Holding is a holding company created in connection with the Prior Lindorff Acquisition, with no independent operations of its own. Prior to the completion of the Prior Lindorff Acquisition, Lock Lower Holding did not have any assets or liabilities or conduct any operations.

As a result, and unless otherwise indicated, for historical periods ending on or prior to December 31, 2014, the financial information presented for Lindorff in this Offering Memorandum is the historical consolidated financial information of Lindorff AB and for historical periods commencing on or after January 1, 2015, the financial information presented for Lindorff in this Offering Memorandum is the historical consolidated financial information of Lock Lower Holding. The comparability of the consolidated financial statements of Lindorff AB and Lock Lower Holding may be limited. For example, certain consultancy costs related to the Prior Lindorff Acquisition were incurred by Lock Lower Holding and only a portion of the debt incurred by Lock Lower Holding in connection with the Prior Lindorff

Acquisition was on-lent to Lindorff AB to refinance its existing debt, due to which there may be material differences in the amount of liabilities and finance costs reflected in the consolidated financial statements of Lindorff AB and Lock Lower Holding, respectively. See "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Factors Affecting the Comparability of Lindorff's Financial Condition and Results of Operations.*"

Lock Topco AS was established on July 1, 2014. Lock Topco AS is a holding company created in connection with the Prior Lindorff Acquisition, with no independent operations of its own. Lock Topco AS's only assets consist of its interest in the share capital of Lock Upper Holding AS (and indirectly Lock Lower Holding and Lindorff AB), and intercompany receivables. Lock Topco AS does not have any other material assets or external liabilities although it has €30 million in intercompany liabilities in favor of Lock Lower Holding.

The preparation of the Issuer's Financial Statements and Lindorff's Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. These standards also require management to exercise its judgment in the process of applying accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the Issuer's Financial Statements and Lindorff's Financial Statements, as applicable.

Segments, Service Lines and Geographic Regions

The Issuer and Lindorff each include segmental results in their financial statements with the segments defined in accordance with *IFRS 8 Operating Segments* in each case.

Lindorff's operating segments are considered from a product perspective: (i) debt purchasing, which consists of mainly unsecured non-performing loans and receivables purchased by Lindorff; (ii) debt collection, which consists of collection for various clients and on portfolios of loans and receivables, as well as real estate servicing ("**RES**"); and (iii) other services, which consists of information, payment and invoicing services. In addition, Lindorff also reports certain results by country. See Note 2.3 and Note 5 to Lock Lower Holding's Audited Financial Statements presented elsewhere herein.

The Issuer's operating segments are comprised of the three geographical regions in which its clients are located: (i) Northern Europe (including Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden), (ii) Central Europe (including Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and (iii) Western Europe (including Belgium, France, Ireland, Italy, Portugal, Spain and the United Kingdom). Central and common expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. In addition, the Issuer also reports certain results by service offering, which is divided into two service lines: (i) Credit Management Services ("**CMS**"), which includes collection services, credit information services and payment services; and (ii) Financial Services, which predominantly includes purchased debt, as well as payment guarantees and other financing services. See Note 2 to the Issuer's Audited Financial Statements presented elsewhere herein.

In order to combine the Issuer's and Lindorff's results by geographic region for purposes of presenting certain *pro forma* financial results of the Company by segment, both the Issuer and Lindorff adjusted their results by geographic region to conform to the following four geographic regions: (i) Northern Europe (including Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden), (ii) Central and Eastern Europe (including Austria, Czech Republic, Germany, Hungary, Switzerland and Slovakia), (iii) Western Europe (including Belgium, France, Ireland and the United Kingdom) and (iv) Southern Europe (including Italy, Portugal and Spain). The Company also presents certain *pro forma* financial and other information by service line herein. For purposes of presenting this *pro forma* financial information, the Company defines its two service lines as (i) CMS (comprised of Lindorff's debt collection products and products currently presented in Lindorff's other services segment, excluding payment services, and the Issuer's CMS service offerings) and (ii) Financial Services (comprised of Lindorff's debt purchasing products and payment services, which is currently presented in Lindorff's other services segment, and the Issuer's Financial Services service line). The presentation of *pro forma* Company results by segment and service line is provided for illustrative purposes only, and the segments and service lines used for the preparation of these *pro forma* results may not be reflective of future geographic region and service line reporting for the Company. See "—*Unaudited Pro Forma Financial Information*" and "*Unaudited Pro Forma Financial Information of the Company*" for more information regarding the *pro forma* adjustments presented herein.

LTM Financial Information

This Offering Memorandum includes certain unaudited financial information for the twelve months ended March 31, 2017. This financial information has been calculated, as the case may be, by: (i) adding the Issuer's historical results for the three months ended March 31, 2017, to the Issuer's historical results for the year ended December 31, 2016, and subtracting the Issuer's historical results for the three months ended March 31, 2016 (the "**Issuer's LTM Information**"); (ii) adding Lock Lower Holding's historical results for the three months ended March 31, 2017, to Lock Lower Holding's historical results for the year ended December 31, 2016, and then subtracting Lock Lower Holding's historical results for the three months ended March 31, 2016 ("**Lindorff's LTM Information**"); and (iii) adding the unaudited *pro forma* information for the three months ended March 31, 2017 to the unaudited *pro forma* information for the year ended December 31, 2016, and subtracting the unaudited *pro forma* information for the three months ended March 31, 2016 (the "***Pro Forma* LTM Information**" and, together with the Issuer's LTM Information and Lindorff's LTM Information, the "**LTM Information**"). The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is for illustrative purposes only and is not necessarily representative of the Issuer's results of operations, or the results of operations of Lindorff, for any future period or the Issuer's financial condition at any future date.

Unaudited Pro Forma Financial Information

The Transactions are expected to affect the future earnings, financial condition and cash flows of the Issuer. To illustrate this effect, the Issuer has prepared the following unaudited *pro forma* financial information (collectively, the "**Unaudited *Pro Forma* Financial Information**"):

- unaudited *pro forma* financial information for the year ended December 31, 2016 to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement for the period;
- unaudited *pro forma* financial information for the three months ended March 31, 2016, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement for the period;
- unaudited *pro forma* financial information for the three months ended March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement for the period;
- unaudited *pro forma* financial information for the twelve months ended March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement for the period; and
- unaudited *pro forma* financial information as of March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on March 31, 2017 for purposes of presenting an unaudited *pro forma* balance sheet as of this date.

The Unaudited *Pro Forma* Financial Information was prepared based on the Issuer's audited consolidated financial statements of and for the year ended December 31, 2016, the Issuer's Interim Financial Statements, Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 and Lock Lower Holding's Interim Financial Statements. *Pro forma* adjustments included only those adjustments described in "*Unaudited Pro Forma Financial Information of the Company—Basis of Preparation.*" No adjustment was made to account for the intercompany liabilities of Lock Topco AS including the liability of €30 million in favor of Lock Lower Holding.

The Unaudited *Pro Forma* Financial Information has been included to describe a hypothetical situation, has been prepared for illustrative purposes only and should be read in conjunction with the information contained in "*Selected Historical Consolidated Financial and Other Data" and "Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff*," the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2016, the Issuer's Interim Financial Statements, Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 and Lock Lower Holding's Interim Financial Statements, included elsewhere in this Offering Memorandum. The Unaudited *Pro Forma* Financial Information does not include all of the information required for financial statements under IFRS and does not include a cash flow statement for any period.

Moreover, the Unaudited *Pro Forma* Financial Information may not necessarily reflect the Issuer's actual results of operations and/or financial condition if the Transactions had actually been completed on such earlier date and such Unaudited *Pro Forma* Financial Information should not be considered to be indicative of the Issuer's results of operations or financial condition for any future period. Furthermore, the Unaudited *Pro Forma* Financial Information does not reflect the effect that the disposal of the Carveout Business may have on the future earnings, financial conditions and cash flows of the Issuer. See "*—Divestment of the Carveout Business*." The Unaudited *Pro Forma* Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, applicable EU regulations, IFRS or any generally accepted accounting standards. Accordingly, potential investors should not pay undue attention to the Unaudited *Pro Forma* Financial Information.

Divestment of the Carveout Business

To address potential competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital, *i.e.* the notifying party and majority shareholder of Lindorff, has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. This Offering Memorandum presents certain information relating to the estimated contribution of the Carveout Business to certain *pro forma* or combined information of the Company (prior to giving effect to the disposal of the Carveout Business) (the "**Aggregated Carveout Business Information**") as of and for the twelve months ended March 31, 2017. The Aggregated Carveout Business Information has been derived from the management accounts or the internal information systems, as the case may be, of the Issuer and Lindorff, as applicable, that management has used to estimate the potential impact on the Company of divesting the Carveout Business. The Aggregated Carveout Business Information and the accounting records upon which they are based have not been audited or reviewed by the independent auditors of the Issuer or Lindorff nor have they been prepared in accordance with IFRS or any other generally accepted accounting standards. The Aggregated Carveout Business Information is provided with respect to certain limited income statement items and operating data and accordingly does not include any information that would usually be included in a statement of income, statement of financial position, statement of other comprehensive income, statement of cash flows or statement of changes in equity, in each case prepared in accordance with IFRS. The Carveout Business comprises Lindorff's businesses in Denmark, Estonia, Finland and Sweden and the Issuer's businesses in Norway. None of the Issuer, Lindorff or either of their respective independent auditors have undertaken a comprehensive analysis of the financial results or position of the Carveout Business as a separate entity or the contribution of the Carveout Business or any component thereof to the financial results or position of the Issuer, Lindorff or the Company as of and for the twelve months ended March 31, 2017 or any other date. Furthermore, the Aggregated Carveout Business Information is based on information derived from the management accounts or internal information systems, as the case may be, of the Issuer and Lindorff as of and for the twelve months ended March 31, 2017 and the actual financial impact of divesting the Carveout Business at the time of its sale may differ materially from estimates of this impact based on these sources. For all of these reasons, potential investors should not give undue weight to Aggregated Carveout Business Information when making their investment decision. In addition, there can be no assurance that this proposal to the European Commission will be accepted, and they may require additional or alternative requirements as a condition of approval of the Merger. As a result of the above, the ultimate effect of any divestment or other measures required by the European Commission remains uncertain. Given this uncertainty, the *pro forma* financial and other information presented herein has not been adjusted to reflect divestment of the Carveout Business or any other remedies the European Commission may require, unless otherwise indicated. The Company's financial position and results may be significantly affected by divestment of the Carveout Business or by any additional or alternative measures or divestitures the European Commission may impose as a condition of its approval of the Merger. In addition, the Company's distribution of revenue, ERC and other financial and non-financial measures by country and geographic region and service line presented in this Offering Memorandum may be significantly affected by divestment of the Carveout Business or by any additional or alternative measures or divestitures the European Commission may impose as a condition of its approval of the Merger. See "*Risk Factors—Risks Related to the Transactions—The Merger is subject to significant uncertainties and risks.*"

Non-IFRS Financial Measures

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

- EBITDA means profit and loss for the period before taxes, net financial items and depreciation and amortization of non-financial assets.
- EBITDA margin represents EBITDA as a percentage of revenue.
- Adjusted EBITDA means profit and loss for the period before taxes, net financial items, depreciation and amortization of non-financial assets, and amortization and revaluation of purchased debt. Adjusted EBITDA is calculated by adding back amortization and revaluation of purchased debt to EBITDA.
- Adjusted EBITDA (excluding NRIs) means profit and loss for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items, see "*Summary Historical Consolidated Financial and Other Data of Intrum Justitia—Other Financial Information and Operating Data for Intrum Justitia*" and "*Summary Historical Consolidated Financial and Other Data for Lindorff—Other Financial Information and Operating Data for Lindorff.*"
- *Pro Forma* Adjusted EBITDA means Adjusted EBITDA (excluding NRIs) of the Issuer adjusted to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016. See "*—Pro Forma Financial Information.*"
- *Pro Forma* Further Adjusted EBITDA means *Pro Forma* Adjusted EBITDA for the twelve months ended March 31, 2017, further adjusted to: (i) include the Adjusted EBITDA (excluding NRIs) contribution of Aktua to Lock Lower Holding (in an amount of €12.5 million (SEK 119 million equivalent, calculated using an exchange rate of SEK 9.5117 to €1.00 which represents the average monthly exchange rate for the twelve month period ended March 31, 2017)) for the two months ended May 31, 2016, which has been derived from monthly management accounts, representing the period for which the financial information of Aktua was not consolidated in Lindorff's LTM Information; (ii) include the Adjusted EBITDA (excluding NRIs) contribution of 1st

Credit to the Issuer (in an amount of £27.7 million (SEK 314 million equivalent, calculated using an exchange rate of SEK 11.367 to £1.00 which represents the average monthly exchange rate for the twelve month period ended March 31, 2017)) for the ten months ended January 31, 2017, which has been derived from monthly management accounts, representing the period for which the financial information of 1st Credit was not consolidated in the Issuer's LTM Information; and (iii) add certain anticipated cost synergies from the Merger after giving estimated effect to the disposal of the Carveout Business. See "*Summary Consolidated Pro Forma Financial and Other Data of the Company—Pro Forma and Other Information of the Company*" and "*Summary—Divestment of the Carveout Business*."

For a reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA (excluding NRIs) to profit and loss for the period and/or net cash inflow/(outflow) from operating activities as presented in the Issuer's Financial Statements or Lindorff's Financial Statements, as applicable, see "*Summary Historical Consolidated Financial and Other Data of Intrum Justitia*" and "*Summary Historical Consolidated Financial and Other Data of Lindorff.*" For a reconciliation of *Pro Forma* Adjusted EBITDA and *Pro Forma* Further Adjusted EBITDA, see "*Summary Consolidated Pro Forma Financial and Other Data of the Company*" and "*Unaudited Pro Forma Financial Information of the Company.*"

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

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

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

This Offering Memorandum contains certain synergy estimates, among others, relating to cost reductions and other benefits expected to arise from the Merger after giving estimated effect to the disposal of the Carveout Business, as well as costs related to implementing such measures. The estimates present the expected future impact of the Merger and the integration of Lindorff into Intrum Justitia's existing business after giving estimated effect to the disposal of the Carveout Business. Such estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. The assumptions used in estimating the synergies arising from the Merger after giving estimated effect to the disposal of the Carveout Business are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the synergy benefit estimates. The synergy estimates presented in this Offering Memorandum and/or our ability to realize such estimates may be significantly affected by any additional measures, commitments, undertakings or promises required to secure the European Commission's approval of the Merger. See "*Risk Factors—Risks Related to the Transactions—Anticipated synergies from the Merger may not materialize*." The non-IFRS measures presented in this Offering Memorandum should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measures of performance derived in accordance with IFRS and have not been prepared in accordance with SEC requirements, IFRS or the generally accepted accounting principles in use in any other jurisdiction. The financial information included in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. In making an investment decision, investors should rely upon their own examination of the terms of the offering of the Notes and the financial information contained in this Offering Memorandum.

Other

The Issuer's Financial Statements are presented in Swedish kronor ("**SEK**"). Amounts included in the Issuer's Financial Statements that were not originally denominated in SEK have been translated into SEK using the average exchange rate for the financial period with respect to the income statement and the period-end exchange rate with respect to statement of financial position items.

Lindorff's Financial Statements are presented in euros. Amounts included in Lindorff's Financial Statements that were not originally denominated in euro have been translated into euro using the average exchange rate for the financial period with respect to the income statement and the period-end exchange rate with respect to statement of financial position items. Amounts included in the Unaudited *Pro Forma* Financial Information presented in SEK derived from Lindorff's Financial Statements have been translated into SEK using the average of the monthly exchange rates for the applicable period with respect to the income statement and the applicable period-end exchange rate with respect to the statement of financial position, in each case published by Sveriges Riksbank, the central bank of Sweden, which may differ from the exchange rate as of the date hereof and the Issue Date.

For informational purposes only, certain financial information of the Issuer and the Company presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average Sveriges Riksbank Daily Reference Rate for the twelve month period ended March 31, 2017, which may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

Key Operating Metrics

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

- **Average collection of forecasts**: Average collection of forecasts means gross collections on purchased debt divided by the (latest) active forecast, on a rolling twelve-month basis.
- **Carrying value of purchased debt:** The carrying value of purchased debt is the amount recognized in the balance sheet. The carrying value of each portfolio corresponds to the present value of estimated future cash flows discounted by the applicable EIR. The carrying value of purchased debt represents the aggregate carrying value of portfolios of purchased loans and receivables of the Issuer, Lindorff or the Company, as applicable, as of the dates presented. With

respect to co-investment portfolios, only the proportionate share of the portfolio corresponding to Lindorff's or the Company's investment, as applicable, is recorded on the balance sheet.

- **Collection cost ratio:** Collection cost ratio means, in relation to debt purchasing, the cost to collect relative to gross collections.
- **Effective Interest Rate ("EIR"):** EIR means under IFRS the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. For the Issuer, Lindorff and the Company, as applicable, this means that the EIR is set based on the ERC at the date of purchase and the portfolio's purchase price.
- **Estimated Remaining Collections ("ERC"):** ERC means the estimated remaining collections on purchased debt acquired by the Issuer and/or Lindorff, as applicable, plus, in Lindorff's case, ERC contributions from each of the portfolios of loans and other overdue receivables purchased through co-investment agreements in proportion to Lindorff's relative ownership interest in each such portfolio. ERC is calculated as of a point in time, assuming no additional purchases are made thereafter. These expectations are based on historical and current portfolio collection performance data, and trends and assumptions about future debt collection rates. There can be no assurances that such collections will be achieved within the specified time periods, or at all. ERC is a measure that is also often used by other companies in the credit management industry. However, it may be calculated differently by other companies. ERC is presented because it represents an estimate of the anticipated future cash collections on our purchased debt at any point in time, which is an important supplemental measure used by our management to assess our performance, and underscores the cash generation capacity of the assets backing our business. We use ERC as the business case forecast horizon when purchasing portfolios. We also use it for accounting purposes and because it is used under the instruments or agreements governing our indebtedness to monitor our performance when the lenders are providing funding of portfolio purchases. In this Offering Memorandum we present ERC, which is our estimated remaining debt collections on our purchased debt portfolios over an 180 month period. However, for the purpose of the covenants under the Indenture and the Revolving Credit Facility Agreement, ERC will be measured over an 84 month period. See "*Description of the Notes*."
- **Gross cash-on-cash multiple:** Gross cash-on-cash multiple means the actual gross collections to date, plus the ERC as of the same date divided by the total amount paid for the portfolio at the date of purchase.
- **Gross collections on purchased debt:** Gross collections on purchased debt means the total principal, interest, collection fees and legal fees received on portfolios that we own or, in the case of debt purchased through co-investment agreements, a share of the aggregate gross collections on purchased debt equal to Lindorff's relative ownership interest in such purchased debt.
- **Purchased debt:** Purchased debt consists of portfolios of delinquent consumer debts, loans, OTR and other receivables purchased at prices below the nominal receivable. As used in this Offering Memorandum, "purchased debt" and "loans and other overdue receivables" may be used interchangeably, as the context requires.
- **Return on purchased debt:** For Lindorff, return on purchased debt means earnings on the purchased debt component of the business for the last twelve months, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding the opening and closing balance for the last twelve months and dividing by two.

  For Intrum Justitia and the Company, return on purchased debt means earnings on the purchased debt component of the business for the last quarter and annualized by multiplying such amount by four, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding together the opening and closing balance for the last quarter and dividing by two.

- **Segment earnings:** Segment earnings is calculated on a segment basis and means the total operating revenue of the segment less the direct operating expenses attributable to the respective segment.
- **Segment earnings margin:** Segment earnings margin is calculated on a segment basis and means the segment earnings of the segment as a percentage of total operating revenue of the respective segment.
- **Service line earnings:** Service line earnings is calculated on a service line basis and means the total operating revenue of the service line less the direct operating expenses attributable to the respective service line. The Issuer includes depreciation and amortization of fixed assets among operating expenses that are attributable to these service lines whereas Lindorff does not apportion these expenses between its segments. For the purposes of presenting the Unaudited *Pro Forma* Financial Information by service line for the Company, the Issuer's approach has been followed.
- **Service line earnings margin:** Service line earnings margin is calculated on a service line basis and means the service line earnings of the service line as a percentage of total operating revenue of the respective service line.
- **Total collectible value on purchased debt:** Total collectible value on purchased debt is calculated as the total principal plus interest and fees added to the receivable on purchased debt.
- **Total collectible value on third-party debt:** Total collectible value on third-party debt means the total principal plus interest and fees added to the receivable on third-party debt.

Other Information

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

Trademarks

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

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

Rounding

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

PRESENTATION OF INDUSTRY AND MARKET DATA

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Unless otherwise indicated, such information is based on our analysis of multiple sources, including a market study (the "**Company Market Study**") Lindorff commissioned from a leading international third party consultancy firm (the "**Market Consultancy Firm**") and information otherwise obtained. Such information has been accurately reproduced, and, as far as we are aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading. The Company Market Study is based on primary interviews and field visits conducted with industry experts and participants, secondary market research and internal financial and operational information supplied by, or on behalf of, us. The Company Market Study was prepared in October 2016 and has not been updated to reflect current market conditions.

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

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

Statements regarding the Company's position as the leading credit management company in Europe and the largest pan-European credit management company are based on reported information among European peer companies for a number of metrics (such as revenue, EBITDA and carrying value of purchased debt) and information in the Company Market Study.

EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information concerning the exchange rates for Swedish kronor ("**SEK**"), expressed in SEK per €1.00 and SEK per £1.00, and Norwegian kroner ("**NOK**"), expressed in NOK per €1.00, in each case based upon the Sveriges Riksbank daily reference rate published by Sveriges Riksbank (the "**Sveriges Riksbank Daily Reference Rate**") and rounded to four decimal places. "Average" means the average of the daily exchange rate for each business day during the relevant period. The period end rate represents the rate on the last business day of each applicable period. Observations are published every business day at 12.10pm. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK or NOK have been, could have been, or could be converted into euro or GBP, or vice versa. As of June 9, 2017, the Sveriges Riksbank Daily Reference Rates were SEK 9.7760 per € 1.00 and NOK 9.5365 per €1.00.

	SEK per €1.00			
	Period End	**Average**	**High**	**Low**
Year				
2012	8.6166	8.7053	9.1575	8.2065
2013	8.9430	8.6494	9.0970	8.2876
2014	9.5155	9.0968	9.5263	8.7704
2015	9.1350	9.3562	9.6418	9.0732
2016	9.5669	9.4704	9.9826	9.1467
2017 (through June 9)	9.7760	9.5718	9.7819	9.7374
Month in 2017				
January	9.4479	9.5139	9.5731	9.4479
February	9.5709	9.4706	9.5709	9.4146
March	9.5464	9.5311	9.5855	9.4860
April	9.6222	9.5903	9.6348	9.5138
May	9.7552	9.7001	9.7686	9.6232
June (through June 9)	9.7760	9.7641	9.7819	9.7374

	SEK per £1.00			
	Period End	**Average**	**High**	**Low**
Year				
2012	10.4914	10.7340	11.5031	10.3839
2013	10.7329	10.1863	10.7988	9.4911
2014	12.1388	11.2917	12.1453	10.5326
2015	12.3785	12.8962	13.618	11.9803
2016	11.1787	11.5664	12.5248	10.7101
2017 (through June 9)	11.0970	11.1557	11.5224	10.7687
Month in 2017				
January	11.0232	11.0366	11.2322	10.7687
February	11.2367	11.1166	11.2587	10.9431
March	11.1273	11.0026	11.2077	10.8493
April	11.4222	11.3018	11.5050	11.1535
May	11.1753	11.3495	11.5224	11.1528
June (through June 9)	11.0970	11.1740	11.2735	11.0970

	NOK per €1.00			
	Period End	Average	High	Low
Year				
2012	7.3823	7.4779	7.7434	7.2682
2013	8.4529	7.8042	8.5233	7.2896
2014	9.0484	8.3537	9.4271	8.0965
2015	9.559	8.9534	9.5919	8.3323
2016	9.0768	9.2921	9.7044	8.9298
2017 (through June 9)	9.5365	9.1333	9.5371	8.7959
Month in 2017				
January	8.8960	9.0064	9.0844	8.8960
February	8.8639	8.8632	8.9146	8.7959
March	9.1688	9.0837	9.2179	8.8648
April	9.3197	9.2075	9.3653	9.1079
May	9.4473	9.4023	9.5371	9.3319
June (through June 9)	9.5365	9.5034	9.5365	9.4578

For informational purposes only, certain financial information of the Issuer and the Company presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank.

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

CERTAIN DEFINITIONS AND GLOSSARY

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

Definitions Related to the Offering of the Notes

"**1st Credit**"	1st Credit Limited and its subsidiaries.
"**1st Credit Acquisition**"	the acquisition by the Issuer, from funds affiliated with, *inter alios*, Bridgepoint, of 100% of the share capital of 1st Credit Limited on February 14, 2017, pursuant to a share purchase agreement entered into on November 10, 2016.
"**2014 Spanish Acquisition**"	the carve-out transaction in which Lindorff acquired a collection unit from Banco Sabadell in Spain on December 22, 2014.
"**Aktua**"	Aktua Soluciones Financieras Holdings, S.L. and its subsidiaries.
"**Aktua Acquisition**"	the acquisition by Lindorff, from affiliated funds of Centerbridge Partners, L.P. and other shareholders, of 93.66% of the share capital of Aktua on June 1, 2016, pursuant to a share purchase agreement entered into on May 1, 2016, as amended and restated on June 1, 2016.
"**Aktua Facility Agreements**"	the Aktua Senior Facility Agreement, the Aktua Mezzanine Facility Agreement and the Aktua PIK Facility Agreement, collectively.
"**Aktua Mezzanine Facility Agreement**"	the mezzanine facility agreement, dated May 22, 2015 (as amended thereafter and further amended and restated on July 13, 2016 to incorporate the Kite Mezzanine Facilities) between, *inter alios*, Aktua and Deutsche Bank AG, London Branch, as the agent, arranger, security agent and original lender, which is expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.
"**Aktua PIK Facility Agreement**"	the PIK facility agreement, dated May 1, 2016 (as amended on July 11, 2016) between Lindorff Holdco 1 S.à r.l. as borrower and DNB Bank ASA as mandated lead arranger, agent and security agent, which is expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.
"**Aktua Senior Facility Agreement**"	the senior facility agreement, dated May 22, 2015 (as amended thereafter and further amended and restated on July 13, 2016 to incorporate the Kite Senior Facilities) between, *inter alios*, Aktua and Deutsche Bank AG, London Branch, as the agent, arranger, security agent and original lender, which is expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.
"**AlbaCore**"	AlbaCore Partners I ICAV.
"**Altor Fund**"	Certain Altor private equity funds, including, Altor 2003 General Partner Ltd, Altor 2003 Lindorff Holdings Limited and Altor II Lindorff Holdings Limited, as the context requires.

"**Baltic**"	the Baltic credit management market includes credit management companies operating in Estonia, Latvia and Lithuania.
"**Board**" and "**Board of Directors**"	the Board of Directors of Lindorff, Intrum Justitia or the Company, as applicable.
"**Brussels I Recast**"	Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, which replaced European Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters on January 10, 2015.
"**Calculation Agent**"	Citibank, N.A., London Branch.
"**CarVal**"	CVI CVF III Lux Master S.à r.l.
"**Carveout Business**"	Lindorff's businesses in Denmark, Estonia, Finland and Sweden and the Issuer's businesses in Norway.
"**CEO**"	Chief Executive Officer.
"**CFO**"	Chief Financial Officer.
"**CMS**"	Credit Management Services.
"**Co-Investment Partnership**"	The co-investment partnership among Lindorff, AlbaCore and CarVal entered into on November 1, 2016, see "*Business—Lindorff: Material Contracts—Co-Investment Agreement.*"
"**Company**," "**we**," "**our**" and "**us**"	collectively, the Issuer and its subsidiaries from time to time after giving effect to the Transactions, or such other meaning as the context requires.
"**Completion Date**"	the date on which the proceeds from the Notes are released from the Escrow Accounts following the satisfaction of the Escrow Release Conditions.
"**DKS**"	Dansk Kreditorservice A/S.
"**EIR**"	Effective Interest Rate, see "*Presentation of Financial and Other Information—Key Operating Metrics.*"
"**Eligible MTN Replacement Indebtedness**"	has the meaning ascribed to it under "*Description of the Notes.*"
"**ERC**"	Estimated Remaining Collections, see "*Presentation of Financial and Other Information—Key Operating Metrics.*"
"**Escrow Accounts**"	the separate segregated escrow accounts for each series of Notes, each in the name of the Issuer, into which the gross proceeds of the offering of the Euro Fixed Rate 2022 Notes, the Euro Fixed Rate 2024 Notes, the Euro Floating Rate Notes and the SEK Floating Rate Notes will be deposited, respectively, on the Issue Date.
"**Escrow Agent**"	Citibank, N.A., London Branch.

"**Escrow Deed**"	the escrow deed relating to the Escrow Accounts dated on or about the Issue Date, among the Issuer, the Trustee and the Escrow Agent.
"**Escrow Release Conditions**"	the conditions that must be satisfied prior to the release of the Escrowed Proceeds from the Escrow Accounts. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"
"**Escrowed Proceeds**"	collectively, the gross proceeds of the offering of the Notes, which are to be deposited into the Escrow Accounts, pending satisfaction of the Escrow Release Conditions.
"**EU**"	the European Union.
"**EURIBOR**"	has the meaning ascribed to it under "*Description of the Notes.*"
"**Euro Fixed Rate 2022 Notes**"	€ million aggregate principal amount of % Senior Notes due 2022 offered hereby.
"**Euro Fixed Rate 2024 Notes**"	€ million aggregate principal amount of % Senior Notes due 2024 offered hereby.
"**Euro Floating Rate Notes**"	€ million aggregate principal amount of Senior Floating Rate Notes due 2022 offered hereby.
"**Euro Notes**"	collectively, the Euro Floating Rate Notes, the Euro Fixed Rate 2022 Notes and the Euro Fixed Rate 2024 Notes.
"**European Economic Area**"	the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the member states of the EU (currently, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom) and Norway, Iceland and Liechtenstein.
"**Eurozone**"	means the member states of the EU that have adopted the euro as their common currency and sole legal tender.
"**Exchange**"	the Irish Stock Exchange.
"**FSMA**"	the Financial Services and Markets Act 2000, as amended.
"**GAAP**"	generally accepted accounting principles.
"**GDP**"	gross domestic product.
"**Group Management**"	the management of the Company at group level.
"**IBOR**"	interbank offered rate, which is the interest rate that banks in a jurisdiction charge one another for short-term, interbank loans.
"**Indenture**"	the indenture governing the Notes, dated on or about the Issue Date, among, *inter alios*, the Issuer and the Trustee, as amended and supplemented from time to time.
"**Initial Purchasers**"	collectively, Goldman Sachs International, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Deutsche Bank AG, London Branch, UBS Limited, Danske Bank A/S, DNB

	Bank ASA, Nordea Bank AB (publ), Nykredit Bank A/S and Swedbank AB (publ).
"**Intercreditor Agreement**"	the intercreditor agreement to be entered into on or before the Issue Date, among, *inter alios*, the Issuer, the lenders under the Revolving Credit Facility Agreement, Swedbank AB (publ) as facility agent and security agent and the Trustee, which is described in more detail under "*Description of Other Indebtedness—Intercreditor Agreement.*"
"**Intrum Justitia**"	Intrum Justitia AB (publ), or Intrum Justitia AB (publ) and its subsidiaries, as the context requires, prior to giving effect to the Transactions and the disposal of the Carveout Business.
"**Intrum Justitia Existing Commercial Paper Program**"	the Swedish law SEK 1,500 million (or its euro equivalent) commercial paper program established by the Issuer for the issuance from time to time by the Issuer of commercial papers denominated in euro or SEK, pursuant to the terms and conditions of the notes dated August 31, 2011, including the aggregate amount of SEK 1,360 million outstanding under the Intrum Justitia Existing Commercial Paper Program as of March 31, 2017.
"**Intrum Justitia Existing MTNs**" ..	the Swedish law SEK 5,000 million medium term note program established by the Issuer for the issuance of medium term notes from time to time by the Issuer, pursuant to the terms and conditions of the medium term notes dated June 4, 2015, including the aggregate amount of SEK 2,000 million outstanding under the Intrum Justitia Existing MTNs as of March 31, 2017.
"**Intrum Justitia Existing Private Placement Notes**"	the €160 million bonds issued through a private placement with AB Svensk Exportkredit, pursuant to the terms and conditions of the bonds dated June 2, 2016.
"**Intrum Justitia Existing Revolving Credit Facility**"	the facility established under the revolving facilities agreement originally dated December 22, 2015 (as amended and restated on February 15, 2017) among, *inter alios*, the Issuer and Nordea Bank AB (publ) as facility agent, outstanding borrowings under which as of the Completion Date are expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.
"**Investor**"	Investor AB (publ), Reg. No. 556013-8298, a company duly incorporated and organized under the laws of Sweden, with business address: Arsenalsgatan 8 C, 103 22 Stockholm, Sweden.
"**ISIN**"	International Security Identification Number.
"**Issue Date**"	on or about , 2017.
"**Issuer**"	Intrum Justitia AB (publ).
"**Kite Mezzanine Facilities**"	the €12 million mezzanine loan facility made available under the mezzanine facility agreement originally dated May 22, 2015 (as amended from time to time) between Aktua Soluciones Financieras Holdings, S.L. as parent and Deutsche Bank AG,

London Branch as the mezzanine agent, the mezzanine arranger and the security agent.

"**Kite Senior Facilities**" . . . . the €24 million term loan facility made available to Aktua Gestión de Inmuebles, S.L.U. under the senior facility agreement originally dated February 29, 2016 (as amended and restated on June 1, 2016) between, *inter alios*, Aktua Gestión de Inmuebles, S.L.U. as upsize borrower and Deutsche Bank AG, London Branch as original lender, arranger and agent.

"**Lindorff**" . . . . refers to, collectively, Lindorff AB and its subsidiaries, or, collectively, to Lock TopCo AS and its subsidiaries (the group being acquired pursuant to the Merger), as the context requires.

"**Lindorff and GS Bilateral Facility Agreement**" . . . . the €200 million senior bilateral facility agreement, dated October 5, 2016, between, *inter alios*, Lock Lower Holding AS, as borrower, Goldman Sachs International, as arranger, and Goldman Sachs Lending Partners LLC, as agent, which is expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.

"**Lindorff and Nordea Bilateral Facility Agreement**" . . . . the NOK 490 million bilateral facility agreement, dated October 5, 2016, between, *inter alios*, Lindorff Capital AS as borrower and Nordea Bank Norge ASA as lender, which is expected to be repaid in full using a portion of the aggregate proceeds from the Transactions.

"**Lindorff Bilateral Facility Agreements**" . . . . the Lindorff and GS Bilateral Facility Agreement and the Lindorff and Nordea Bilateral Facility Agreement, collectively.

"**Lindorff Existing Debt**" . . . . certain debt of Lindorff, including the Lindorff Existing Notes, the outstanding borrowings under the Lindorff Existing Revolving Credit Facility up to and including the Completion Date, the Lindorff Bilateral Facility Agreements and the Aktua Facility Agreements, which is expected to be redeemed or repaid, as applicable, using a portion of the aggregate proceeds from the Transactions.

"**Lindorff Existing Euro Fixed Rate Notes**" . . . . the €550 million aggregate principal amount of 7% Senior Secured Notes due 2021 issued on August 6, 2014, the €150 million aggregate principal amount of 7% Senior Secured Notes due 2021 issued on November 7, 2014, and the €30 million aggregate principal amount of 7% Senior Secured Fixed Rate Notes due 2021 issued on September 10, 2015, in each case, by Lock AS, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.

"**Lindorff Existing Euro Floating Rate Notes**" . . . . the €252.5 million aggregate principal amount of Senior Secured Floating Rate Notes due 2020 issued on August 6, 2014, the €100 million aggregate principal amount of Senior Secured Floating Rate Notes due 2020 issued on November 7, 2014, and the €200 million aggregate principal amount of Senior Secured Floating Rate Notes due 2020 issued by the Issuer on September 10, 2015, in each case, by Lock AS, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.

"**Lindorff Existing Euro Senior Notes**"	the €250 million aggregate principal amount of 9.5% Senior Notes due 2022 issued on August 6, 2014 by Lock Lower Holding, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Loan Note Issuance Deed**"	Lindorff's loan note issuance deed, dated June 28, 2016, among, *inter alios*, Lock AS as parent, Lindorff Payment Services AB as issuer and Nordea Bank AB (Publ) as facility agent and security trustee.
"**Lindorff Existing NOK Floating Rate Notes**"	the NOK 1.68 billion aggregate principal amount of Senior Secured Floating Rate Notes due 2020 issued on August 6, 2014, by Lock AS, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Notes**"	the Lindorff Existing Senior Secured Notes and the Lindorff Existing Senior Notes, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Revolving Credit Facility**"	Lindorff's revolving credit facility established under the Lindorff Existing Revolving Credit Facility Agreement outstanding borrowings under which as of the Completion Date are expected to be repaid in full using a portion of the aggregate proceeds from the Transactions apart from unfunded guarantees of €10.5 million (equivalent), which are expected to be rolled over into the Revolving Credit Facility.
"**Lindorff Existing Revolving Credit Facility Agreement**"	Lindorff's revolving credit facility agreement entered into on August 5, 2014 among, *inter alios*, Lock Lower Holding AS, Lock AS, Nordea Bank AB (publ) as facility agent, Deutsche Bank AG, London Branch as security agent, and Nordea Bank Norge ASA, as arranger, as amended and restated on September 26, 2014 and November 18, 2015.
"**Lindorff Existing SEK Floating Rate Notes**"	the SEK 1.85 billion aggregate principal amount of Senior Floating Rate Notes due 2022 issued on August 6, 2014 by Lock Lower Holding, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Senior Notes**" . .	the Lindorff Existing Euro Senior Notes and the Lindorff Existing SEK Floating Rate Notes, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Senior Secured Floating Rate Notes**"	the Lindorff Existing Euro Floating Rate Notes and the Lindorff Existing NOK Floating Rate Notes, which are expected to be redeemed in full using a portion of the aggregate proceeds from the Transactions.
"**Lindorff Existing Senior Secured Notes**"	the Lindorff Existing Euro Floating Rate Notes, the Lindorff Existing NOK Floating Rate Notes, and the Lindorff Existing Euro Fixed Rate Notes, collectively, which are expected to be redeemed using a portion of the aggregate proceeds from the Transactions.

"**Lindorff Shareholders**"	Nordic Capital, Lindorff's principal shareholder, and such other minority shareholders that have acceded to the Merger Agreement.
"**Lock Lower Holding**"	Lock Lower Holding AS.
"**Logicomer**"	Logicomer Gestão e Recuperação de Créditos SA.
"**Lugano II**"	the Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters.
"**Merger**"	Intrum Justitia's proposed acquisition of the entire issued share capital of Lindorff, in exchange for newly issued shares in Intrum Justitia, pursuant to the terms of the Merger Agreement.
"**Merger Agreement**"	the combination agreement dated November 13, 2016, among Intrum Justitia and Nordic Capital relating to 100% of the issued share capital of Lock TopCo AS and the Merger.
"**Nordic**"	the Nordic credit management market includes credit management companies operating in Denmark, Finland, Norway and Sweden.
"**Nordic Capital**" or "**Nordic Capital Funds**"	Nordic Capital Fund VIII and other funds launched as a "Nordic Capital Fund" from time to time.
"**Nordic Capital Fund VIII**"	Nordic Capital VIII Limited, acting in its capacity as general partner of Nordic Capital VIII Alpha, L.P. and Nordic Capital VIII Beta, L.P.
"**Notes**"	collectively, the Euro Floating Rate Notes, the Euro Fixed Rate 2022 Notes, the Euro Fixed Rate 2024 Notes and the SEK Floating Rate Notes.
"**NPL**"	a non-performing loan, what we define as a loan that has been in default for at least 90 days.
"**OECD**"	the Organization for Economic Cooperation and Development.
"**OID**"	original issue discount.
"**OTR**"	overdue trade receivables.
"**Prior Lindorff Acquisition**"	the acquisition in which Nordic Capital Fund VIII acquired the majority of Lindorff AB's share capital, while Investor and Altor Fund retained a minority holding.
"**QIB**"	a qualified institutional buyer as defined in Rule 144A.
"**Refinancing Transactions**"	has the meaning ascribed to it under "*Summary—The Transactions—The Refinancing Transactions.*"
"**Regulation S**"	Regulation S under the U.S. Securities Act.
"**Regulation S-X**"	Regulation S-X under the U.S. Securities Act.
"**RES**"	real estate servicing.
"**Required Disposals**"	has the meaning ascribed to it under "*Description of the Notes.*"
"**Revolving Credit Facility**"	the revolving credit facility to be established under the Revolving Credit Facility Agreement and which is described in more detail

	under "*Description of Other Indebtedness—Revolving Credit Facility Agreement.*"
"**Revolving Credit Facility Agreement**"	the revolving credit facility agreement governing the Revolving Credit Facility to be entered into on or before the Issue Date, among, *inter alios*, the Issuer, as borrower, and Swedbank AB (publ) as facility agent and security agent, which is described in more detail under "*Description of Other Indebtedness—Revolving Credit Facility Agreement.*"
"**Rule 144A**"	Rule 144A under the U.S. Securities Act.
"**SEC**"	the U.S. Securities and Exchange Commission.
"**Segestión**"	Segestión Gabinete Tecnico Empresarial, SL.
"**SEK Floating Rate Notes**"	SEK million aggregate principal amount of Senior Floating Rate Notes due 2022 offered hereby.
"**SFSA**"	The Swedish Financial Supervisory Authority (*Finansinspektionen*).
"**SME**"	small and medium-sized enterprises.
"**Swedish Companies Act**"	the Swedish Companies Act of 2005 (*aktiebolagslagen 2005:551*).
"**Transactions**"	collectively, the Merger and the Refinancing Transactions, as described in "*Use of Proceeds*" and "*Summary—The Transactions*."
"**Trustee**"	Citibank, N.A., London Branch.
"**U.S.**" or "**United States**"	the United States of America.
"**U.S. Exchange Act**"	the U.S. Securities Exchange Act of 1934, as amended.
"**U.S. Investment Company Act**" . .	the U.S. Investment Company Act of 1940, as amended.
"**U.S. Securities Act**"	the U.S. Securities Act of 1933, as amended.
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland.

SUMMARY

This Summary highlights certain information about us and the offering of the Notes described elsewhere in this Offering Memorandum. This Summary is not complete and does not contain all the information you should consider before investing in the Notes. This Summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum, including, without limitation, the Issuer's Financial Statements and Lindorff's Financial Statements. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including, without limitation, the risks discussed under the caption "Risk Factors." Except as expressly provided, this summary does not give effect to the potential impact of divesting the Carveout Business on the Company. See "—Divestment of the Carveout Business."

Overview

Upon completion of the Merger, we will be the leading credit management provider in Europe by revenue, EBITDA and carrying value of purchased debt, with operations in 23 European countries and a leading position in a majority of those countries. Intrum Justitia and Lindorff each provide a balanced and integrated mix of services across the entire credit management value chain, including financial services, and each company has a longstanding commitment to fair collection. Following the Merger, we will benefit from greater scale of our operations and complementary sector expertise in debt originated by the trade sector and the financial institutions sector, respectively. Using the existing expertise of Intrum Justitia and Lindorff, we will provide:

- ***Credit Management Services ("CMS")***. We employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 6,922 million (€728 million equivalent) from CMS, excluding revenue generated from portfolios of loans and other overdue receivables that we own. As part of our CMS services, Lindorff has leading capabilities in alternative solutions, such as carve-outs, which involves taking over the in-house collection platform of financial institutions clients and conducting debt collection on behalf of the financial institutions under a long-term contract. Lindorff also provides real estate servicing ("**RES**"), which involves servicing of loans related to properties and other services related to the security/property owned by its clients in Spain.

  In addition to, and generally in combination with, collection services, we provide clients with a wide range of value-added services, prior to loans and receivables becoming overdue, including customer and credit information and analysis on individuals and companies across Europe to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services.

- ***Financial Services.*** We offer a range of financial services. In particular, we purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of the nominal value, which we then service using our in-house debt collection function, with a few exceptions. Following the purchase of the defaulted receivables, our long-term debt collection measures commence, aimed at helping consumers become debt-free as we help them reduce their debt in a respectful manner, for example through installment plans that take account of each consumer's payment capacity. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 5,934 million (€624 million equivalent) from Financial Services and, on a combined basis as of March 31, 2017, the ERC of our portfolios of loans and overdue receivables would have been SEK 46,704 million (€4,892 million equivalent), with a total collectible value on purchased debt of SEK 405,190 million (€42,444 million equivalent). As part of our Financial Services offering, we also provide factoring, payment guarantees and e-commerce services.

We believe that the combination of debt collection and purchasing has been and will be key to Intrum Justitia's and Lindorff's, and our continued, success. The range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to enable more accurate pricing of portfolios. Operating across Europe and with a balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to the opportunities that we find most attractive. For the twelve months ended March 31, 2017, our *pro forma* net revenue and *Pro Forma* Further Adjusted EBITDA was SEK 12,856 million and SEK 9,254 million, respectively (€1,352 million and €973 million equivalent, respectively). See "*Summary Consolidated Pro Forma Financial and Other Data of the Company—Pro Forma and Other Information of the Company*" and "*Unaudited Pro Forma Financial Information of the Company.*"

As discussed further below, to address competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. See "*—Divestment of the Carveout Business.*"

Our Strengths

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

Europe's leading credit management company

The largest European credit management company.

We will be the largest European credit management company by revenue, EBITDA and carrying value of purchased debt and will be significantly larger than the second largest credit management company in Europe. Our EBITDA on a *pro forma* combined basis for the twelve months ended March 31, 2017 would have been SEK 4,787 million (€503 million equivalent). We believe our combined size will give us several benefits. In particular, our combined experience will favorably impact our ability to competitively price portfolios in our debt purchasing activities and develop optimal collection strategies, which we believe will have a positive impact on our revenue and efficiency. Additionally, we believe the increase in size of the Company should allow us to better absorb fixed costs, including those related to regulatory and legal compliance and IT, which should further benefit our margins.

Market leading position in several European countries.

We will be present in 23 European countries, which we believe is more than any of our European competitors. Based on our internal estimates, we believe we will hold a leading position in the majority of countries in which we operate. We believe our expanded geographic footprint combined with strong local market positions is a competitive advantage which will further enhance our ability to follow our clients across markets and deepen client relationships.

Leading position in the European financial institutions segment for debt purchasing.

Based on the Company Market Study, we believe that we will hold a leading position among credit management providers with respect to debt purchasing from financial institution clients in Europe. We believe that the financial institutions segment in Europe represents one of the most attractive segments of the credit management market. Financial institutions are the largest originator of debt and we believe European bank NPL stock amounted to approximately €1.1 trillion in 2015, according to the Company Market Study. The financial institutions segment also offers attractive economics with long durations and earnings visibility. We have a long track record of collecting on NPLs and have built long-term relationships with European financial institutions. During the three years ended December 31, 2016, Intrum Justitia and Lindorff would have acquired NPLs with a total collectible value on purchased debt of SEK 65 billion and €7.4 billion, respectively, from European financial institutions. These portfolio purchases have been complemented by three strategic M&A transactions in the last three years, all of which involved target companies focused on the financial institutions segment. For the year ended

December 31, 2016, 66% of our net revenue on a *pro forma* combined basis in our Financial Services service line was generated by debt purchased from financial institutions.

Leading position in the European trade segment for CMS and debt purchasing.

We believe, based on the Company Market Study, that we will hold a leading position among credit management providers in the trade segment in Europe. We believe that the trade segment is an attractive segment of the credit management market and that our position in both this segment and the financial institutions segment helps support and sustain our overall stability. European overdue trade receivables ("**OTR**") stock amounted to approximately €70 billion in 2015, according to the Company Market Study. The trade segment compliments the financial institutions segment, as it offers a relatively stable and high volume of stock with short duration. In many of the markets in which we will operate, we believe OTR flow will remain at high levels in the short-term, driven by increased household spending, a structural shift towards a higher proportion of invoice payments and increased outsourcing of CMS operations. During the three years ended December 31, 2016, Intrum Justitia and Lindorff acquired non-financial institution stock with a total collectible value on purchased debt of SEK 20 billion and €557 million, respectively, from European telecommunications, utilities and other trade companies.

Europe's most diversified credit management company

Complete service offering.

In addition to having the widest European geographic footprint, we will have the market's broadest service offerings across the credit management value chain, including financial services, enabling us to operate as a "one-stop shop" for our clients. Our predominant activities are in debt collection and debt purchasing. Additionally, within our CMS service line, we offer value-added services before loans and receivables become overdue, including information, invoice and payment services, which are an important source of origination for the debt purchasing and debt collection businesses and for data collection. Our broad product and service offering will be complemented by our ability to offer flexible solutions to our clients, including by leveraging Lindorff's market-leading capabilities in the carve-outs of financial institutions' in-house collection units, co-investment structures and, more recently, provision of RES.

Ability to acquire and service several types of loans.

Historically, Intrum Justitia and Lindorff have focused on unsecured consumer debt originated by financial institutions and overdue trade receivables originated by the trade sector. Both companies have also increased their activities in the secured consumer debt market segment. Lindorff further expanded its footprint and capabilities in this market segment through the Aktua Acquisition during 2016, which also marked its entry into the Spanish RES segment.

Strategic balance between highly complementary CMS and Financial Services businesses

Data analytics.

Our broad service offering allows us to collect data through the credit management value chain and extract data synergies to continuously strengthen our data analytics capabilities. We consider data analytics and business intelligence to be important in driving optimized collection strategies and accurately and competitively pricing portfolios that we bid for. For example, over time, Intrum Justitia has collected depersonalized data on over 177 million claims across both debt collection, within its CMS service line, and debt purchasing, within its Financial Services service line, and estimates that it has a data warehouse consisting of over one billion events, such as payments and actions taken, associated with those claims.

Operational synergies.

The combined scale we achieve through the breadth of our service offering as well as our pan-European footprint provides us with economies of skill and scale. As an example of our scale, for the year ended December 31, 2016, on a combined basis, we had approximately SEK 5,333 million (€563 million equivalent) in average monthly collections (with approximately 87% in our CMS service line). Operational synergies are important drivers of efficient operations through standardized processes given the scalable nature of our business model. For example, Intrum Justitia's and Lindorff's EBITDA margins have increased by 2 percentage points and 7 percentage points, respectively, from the year ended December 31, 2014 to the year ended December 31, 2016.

Financial complementarity.

With our integrated and balanced business model, we also benefit from the financial complementarity between our two service lines, whereby capital-light earnings from the CMS service line (SEK 2,012 million (€212 million equivalent) on a *pro forma* combined basis for the year ended December 31, 2016) generate cash which can be utilized for portfolio purchases and deleveraging.

Diversified origination platform

Debt collection supports the tendering process in the debt purchasing component of our business.

When bidding for portfolios from our existing CMS clients, we are able to leverage our existing business relationship, accurately and competitively price portfolios that we find attractive, and offer an attractive value proposition to clients, informed by our knowledge of, and provision of other services to, the client.

Long-term relationships with our CMS clients.

Intrum Justitia and Lindorff both have a track record of maintaining long-term relationships with their largest clients and have also historically achieved high levels of repeat purchases from existing customers, which we believe evidences the strength of our product and service offerings. For Intrum Justitia, out of its five largest clients in the CMS service line, four have had a relationship with Intrum Justitia of more than 10 years, three have had a relationship of more than 15 years and the relationship with Intrum Justitia's largest client extends beyond 25 years. In the Nordic region, some of Lindorff's largest revenue contributors and longest relationships were established in the 1980s and, with respect to Lindorff's top 10 clients in each market, the average length of each client relationship in third-party debt collection services is over nine years.

Carve-outs with long-term contracts.

In recent years, Lindorff has completed several carve-out transactions, typically with financial institutions, with respect to clients' in-house collection units, including entering into long-term servicing agreements with the financial institution. For instance, the average remaining contract life from the recent carve-outs of Banco Sabadell (in 2014) and Banco Mare Nostrum (entered into in 2013 and expanded in 2015), the two largest carve-out transactions entered into by Lindorff, stretches over seven years.

Large number of repeat and small purchases.

For the twelve months ended March 31, 2017, on a *pro forma* combined basis, we would have had SEK 1,055 million (€111 million equivalent) of purchases of loans and other overdue receivables under forward flow contracts, providing visibility on new business origination. Additionally, over the same period, Intrum Justitia had SEK 467 million of small purchases, with each portfolio less than €2 million in size, and Lindorff had €82 million of small purchases, with each portfolio less than €5 million in size. On a combined basis, the Company's average purchased debt claim size would have been approximately SEK 23,600 as of March 31, 2017.

Significant supply of NPLs in the market.

Based on the Company Market Study, we believe that the European bank NPL stock amounted to approximately €1.1 trillion in 2015, representing more than 2.5x the 2007 levels. Coupled with increased regulatory pressure, based on the Company Market Study, we expect that NPL sales, as a base case scenario, will increase by 5-8% per year between 2015-2020 and that this could increase further should banks decide to accelerate deleveraging of their balance sheets. At the same time, based on the Company Market Study, we expect the European bank NPL stock to remain stable at approximately €1 trillion over the next three years, as a base case, due to increases in lending and continued new NPL formation. See "*Industry Overview—Financial institution generated debt.*"

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

Our pan-European presence, with operations in 23 countries, will enable us to efficiently allocate capital to opportunities with the best risk/reward profiles. We have capabilities with respect to financial institutions as well as across multiple trade sectors, including utilities, telecommunications and retail, which allows flexible capital deployment in debt purchasing and enhances our ability to identify and take advantage of trends in various sectors in the CMS service line. Furthermore, we will benefit from Lindorff's co-investment structure. During the course of 2015 and 2016, Lindorff participated in co-investments in the Baltics and Spain and entered into a co-investment partnership with CarVal and AlbaCore to allow it to swiftly capitalize on market opportunities. Pursuant to Lindorff's co-investment agreement with CarVal and AlbaCore, CarVal and AlbaCore, as co-investment partners, announced an intention to deploy up to a total of €350 million in aggregate and Lindorff announced an intention to deploy a variable amount determined on a case-by-case basis towards the acquisition of unsecured NPL portfolios in Europe. These co-investment arrangements will provide us with the ability to acquire larger, mixed portfolios due to risk sharing with co-investment partners and also increase the breadth of our origination platform by leveraging the network of our co-investment partners. We expect to target minority holdings in the range of 20-50% in debt purchasing co-investment structures, while also providing third-party debt collection services for 100% of the portfolio. As a result, in addition to debt purchasing revenues, such co-investment arrangements act as a capital-light growth accelerator of third-party debt collection with a lower level of upfront capital investment.

Track record of continuous operational excellence, innovation and efficiency improvements

We will benefit from Intrum Justitia and Lindorff's shared culture, focused on innovation and operational improvement to drive financial performance. Intrum Justitia and Lindorff have each undertaken a range of initiatives that historically have improved their respective collection and margins, and that we believe will further improve the performance of our business. These include, among other things:

- standardization: consolidated infrastructure among subsidiaries and reduced the number of physical collection sites, virtual collection systems and IT systems;
- data management: centralized data pools and implemented data cleansing techniques and analytical tools which support enhanced decision-making;
- digitalization: invested in self-service consumer and client portals, facilitating timely and transparent communication and proactive management of credit management services;
- automation: deployed sales-based robotics with advanced software, capable of replicating human activities, exploring the application of artificial intelligence to operational processes; and
- shared services: consolidated and near-shored shared services and continue to evaluate expansion to additional service centers.

In addition, we expect to benefit from significant cost synergies following the Merger. For further details, see "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies.*"

Strong embedded risk culture

Intrum Justitia and Lindorff benefit from well-defined and multi-layered risk management frameworks and a rigorous approach to maintaining pricing discipline that we believe will support profitability through active and effective management of pricing, reputational and regulatory risks throughout our investment decision-making process. Given the breadth of Intrum Justitia's and Lindorff's experience throughout the credit management value chain, we will have access to comprehensive databases of purchased and serviced debt. Combined with data analysis capabilities, we will be able to take a centralized approach to forecasting and pricing that is supported by specialist local input, ensuring strong cross-organizational evaluation of portfolio pricing. Our data capabilities will also facilitate more efficient debt collection strategies through data analytics and cross-learning. In addition, the three-tiered risk management approach of Intrum Justitia and Lindorff will help ensure that this sophisticated pricing information is used in an investment decision-making context that focuses on compliance and maintaining strong internal controls. A focus on risk management and compliance are woven into the structure of Intrum Justitia and Lindorff from the local level (where each of Intrum Justitia and Lindorff has its first line of defense) to the internal and independent external risk control and auditing functions carried out at the executive and board levels.

We believe this focus on pricing discipline and risk management has historically enabled Intrum Justitia and Lindorff to consistently outperform their respective forecasted collections. Neither Intrum Justitia nor Lindorff have had any negative net revaluations of their respective portfolios in the past three years. Additionally, Intrum Justitia and Lindorff collected 106-113% and 98-113%, respectively, of forecasted cash flows for each quarter from debt purchasing from January 1, 2014 through March 31, 2017.

Resilient financial performance with strong cash generation

Long track record of stable revenue growth and expanding margins.

Intrum Justitia and Lindorff have each shown a stable trend of revenue growth and margin expansion. For example, Intrum Justitia's net revenue grew 8% per annum between December 31, 2014 through December 31, 2016 and its EBITDA margin improved by 2 percentage points, from 33% in the year ended December 31, 2014 to 35% in the year ended December 31, 2016. Over the same period, Lindorff's net revenue grew 17% per annum and its EBITDA margin improved by 7 percentage points, from 32% to 39%. We believe there is potential for further top-line growth based on favorable market supply dynamics and our capital deployment flexibility. Additionally, we believe our *pro forma* EBITDA margin will be positively impacted by our operating leverage, ongoing cost savings initiatives and realization of synergies associated with the Merger, including anticipated cost synergies from the Merger estimated at SEK 560 million (€59 million equivalent) per annum after full implementation and giving effect to the disposal of the Carveout Business and additional revenue synergies.

Stable cash flows in CMS, with capital-light investment.

Intrum Justitia's and Lindorff's third-party debt collection services, which require relatively limited investment, generate stable cash flows, supported by long-term client relationships. As of March 31, 2017, we manage, on a combined basis, third-party debt with a combined total collectible value on third-party debt of SEK 344 billion (€36 billion equivalent). Furthermore, in connection with Lindorff's recent entry into several carve-out transactions, typically with financial institutions, Lindorff has entered into long-term servicing agreements. Overall, we tend to experience strong client loyalty and limited attrition, in part due to system integrations with clients, which can make it unattractive for clients to switch credit management company.

Significant cash flows embedded in portfolios of purchased debt.

As of March 31, 2017, our ERC on a combined basis would have been SEK 46,704 million (€4,892 million equivalent). Intrum Justitia and Lindorff have a long track record of outperforming their initial collection forecasts and extending collection periods beyond 15 years. Furthermore, we strive to maintain an accurate valuation of the portfolios on our balance sheet and neither Intrum Justitia nor Lindorff have had any negative net write downs of their respective portfolios in the last three years.

Strong cash generation with efficient conversion of profit into cash flow.

For the years ended December 31, 2016, 2015 and 2014, Intrum Justitia used SEK 143 million, SEK 135 million and SEK 142 million (representing 4%, 4% and 5%), respectively, of its Adjusted EBITDA on capital expenditures other than capital expenditures related to the purchase of debt portfolios. Over the same period and excluding the 2014 Spanish Acquisition, Lindorff used €21 million, €45 million and €32 million (representing 5%, 14% and 12%), respectively, of its Adjusted EBITDA on capital expenditures other than capital expenditures related to the purchase of debt portfolios. For the twelve months ended March 31, 2017, total investments in purchased debt by the Company on a *pro forma* combined basis would have been SEK 7,026 million (€739 million equivalent). For additional information on our cash conversion rates, see "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Overview*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Overview.*"

Proven management team with a clear strategic agenda

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

We are managed by a strong executive team comprising individuals with many years of relevant experience and providing leadership across all functional areas of the business. For example, Intrum Justitia's CEO and the named CEO of the Company, Mikael Ericson, was formerly Head of International Banking at Danske Bank A/S, one of the leading banks in the Nordic region, and CEO of Carnegie Investment Bank AB. In addition, Intrum Justitia's CFO and the named CFO of the Company, Erik Forsberg, has been CFO of Intrum Justitia for over five years and has previously held positions as CFO, group treasurer and business controller at several companies. A skilled team of managers operating our central functions and assisting in the execution of our strategy at group level supplements our executive team. In addition, our regional and country managers bring significant industry expertise and local input to drive execution of our strategic agenda.

Our Strategy

Intrum Justitia and Lindorff share similar and complementary strategic priorities. We will build on the existing strategic priorities of the two companies and leverage their respective complementarity.

Maintaining and strengthening our position as the leading credit management company in Europe and leveraging our well-balanced and integrated business model

We are the largest and most diversified credit management company in Europe, with a leading position in the majority of countries in which we operate and the ability to serve clients across the full credit management value chain and across various asset classes. We have a clear objective to remain client centric, evolve with our clients and continue to meet their needs. Maintaining an integrated, balanced and flexible business model is a key feature of achieving this objective.

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

We have a long history of commitment to operational excellence and track record of continuously improving our margins and we have identified several initiatives to further drive efficiency improvements and our profitability going forward, including:

- *Operational integration and portfolio management.* We intend to deploy the best practices of Intrum Justitia and Lindorff across our operations. We will seek to leverage scale and skill advantages and experience in data management, analytics and digitalization to drive collection performance excellence across our debt purchasing and debt collection businesses. We see strong value potential from further focus on active portfolio management.

- *Focus on pricing discipline, risk management and compliance.* As a result of strict pricing discipline, institutionalized investment processes and operational improvements, neither Intrum Justitia nor Lindorff have had any negative net revaluations of their respective portfolios in the past three years. Additionally, Intrum Justitia and Lindorff have collected 106-113% and 98-113%, respectively, of forecasted cash flows for each quarter from debt purchasing from January 1, 2014 through March 31, 2017. We intend to continue to employ a high level of underwriting discipline in order to maintain forecasting accuracy and to ensure that we only acquire portfolios that generate returns that meet our investment return criteria. In addition, we will seek to maintain our competitive advantage through continued early adoption of regulation and best-in-class compliance and risk management procedures.

- *Realize operational synergies.* We expect to benefit from significant cost synergies from the Merger that are estimated at SEK 560 million (€59 million equivalent) per annum after full implementation and giving effect to the disposal of the Carveout Business. Management estimates that it will take approximately three years for the full impact of the cost synergies to be realized. A detailed assessment has been performed involving external strategy consultants and operational staff within both Intrum Justitia and Lindorff. The assessment identified cost synergies arising mainly from optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development/maintenance, and increased scale in procurement. These estimates reflect the proposed divestment of the Carveout Business and consequently differ from the estimated cost synergies that have been previously announced. Cost synergy implementation costs are estimated at approximately SEK 725 million (€76 million equivalent), the majority of which are expected to be incurred in the first two years following the closing of the Merger. In addition to cost synergies, the assessment also identified certain revenue synergies from the combination of business intelligence operations and data sets, cross-selling of complementary offerings to existing clients, improved cross-border coverage of international clients and transfer of best practices.

Continue balanced growth in areas of expertise

We believe that we are well-positioned for balanced and diversified growth across asset classes and sectors, based on our integrated and balanced business model. Key features of our balanced growth strategy include:

- *Continued focus on acquisitions of unsecured NPLs.* Unsecured consumer NPL sales volumes have increased in recent years as banks increasingly prefer selling debt to clean up their balance sheets and to focus on their core business, and increasingly trust debt collection agencies to handle their debt. Based on the Company Market Study, we expect this trend to continue and estimate that annual unsecured NPL sales in Europe will grow from €3.3 billion in 2015 to an average annual level of €3.7 billion for the period between 2017 and 2020. We will continue to deploy capital within the unsecured NPL space.

- *Expansion in secured NPLs and real estate services.* Secured NPLs represent a large portion of the NPL market. The acquisition of Aktua, one of the leading credit management companies in the secured NPL segment in Spain, in June 2016 significantly strengthened our secured consumer capabilities and added RES capabilities to our service offering. We see growth potential from leveraging and exporting Aktua's capabilities in secured and RES markets across many of the geographies in which we operate.

- *Co-investments.* In the debt purchasing segment, we see a pipeline in terms of the number and the size of investment opportunities available, which may outpace our on-balance sheet investment appetite. We will consider flexible capital deployment initiatives, such as co-investment structures, which will provide us with the ability to acquire larger, mixed portfolios due to risk sharing with co-investment partners. Co-investments also increase the breadth of our origination platform by leveraging the network of our co-investment partners. We aim to leverage Lindorff's experience in co-investments and continue to use co-investment structures to increase our operating leverage.

- *Geographic expansion.* We have a strong track record of expansion into new markets and have established operations in 23 countries. Over the last few years, Intrum Justitia and Lindorff have each entered into new geographies through strategic transactions, including carve-outs and bolt-on acquisitions. Going forward, we will continue to proactively evaluate opportunities to enter new markets. For example, in April 2017, Intrum Justitia acquired Top Factoring SRL, a purchased debt company in Romania. When entering new markets, our strategy is based on a cautious first entry: we start small and increase our investments as our insight and experience in a particular market increases. Moreover, we often strengthen our local knowledge and databases through business acquisitions and/or carve-out transactions (as we have previously done in the United Kingdom, Spain, Poland and Italy). For example, one method we employ to enter a new market involves acquiring a company with existing debt servicing capabilities and data, operating the company to develop further knowledge and data capabilities and then leveraging this data and market knowledge to price and purchase debt in the newly entered market.

- *SME.* We believe small and midsized enterprises represent an attractive debt collection services client segment, and we aim to increase our presence in this market through both organic growth in the markets in which we offer these services and through acquisitions. To that end, Intrum Justitia acquired a company in Denmark and a company in Spain that focus on SME debt collection during the fourth quarter of 2016.

Commitment to highest ethical standards and fair collection practices

We are dependent upon relationships characterized by trust with clients, authorities and society as a whole. In order to achieve the necessary level of trust, we must act with professionalism, expertise and high ethical standards at all levels of our operations. Our internal standards are applicable to all employees. These standards mandate that all employees are expected to always work within the law, have sound moral principles and behave in an upstanding and sincere way. We have implemented a centrally coordinated compliance monitoring program, which evaluates and assesses compliance with legal, regulatory and industry best practices, as well as our internal standards. The continued commitment to the highest ethical and fair collection practices is paramount to our ability to be the leading credit management company in Europe.

Medium-term target

In the medium-term, we aim to achieve net debt in relation to Adjusted EBITDA (excluding NRIs) of approximately 3.0 times. In preparing this medium-term target, we have in general assumed that there will be no material changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting policies and accounting treatments), which, individually or in the aggregate, would be material to our results of operations; and that we will not become party to any litigation or administrative proceeding that might have a material impact on us of which we are currently unaware. Our actual results could differ materially from this target as a result of many factors, including, but not limited to, those described under "*Forward-Looking Statements*" and "*Risk Factors*."

The Transactions

The Merger

On November 13, 2016, Intrum Justitia and Nordic Capital entered into the Merger Agreement, pursuant to which, on the Completion Date, Intrum Justitia will acquire Lindorff's entire issued share capital in exchange for newly issued shares in Intrum Justitia (the "**Merger**"). The new shares shall be issued to the Lindorff Shareholders, and the number of new shares to be issued shall not exceed 45% of the total number of shares outstanding in the Company after issue.

The closing of the Merger is subject to satisfaction of certain conditions precedent, including competition clearance from the European Commission and the satisfaction of customary closing deliverables. The conditions related to competition clearance, including whether the European Commission accepts Nordic Capital's proposal to dispose of the Carveout Business, are expected to be confirmed on June 12, 2017. See "*—Divestment of the Carveout Business*." However, the Issuer and Nordic Capital may be entitled to terminate the Merger Agreement under certain circumstances.

The Refinancing Transactions

The Issuer is hereby offering €3,000 million (equivalent) in aggregate principal amount of the Notes. The gross proceeds from the offering of the Notes will be deposited in the applicable Escrow Accounts. The Notes will not benefit from any security interest in the applicable Escrow Accounts or in the applicable Escrowed Proceeds. The release of the Escrowed Proceeds to the Issuer will be subject to the satisfaction of certain conditions, including the prompt consummation of the Merger following the escrow release on the Completion Date. See "*Description of the Notes—Escrow of Proceeds—Special Mandatory Redemption.*"

On or prior to the Issue Date, the Issuer intends to enter into the Revolving Credit Facility Agreement with, *inter alios*, Swedbank AB (publ) as facility agent and security agent (the "**Revolving Credit Facility Agreement**"). The Revolving Credit Facility Agreement will become effective on the Completion Date and will establish a total commitment of €1,100 million under the Revolving Credit Facility, replacing the Intrum Justitia Existing Revolving Credit Facility. See "*Description of Other Indebtedness—Revolving Credit Facility Agreement*" and "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

On or about the Completion Date, the Issuer expects to use the Escrowed Proceeds along with certain borrowings under the Revolving Credit Facility to:

(i) redeem the Lindorff Existing Notes;

(ii) repay outstanding borrowings under:

  (a) the Lindorff Existing Revolving Credit Facility, apart from unfunded guarantees of €10.5 million (equivalent), which will be rolled over into the Revolving Credit Facility;

  (b) the Lindorff Bilateral Facility Agreements;

  (c) the Aktua Facility Agreements (the indebtedness described in (i) to (ii) above, collectively, the "**Lindorff Existing Debt**";

(iii) repay outstanding borrowings under the Intrum Justitia Existing Revolving Credit Facility; and

(iv) pay certain costs, fees, premiums and expenses incurred in connection with the Transactions.

The transactions described above are collectively referred to as the "**Refinancing Transactions**." See "*Use of Proceeds.*"

Divestment of the Carveout Business

Following its initial investigation concerning the Merger, the European Commission informed the Issuer and Lindorff of potential competition concerns related to both CMS and Financial Services (*i.e.* debt purchasing) service lines in five of the markets in which Lindorff and the Issuer currently operate. These markets are Denmark, Estonia, Finland, Norway and Sweden. In order to address the European Commission's concerns, Nordic Capital has proposed to divest Lindorff's business in Denmark, Estonia, Finland and Sweden as well as the Issuer's business in Norway (collectively, the "**Carveout Business**") within the timeframe to be decided by the European Commission. We expect a decision regarding the proposal no later than June 12, 2017.

If the current proposal is accepted, the requirement to divest the Carveout Business will become a binding obligation on the Issuer and we anticipate selling the Carveout Business as a single unit in a competitive process. However, there can be no assurance that this proposal will be accepted, and the European Commission may require additional or alternative requirements as a condition of its approval of the Merger, including additional or alternative divestitures to those proposed. If the proposal is accepted, there can be no assurance as to how long the sale process may take, whether we will be able to find a willing buyer for the Carveout Business on a timely basis or at all or the proceeds that the Issuer may receive from the sale. If we are unable to find a willing buyer for the Carveout Business within the allotted time, a divestiture trustee will be appointed to sell the Carveout Business at no minimum price and there can be no assurance that any such sale will be made on acceptable terms and at a price equal to what would have been paid if the Carveout Business was not sold pursuant to such a process. See "*Risk Factors—Risks Related to the Transactions—The Merger is subject to significant uncertainties and risks.*"

Based on information derived from management accounts and internal information systems, as the case may be, of the Issuer and Lindorff, we estimate that the Carveout Business represented approximately 17% of our combined ERC, approximately 13% of our *pro forma* combined EBITDA and approximately 14% of our *Pro Forma* Adjusted EBITDA as of and for the twelve months ended March 31, 2017. The estimated net revenue of the Carveout Business based on management accounts represented approximately 14%, 17% and 12% of our *pro forma* combined total net revenue, net revenue from Financial Services and net revenue from CMS, respectively, for the twelve months ended March 31, 2017.

After giving effect to the disposal of the Carveout Business, we expect to benefit from significant cost synergies from the Merger that are estimated at SEK 560 million (€59 million equivalent) per annum after full implementation, which is expected in approximately three years, representing a reduction in previously announced total estimated cost synergies of 30%. In addition, implementation costs relating to such cost synergies are estimated at approximately SEK 725 million (€76 million equivalent), the majority of which are expected to be incurred in the first two years following the closing of the Merger, representing a reduction in previously announced total estimated implementation costs of 27.5%. Any estimates regarding the effect of divestment of the Carveout Business, including the Aggregated Carveout Business Information, and its effects on previously announced cost synergy and implementation cost estimates, are subject to significant uncertainties and limitations. See "*Presentation of Financial and Other Information—Divestment of the Carveout Business*" and "*Risk Factors—Risks Related to the Transactions—The Merger is subject to significant uncertainties and risks.*"

The Unaudited *Pro Forma* Financial Information and other combined information that gives *pro forma* effect to the Transactions presented in this Offering Memorandum includes amounts associated with the Carveout Business and does not give effect to the expected disposal of the Carveout Business. See "*Presentation of Financial and Other Information—Divestment of the Carveout Business.*"

Recent Developments

Acquisitions

In April 2017, Intrum Justitia acquired Top Factoring SRL, one of the leading companies for purchased debt in Romania. The purchase price was €25.7 million, attributable mainly to a diversified portfolio of overdue receivables.

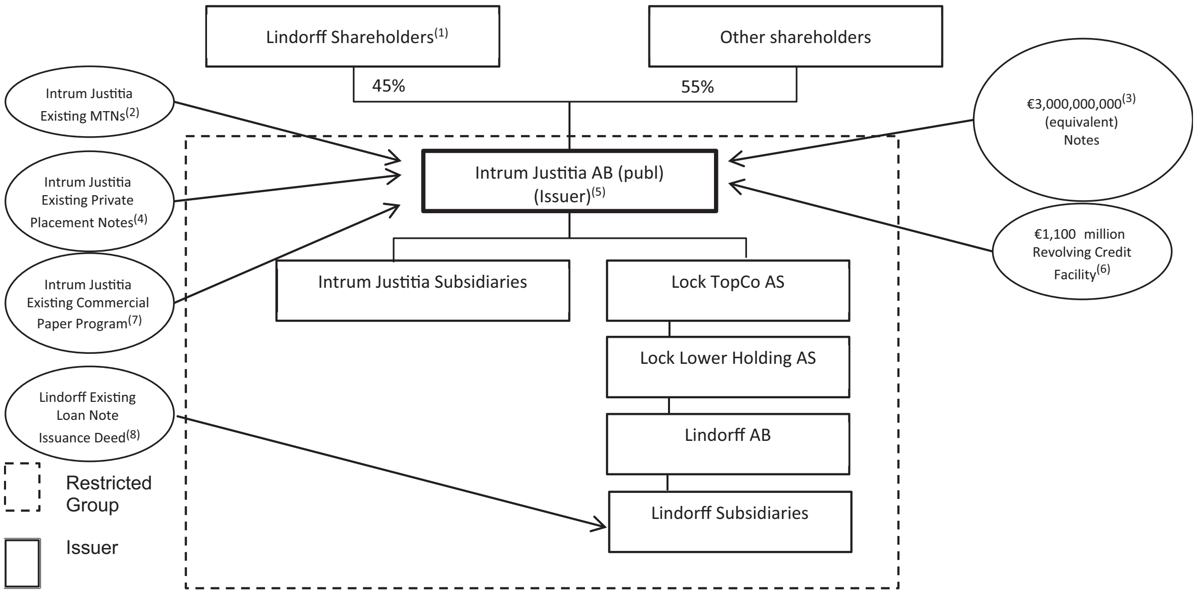
In April 2017, Intrum Justitia acquired the remaining 42% shareholding in IJCOF Corporate SAS, a French company whose operations involve collection from corporations.

Distribution to shareholders

The Board of Intrum Justitia has proposed a dividend to be paid of SEK 9 per share, representing a distribution to shareholders of SEK 651,129,534. If the Annual General Meeting resolves in accordance with the proposal, the dividend is expected to be paid out on July 6, 2017.

Simplified Corporate and Financing Structure Post Transactions

The following chart illustrates our simplified corporate structure and principal indebtedness after giving *pro forma* effect to the Transactions. For further discussion, see "*Capitalization*" and "*Use of Proceeds*." The chart does not include all of our subsidiaries or all of the debt obligations thereof. For a summary of the debt obligations referred to in this chart, see "*Description of Other Indebtedness*" and "*Description of the Notes*."



(1) On the Completion Date, we expect Lindorff Shareholders to acquire approximately 45% of the total voting stock of the Issuer in connection with the Transactions. For more information, see "*—The Transactions*" and "*Principal Shareholders and Related Party Transactions.*"

(2) As of March 31, 2017, the Issuer had SEK 2,000 million outstanding under the Intrum Justitia Existing MTNs. The Intrum Justitia Existing MTNs will rank equally in right of payment with the Notes. See "*Description of Other Indebtedness—Intrum Justitia Existing MTNs.*"

(3) The Notes will be senior obligations of the Issuer and will rank equally in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing and future secured indebtedness of the Issuer, including obligations under the Revolving Credit Facility Agreement and certain hedging agreements, to the extent of the value of the property and assets securing such Indebtedness and structurally subordinated to all existing and future obligations of the Issuer's subsidiaries that do not guarantee the Notes, including such subsidiaries' obligations under the Revolving Credit Facility Agreement and certain hedging agreements. Initially, none of the Issuer's subsidiaries will guarantee the Notes. In the event that the Intrum Justitia Existing MTNs and certain Eligible MTN Replacement Indebtedness shall have been repaid in full, then, subject to certain exceptions, the Issuer will be required to cause certain of its subsidiaries to guarantee the Notes. Except as described above and in the circumstances described under the caption "*Description of the Notes—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*," the Issuer will not have any obligation to cause any of its subsidiaries to guarantee the Notes in the future. There can be no assurance that the Notes will benefit from guarantees from any of the Issuer's subsidiaries in the future. See "*Risk Factors—Risks Related to the Notes—The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Notes.*"

(4) As of March 31, 2017, the Issuer had €160 million (SEK 1,527 million) outstanding under the Intrum Justitia Existing Private Placement Notes. The Intrum Justitia Existing Private Placement Notes will rank equally in right of payment with the Notes. See "*Description of Other Indebtedness—Intrum Justitia Existing Private Placement Notes.*"

(5) Intrum Justitia AB (publ) is a Swedish public limited liability company with a market capitalization of approximately SEK 21.56 billion based on a closing share price of SEK 298 as of June 9, 2017, and the issuer of the Notes. On the Issue Date, the Initial Purchasers will deposit the Escrowed Proceeds into the applicable Escrow Accounts pending satisfaction the Escrow Release Conditions. The Notes will not benefit from any security interest in the applicable Escrow Accounts or in the applicable Escrowed Proceeds. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*." On the Completion Date, the Escrowed Proceeds released from the Escrow Accounts will be used as described in "*Use of Proceeds.*"

(6) On or prior to the Issue Date, the Issuer will enter into the Revolving Credit Facility Agreement which will provide for borrowings up to an aggregate principal amount of €1,100 million. Within 90 days of the Completion Date, the Revolving Credit Facility will be guaranteed by the Issuer and certain subsidiaries of the Issuer on a senior basis and will be secured by security interests in certain assets of such subsidiaries. The terms of the Revolving Credit Facility Agreement will require that the obligations under the Revolving Credit Facility are guaranteed by subsidiaries of the Issuer which, together with the Issuer, represent not less than 80% of the consolidated EBITDA and consolidated gross assets of the Issuer and its subsidiaries (in each case calculated in accordance with the Revolving Credit Facility Agreement and after giving *pro forma* effect to the Transactions). Accordingly, the Notes will be structurally subordinated to these subsidiaries' guarantees under the Revolving Credit Facility Agreement and effectively subordinated to indebtedness incurred under the Revolving Credit Facility Agreement to the extent of the value of property securing the Revolving Credit Facility. See "*—The Transactions*" and "*Description of Other Indebtedness—Revolving Credit Facility Agreement*" and "*Description of Other Indebtedness—Intercreditor Agreement.*"

(7) As of March 31, 2017, the Issuer had SEK 1,360 million outstanding under the Intrum Justitia Existing Commercial Paper Program. The Intrum Justitia Existing Commercial Paper Program will rank equally in right of payment with the Notes. See "*Description of Other Indebtedness—Intrum Justitia Existing Commercial Paper Program.*"

(8) Under the Lindorff Existing Loan Note Issuance Deed, Lindorff Payment Services AB may incur up to €50 million in external debt in the form of Senior Payment Services Notes issued to Nordea Bank Norge ASA to finance the purchase of receivables and consumer loans. As of March 31, 2017, €32 million in Senior Payment Services Notes (as defined below) had been issued. See "*Description of Other Indebtedness—Lindorff Existing Loan Note Issuance Deed.*"

THE OFFERING

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

Issuer . . . . Intrum Justitia AB (publ)

Notes Offered:

Euro Floating Rate Notes . . . . € million aggregate principal amount of Senior Floating Rate Notes due 2022.

Euro Fixed Rate 2022 Notes . . . . € million aggregate principal amount of Senior Notes due 2022.

Euro Fixed Rate 2024 Notes . . . . € million aggregate principal amount of Senior Notes due 2024.

SEK Floating Rate Notes . . . . SEK million aggregate principal amount of Senior Floating Rate Notes due 2022.

Issue Date . . . . , 2017.

Issue Price:

Euro Floating Rate Notes . . . . %, plus accrued interest, if any, from the Issue Date.

Euro Fixed Rate 2022 Notes . . . . . . %, plus accrued interest, if any, from the Issue Date.

Euro Fixed Rate 2024 Notes . . . . . . %, plus accrued interest, if any, from the Issue Date.

SEK Floating Rate Notes . . . . %, plus accrued interest, if any, from the Issue Date.

Maturity Date:

Euro Floating Rate Notes . . . . , 2022.

Euro Fixed Rate 2022 Notes . . . . , 2022.

Euro Fixed Rate 2024 Notes . . . . , 2024.

SEK Floating Rate Notes . . . . , 2022.

Interest Rate:

Euro Fixed Rate 2022 Notes . . . . %.

Euro Fixed Rate 2024 Notes . . . . %.

Euro Floating Rate Notes . . . . Three-month EURIBOR (subject to a 0% floor) plus % per annum, reset quarterly.

SEK Floating Rate Notes . . . . Three-month STIBOR (subject to a 0% floor) plus % per annum, reset quarterly.

Interest Payment Dates:

Euro Floating Rate Notes . . . . Quarterly in arrears on each , , and , commencing on , 2017.

Euro Fixed Rate 2022 Notes . . . . Semi-annually in arrears on each and , commencing on .

Euro Fixed Rate 2024 Notes	Semi-annually in arrears on each and , commencing on .
SEK Floating Rate Notes	Quarterly in arrears on each , , and , commencing on , 2017.
Denomination:	
Euro Notes	Each Euro Note will have a minimum denomination of €100,000 and be in integral multiples of €1,000 in excess thereof. Euro Notes in denominations less than €100,000 will not be available.
SEK Floating Rate Notes	Each SEK Note will have a minimum denomination of SEK 1,250,000 and be in integral multiples of SEK 10,000 in excess thereof. SEK Notes in denominations less than SEK 1,250,000 will not be available.
Ranking	Each series of Notes offered hereby: • will be senior obligations of the Issuer and will rank equally in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including obligations under the Revolving Credit Facility Agreement, certain hedging agreements, the Intrum Justitia Existing MTNs, the Intrum Justitia Existing Private Placement Notes and the Intrum Justitia Existing Commercial Paper Program; • will be senior in right of payment to any subordinated indebtedness of the Issuer; • will be effectively subordinated to any existing and future secured indebtedness of the Issuer, including obligations under the Revolving Credit Facility Agreement and certain hedging agreements, to the extent of the value of the property and assets securing such indebtedness; and • will be structurally subordinated to all existing and future obligations of the Issuer's subsidiaries that do not guarantee the Notes, including such subsidiaries' obligations under the Revolving Credit Facility Agreement and certain hedging agreements. Initially, none of the Issuer's subsidiaries will guarantee the Notes. In the event that the Intrum Justitia Existing MTNs and certain Eligible MTN Replacement Indebtedness shall have been repaid in full, then, subject to certain exceptions, the Issuer will be required to cause certain of its subsidiaries to guarantee to the Notes. Except as described above and in the circumstances described under the caption "*Description of the Notes—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors,*" the Issuer will not have any obligation to cause any of its subsidiaries to guarantee the Notes in the future. There can be no assurance that the Notes will benefit from guarantees from any of the Issuer's subsidiaries in the future. See "*Risk Factors—Risks Related to the Notes—The Notes will be structurally*

	subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Notes."
Escrow of Proceeds; Special Mandatory Redemption	Pending the satisfaction of certain conditions, the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date, deposit the Escrowed Proceeds into the applicable Escrow Accounts pursuant to the terms of the Escrow Deed. The Notes will not benefit from any security interest in the applicable Escrow Accounts or in the applicable Escrowed Proceeds. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to July 31, 2017, the Notes will be subject to a special mandatory redemption at a redemption price of 100% of the aggregate initial issue price of the applicable Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any, from the Issue Date. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."
Optional Redemption:	
Special Optional Redemption	At any time prior to , 2018, the Issuer may redeem up to €300 million (equivalent) in aggregate principal amount of the Notes, on a *pro rata* basis across all series of Notes, with the net cash proceeds of one or more Required Disposals (as defined herein) at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, as applicable, to the redemption date and additional amounts, if any. See "*Description of the Notes—Optional Redemption—Special Optional Redemption*."
Euro Floating Rate Notes	At any time and from time to time on or after , 2018, the Issuer may redeem all or part of the Euro Floating Rate Notes at the redemption prices set forth under the heading "*Description of the Notes—Optional Redemption—Euro Floating Rate Notes*." At any time prior to , 2018, the Issuer may redeem all or part of the Euro Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Euro Floating Rate Notes redeemed plus the applicable "make whole" premium set forth under the heading "*Description of the Notes—Optional Redemption—Euro Floating Rate Notes*."
Euro Fixed Rate 2022 Notes	At any time and from time to time on or after , 2019, the Issuer may redeem all or part of the Euro Fixed Rate 2022 Notes at the redemption prices set forth under the heading "*Description of the Notes—Optional Redemption—Euro Fixed Rate 2022 Notes*." At any time prior to , 2019, the Issuer may redeem all or part of the Euro Fixed Rate 2022 Notes at a redemption price equal to 100% of the principal amount of the Euro Fixed Rate 2022 Notes redeemed plus the applicable "make whole" premium set forth under the heading "*Description of the Notes—Optional Redemption—Euro Fixed Rate 2022 Notes.*" In addition, prior to , 2019, the Issuer may, at its option, redeem up to 40% of the Euro Fixed Rate 2022 Notes with the

	net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum if at least 50% of the originally issued aggregate principal amount of the Euro Fixed Rate 2022 Notes (including any additional Euro Fixed Rate 2022 Notes) remains outstanding.
Euro Fixed Rate 2024 Notes	At any time and from time to time on or after , 2020, the Issuer may redeem all or part of the Euro Fixed Rate 2024 Notes at the redemption prices set forth under the heading "*Description of the Notes—Optional Redemption—Euro Fixed Rate 2024 Notes*." At any time prior to , 2020, the Issuer may redeem all or part of the Euro Fixed Rate 2024 Notes at a redemption price equal to 100% of the principal amount of the Euro Fixed Rate 2024 Notes redeemed plus the applicable "make whole" premium set forth under the heading "*Description of the Notes—Optional Redemption—Euro Fixed Rate 2024 Notes*." In addition, prior to , 2020, the Issuer may, at its option, redeem up to 40% of the Euro Fixed Rate 2024 Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum if at least 50% of the originally issued aggregate principal amount of the Euro Fixed Rate 2024 Notes (including any additional Euro Fixed Rate 2024 Notes) remains outstanding.
SEK Floating Rate Notes	At any time and from time to time on or after , 2018, the Issuer may redeem all or part of the SEK Floating Rate Notes at the redemption prices set forth under the heading "*Description of the Notes—Optional Redemption—SEK Floating Rate Notes*." At any time prior to , 2018, the Issuer may redeem all or part of the SEK Floating Rate Notes at a redemption price equal to 100% of the principal amount of the SEK Floating Rate Notes redeemed plus the applicable "make whole" premium set forth under the heading "*Description of the Notes—Optional Redemption—SEK Floating Rate Notes*."
Use of Proceeds	The proceeds from the sale of the Notes, together with amounts drawn under the Revolving Credit Facility on or about the Completion Date, will be used to fund the Refinancing Transactions. See "*—The Transactions*" and "*Use of Proceeds*."
Original Issue Discount	The Notes may be issued with original issue discount. If so, U.S. investors will generally be required to include the original issue discount in gross income for U.S. federal income tax purposes using the constant yield method. For more information, see "*Tax Considerations—Certain United States Federal Income Tax Considerations.*"
Additional Amounts	Any payments made by the Issuer with respect to the Notes will be made without withholding or deduction for taxes in any taxing jurisdiction unless required by law. If we are required by law to withhold or deduct for taxes of a relevant tax jurisdiction with respect to a payment to the holders of the Notes, we will pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding is not

	less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*."
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons.*"
Asset Sales	The Issuer will be required to offer to purchase the Notes with excess proceeds, if any, following certain asset sales at a purchase price equal to 100% of the principal amount, accrued and unpaid interest to the date of purchase and additional amounts, if any. There are several exceptions to the limitation on sales of assets and subsidiary stock and there can be no assurance that the Issuer will be required to offer to purchase the Notes following any such sale, including the disposal of the Carveout Business. See "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and "*Risk Factors—Risks Related to the Transactions—In connection with the disposal of the Carveout Business, in certain circumstances the Issuer will not be required to comply with the covenant limiting the sales of assets and subsidiary stock*."
Change of Control	Upon the occurrence of certain events constituting a change of control, or if the Issuer sells all or substantially all of its assets, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to the date of the purchase and additional amounts, if any. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Indenture limits, among other things, our ability to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem or repurchase our capital stock; • make certain restricted payments (including dividends and distribution with respect to shares of the Issuer) and investments; • prepay or redeem subordinated debt; • create or incur certain liens; • impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Issuer; • transfer, lease or sell assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • amend certain documents.

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

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF INTRUM JUSTITIA

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

This section includes certain unaudited financial information for the twelve months ended March 31, 2017. This LTM Information has been calculated by adding the Issuer's historical results for the three months ended March 31, 2017 to the Issuer's historical results for the year ended December 31, 2016, and subtracting the Issuer's historical results for the three months ended March 31, 2016. The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is for illustrative purposes only and is not necessarily representative of the Issuer's results of operations for any future period or its financial condition at any future date.

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

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

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

Summary Consolidated Income Statement Data for Intrum Justitia

	Intrum Justitia AB (publ)						
	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,	
	2014	2015	2016	2016	2017	2017	
		(audited)		(unaudited)		(unaudited)	
			(SEK in millions)				*(€ equivalent in millions)*[1]
Net revenues	5,184	5,628	6,088	1,408	1,609	6,289	661
Cost of sales	(2,963)	(3,087)	(3,194)	(770)	(874)	(3,298)	(347)
Gross earnings	**2,221**	**2,541**	**2,894**	**638**	**735**	**2,991**	**314**
Sales and marketing expenses	(262)	(252)	(230)	(59)	(74)	(245)	(26)
Administrative expenses	(585)	(661)	(678)	(150)	(180)	(708)	(74)
Disposal of operations/ Goodwill impairment	(111)	—	—	—	—	—	—
Reversal of liability for additional purchase considerations	164	—	—	—	—	—	—
Participations in earnings of associated companies and joint ventures	3	(4)	(8)	(1)	(1)	(8)	(1)
Operating earnings (EBIT)	**1,430**	**1,624**	**1,978**	**428**	**480**	**2,030**	**213**
Net financial items	(183)	(167)	(168)	(41)	(46)	(173)	(18)
Profit/(loss) before tax	**1,247**	**1,457**	**1,810**	**387**	**434**	**1,857**	**195**
Income tax expense	(206)	(285)	(342)	(77)	(87)	(352)	(37)
Profit/(loss) for the period	**1,041**	**1,172**	**1,468**	**310**	**347**	**1,505**	**158**

(1) For informational purposes only, certain financial information presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Summary Consolidated Balance Sheet Data for Intrum Justitia

	Intrum Justitia AB (publ)				
	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(SEK in millions)		
Fixed assets					
Intangible fixed assets					
Goodwill	2,719	2,810	3,120	2,804	3,237
Capitalized expenditure for IT development	171	159	193	164	210
Client relationships	37	61	63	65	64
Other intangible fixed assets	59	68	47	62	44
Total intangible fixed assets	**2,986**	**3,098**	**3,423**	**3,095**	**3,555**
Tangible fixed assets					
Computer hardware	40	38	41	38	44
Other tangible fixed assets	87	80	63	75	65
Total tangible fixed assets	**127**	**118**	**104**	**113**	**109**
Other fixed assets					
Shares and participations in associated companies and joint ventures	—	6	12	1	12
Other shares and participations	—	1	1	5	0
Purchased debt	6,197	7,027	8,733	7,403	10,623
Deferred tax assets	35	33	25	46	49
Other long-term receivables	17	11	6	7	6
Total other fixed assets	**6,249**	**7,078**	**8,777**	**7,462**	**10,690**
Total fixed assets	**9,362**	**10,294**	**12,304**	**10,670**	**14,354**
Current assets					
Accounts receivable	307	285	305	274	277
Client funds	568	569	588	586	651
Tax assets	48	42	87	46	132
Other receivables	633	510	557	564	618
Prepaid expenses and accrued income	157	180	167	229	197
Liquid Other long-term receivables	266	265	396	194	318
Total current assets	**1,979**	**1,851**	**2,100**	**1,893**	**2,193**
Total assets	**11,341**	**12,145**	**14,404**	**12,563**	**16,547**

	Intrum Justitia AB (publ)				
	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(SEK in millions)		
Shareholders' equity					
Shareholders' equity attributable to the parent company's shareholders					
Share capital	2	2	2	2	2
Other paid-in capital	906	906	906	906	906
Reserves	420	335	404	316	404
Retained earnings including earnings for the year	1,620	1,843	2,731	2,151	3,076
Total shareholders' equity attributable to the parent company's shareholders	**2,948**	**3,086**	**4,043**	**3,375**	**4,388**
Shareholders' equity attributable to non-controlling interests	93	80	87	82	89
Total shareholders' equity	**3,041**	**3,166**	**4,130**	**3,457**	**4,477**
Long-term liabilities					
Liabilities to credit institutions	1,727	2,340	1,520	2,514	3,743
Bond loan	3,231	3,124	3,706	2,099	3,692
Other long-term liabilities	4	3	16	2	16
Provisions for pensions	133	174	157	175	156
Other long-term provisions	3	3	0	3	2
Deferred tax liabilities	390	522	638	522	686
Total long-term liabilities	**5,488**	**6,166**	**6,037**	**5,315**	**8,295**
Current liabilities					
Liabilities to credit institutions	85	17	56	85	88
Bond loan	—	—	1,077	1,039	0
Commercial papers	728	635	1,124	745	1,360
Client funds payable	568	569	588	586	651
Accounts payable	159	139	140	131	139
Income tax liabilities	142	128	136	187	131
Advances from clients	16	14	46	13	47
Other current liabilities	325	613	325	351	671
Accrued expenses and prepaid income	789	698	718	654	668
Other short-term provisions	—	—	27	—	20
Total current liabilities	**2,812**	**2,813**	**4,237**	**3,791**	**3,775**
Total shareholders' equity and liabilities	**11,341**	**12,145**	**14,404**	**12,563**	**16,547**

Summary Consolidated Cash Flow Statement Data for Intrum Justitia

	Intrum Justitia AB (publ)				
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(SEK in millions)		
Cash flow from operating activities . .	2,672	2,905	3,374	730	707
Cash flow from investing activities . . .	(2,250)	(2,497)	(3,763)	(1,142)	(2,156)
Cash flow from financing activities . .	(501)	(399)	503	341	1,370
Change in liquid assets	**(79)**	**9**	**114**	**(71)**	**(79)**
Exchange rate differences in liquid assets	5	(10)	17	0	1
Closing balance of liquid assets	266	265	396	194	318

Other Financial Information and Operating Data for Intrum Justitia

	Intrum Justitia AB (publ)						
	As of and for the year ended December 31			As of and for the three months ended March 31,		As of and for the twelve months ended March 31,	
	2014	2015	2016	2016	2017	2017	
	(SEK in millions, unless otherwise indicated)						*(€ equivalent in millions)*[1]
Net revenue	5,184	5,628	6,088	1,408	1,609	6,289	661
EBITDA(2)	1,711	1,788	2,149	468	521	2,202	232
EBITDA margin (%)	33	32	35	33	32	35	
Adjusted EBITDA(2)	3,106	3,283	3,755	842	1,028	3,941	414
Adjusted EBITDA (excluding NRIs)(2)	3,070	3,337	3,745	842	1,045	3,948	412
Gross collections on purchased debt(3)(4)	3,469	3,802	4,420	993	1,266	4,693	493
Total collectible value on third-party debt(4)(5)	119,398	138,142	155,007	138,016	154,149	154,149	16,147
Total collectible value on purchased debt(4)(6)	124,236	134,996	178,111	142,882	222,825	222,825	23,341
Carrying value of purchased debt(7)	6,197	7,027	8,733	7,403	10,623	10,623	1,116
ERC(4)(8)	12,824	14,537	17,914	15,080	21,681	21,681	2,271
Purchases of loans and receivables(4)	1,937	2,428	3,100	738	2,377	4,739	498
Average collection of forecasts (%)(4)(9)	108	108	115	109	119	118	
Return on purchased debt (%)(4)(10)	20	20	20	20	17	18	
Average number of full-time equivalents (FTEs)	3,801	3,846	3,975	3,859	4,281	4,081	

(1) For informational purposes only, certain financial and other information has been converted to euro at an exchange rate of: (i) for the twelve months ended March 31, 2017, SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank; and (ii) as of the March 31, 2017, SEK 9.5464 to €1.00, which represents the closing exchange rate as of March 31, 2017, published by Sveriges Riksbank. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(2) We define EBITDA as profit and loss for the period before taxes, net financial items and depreciation and amortization of non-financial assets. EBITDA margin represents EBITDA as a percentage of revenue. We define Adjusted EBITDA as EBITDA before amortization and revaluation of purchased debt. We define Adjusted EBITDA (excluding NRIs) as Adjusted EBITDA as further adjusted to eliminate the impact of certain non-recurring items.

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

The following table reconciles profit/(loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDA (excluding NRIs) for the periods indicated:

	Intrum Justitia AB (publ)					
	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
	(SEK in millions)					
Profit/(loss) for the period	1,041	1,172	1,468	310	347	1,505
Net financial items	183	167	168	41	46	173
Income tax expense	206	285	342	77	87	352
Operating earnings (EBIT)	**1,430**	**1,624**	**1,978**	**428**	**480**	**2,030**
Amortization and depreciation of non-financial assets	281	164	171	40	41	172
EBITDA	**1,711**	**1,788**	**2,149**	**468**	**521**	**2,202**
Amortization and revaluation of purchased debt	1,395	1,495	1,606	374	507	1,739
Adjusted EBITDA	**3,106**	**3,283**	**3,755**	**842**	**1,028**	**3,941**
Consultancy fees related to mergers and acquisitions	—	—	10	—	—	10
Integration costs and other costs related to mergers and acquisitions	17	6	6	—	—	6
Severance costs	—	38	—	—	—	—
Restructuring costs	—	10	28	—	17	45
Gain/(loss) on portfolio sale	—	—	(84)	—	—	(84)
Changes to provisions and reserves	(53)	—	—	—	—	—
Costs related to the Transactions	—	—	30	—	—	30
Adjusted EBITDA (excluding NRIs)	**3,070**	**3,337**	**3,745**	**842**	**1,045**	**3,948**

The following table reconciles net cash (outflow)/inflow from operating activities to EBITDA, Adjusted EBITDA and Adjusted EBITDA (excluding NRIs) for the periods indicated:

	Intrum Justitia AB (publ)					
	For the year ended December 31,			For the three months ended March 31,		For the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
	(SEK in millions)					
Net cash (outflow)/inflow from operating activities	2,672	2,905	3,374	730	707	3,351
Adjustment for other non-cash items	156	(15)	(34)	(2)	5	(27)
Corporate income tax expense	138	229	257	24	139	372
Net financial items	162	231	130	33	48	145
Amortization and revaluation of purchased debt	(1,395)	(1,495)	(1,606)	(374)	(507)	(1,739)
Net changes in working capital	(22)	(67)	28	57	129	100
EBITDA	**1,711**	**1,788**	**2,149**	**468**	**521**	**2,202**
Amortization of purchased debt	1,430	1,526	1,655	379	507	1,783
Revaluation of purchased debt	(35)	(31)	(49)	(5)	0	(44)
Adjusted EBITDA	**3,106**	**3,283**	**3,755**	**842**	**1,028**	**3,941**
Consultancy fees related to mergers and acquisitions	—	—	10	—	—	10
Integration costs and other costs related to mergers and acquisitions	17	6	6	—	—	6
Severance costs	—	38	—	—	—	—
Restructuring costs	—	10	28	—	17	45
Gain/(loss) on portfolio sale	—	—	(84)	—	—	(84)
Changes to provisions and reserves	(53)	—	—	—	—	—
Costs related to the Transactions	—	—	30	—	—	30
Adjusted EBITDA (excluding NRIs)	**3,070**	**3,337**	**3,745**	**842**	**1,045**	**3,948**

(3) Gross collections on purchased debt represents the total principal, interest, collection fees and legal fees received on portfolios that Intrum Justitia owns.

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

(5) Total collectible value on third-party debt represents the total principal plus interest and fees added to the receivable on third-party debt placed with Intrum Justitia's CMS business for collection.

(6) Total collectible value on purchased debt represents the total principal plus interest and fees added to the receivable on Intrum Justitia's purchased debt.

(7) Carrying value of purchased debt represents the aggregate carrying value of Intrum Justitia's acquired portfolios of purchased loans and receivables.

(8) ERC means the estimated remaining collections on Intrum Justitia's portfolios of purchased loans and other overdue receivables over an 180-month period, which represents the expected future gross cash collections of Intrum Justitia's portfolios of purchased loans and other overdue receivables over an 180-month period. See "*Presentation of Financial and Other Information.*"

(9) Average collection of forecasts means gross collections on purchased debt divided by the (latest) active forecast, on a rolling twelve-month basis.

(10) Return on purchased debt means earnings on the purchased debt component of the business for the last quarter and annualized by multiplying such amount by four, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding together the opening and closing balance for the last quarter and dividing by two.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF LINDORFF

The following section presents summary historical consolidated financial data of Lindorff AB and Lock Lower Holding AS as of the dates and for the periods indicated and should be read in conjunction with the sections entitled "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operation of Lindorff" as well as Lindorff's Financial Statements.

This section includes certain unaudited financial information for the twelve months ended March 31, 2017. This LTM Information has been calculated by adding Lindorff's historical results for the three months ended March 31, 2017 to its historical results for the year ended December 31, 2016, and subtracting its historical results for the three months ended March 31, 2016. The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is for illustrative purposes only and is not necessarily representative of Lindorff's results of operations for any future period or its financial condition at any future date.

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

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

Summary Income Statement Data for Lindorff

	Lindorff AB	Lock Lower Holding AS				
	For the year ended December 31,	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
		(audited)			(unaudited)	
			(€ in millions)			
Net revenue	475	534	647	135	179	691
Total income	**475**	**534**	**647**	**135**	**179**	**691**
Employee benefit expense[(1)]	(178)	(187)	(208)	(50)	(60)	(218)
Legal fee cost	(35)	(43)	(47)	(11)	(13)	(50)
Phone, postage and packaging	(19)	(18)	(19)	(5)	(5)	(19)
Other operating costs[(2)]	(93)	(100)	(120)	(23)	(39)	(136)
Depreciation and amortization	(16)	(37)	(85)	(10)	(14)	(89)
Results from operating activities (EBIT)	**136**	**150**	**167**	**36**	**48**	**179**
Finance income	1	1	1	0	5	6
Finance costs	(108)	(173)	(157)	(32)	(55)	(180)
Net finance costs[(3)]	**(108)**	**(172)**	**(156)**	**(32)**	**(50)**	**(174)**
Profit/(loss) before tax	**28**	**(23)**	**11**	**5**	**(2)**	**5**
Income tax expense	(10)	6	(30)	(5)	(5)	(30)
Profit/(loss) for the period	**18**	**(16)**	**(18)**	**0**	**(7)**	**(25)**

(1) For the years ended December 31, 2016 and 2015, the employee benefit expense of Lock Lower Holding included employee costs of €4 million and €1 million, respectively, that were not included in the employee benefit expense of Lindorff AB.

(2) For the years ended December 31, 2016 and 2015, the other operating costs of Lock Lower Holding included consultancy fees of €3 million and €3 million, respectively, that were not included in the other operating costs of Lindorff AB.

(3) Net finance costs consist of interest on loans from financial institutions, fair value gains and losses on financial derivatives (interest swaps), write-down of investments in associated companies and other financial expenses, which consists of: (a) in the case of Lindorff AB, (i) prior to the completion of the Prior Lindorff Acquisition, interest expense on certain subordinated loans, or (ii) following the completion of the Prior Lindorff Acquisition, the intercompany proceeds loans received from affiliates; and (b) in the case of Lock Lower Holding, interest expense on the Lindorff Existing Debt. On October 6, 2014, upon completion of the Prior Lindorff Acquisition, Lock AS made an intercompany proceeds loan of €1,119 million to Lindorff AB with a portion of the proceeds of the applicable Lindorff Existing Notes. See Note 23 to Lindorff AB's Financial Statements as of and for the year ended December 31, 2014 included elsewhere in this Offering Memorandum. As a result, the net finance costs of Lock Lower Holding may not be comparable to the net finance costs of Lindorff AB for the periods presented.

Summary Statement of Financial Position Data for Lindorff

	Lindorff AB	Lock Lower Holding AS		
	As of December 31,	As of December 31,		As of March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
		(€ in millions)		
Fixtures and furniture	12	14	14	15
Intangible assets	236	327	402	393
Goodwill	758	1,384	1,584	1,582
Purchased debt	809	1,070	1,176	1,169
Deferred income tax assets	18	71	39	42
Other long-term assets	6	12	20	8
Non-current assets	**1,839**	**2,878**	**3,235**	**3,211**
Trade receivables	13	21	37	40
Current tax receivable	3	5	10	10
Other short-term receivables	42	73	136	130
Client funds	21	38	37	35
Cash and cash equivalents	79	53	59	73
Current assets	**160**	**191**	**280**	**288**
Total assets	**1,999**	**3,069**	**3,514**	**3,499**
Total equity	**667**	**789**	**769**	**762**
Bonds	—	1,860	1,868	1,870
Liabilities to credit institutions	—	—	409	404
Shareholder loans	1,129	—	—	—
Convertible loan	42	—	—	—
Other long-term liabilities	2	1	19	16
Pension liabilities	12	7	3	3
Deferred income tax liabilities	19	47	63	65
Financial derivatives	—	—	23	23
Non-current liabilities	**1,203**	**1,915**	**2,385**	**2,381**
Trade payables	19	19	32	31
Short-term loan	—	242	139	167
Financial derivatives short-term	—	2	—	—
Client liabilities	21	38	37	35
Current tax liabilities	6	5	14	17
Other-short term liabilities	81	58	138	107
Current liabilities	**128**	**365**	**361**	**357**
Total liabilities	**1,331**	**2,280**	**2,745**	**2,737**
Total equity and liabilities	**1,999**	**3,069**	**3,514**	**3,499**

Summary Cash Flow Statement Data for Lindorff

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31,	For the year ended December 31,		For the three months ended March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(€ in millions)		
Net cash generated from operating activities	195	90	239	18	35
Net cash used in investing activities	(464)	(472)	(334)	(28)	(60)
Net cash from/(used in) financing activities	296	334	102	5	39
Net (decrease)/increase in cash and cash equivalents	**27**	**(48)**	**6**	**(6)**	**14**
Cash and cash equivalents at period end	**79**	**53**	**59**	**51**	**73**

Other Financial Information and Operating Data for Lindorff

	Lindorff AB	Lock Lower Holding AS				
	As of and for the year ended December 31,	As of and for the year ended December 31,		As of and for the three months ended March 31,		As of and for the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
		(€ in millions, unless otherwise indicated)				
Net revenue	475	534	647	135	179	691
EBITDA[(1)]	151	186	252	46	63	268
EBITDA margin(%)[(1)]	32	35	39	34	35	39
Adjusted EBITDA[(1)]	274	331	412	83	100	429
Adjusted EBITDA (excluding NRIs)[(1)]	296	350	433	88	108	454
Gross collections on purchased debt[(2)(3)]	340	408	449	106	111	453
Total collectible value on third-party debt[(2)(4)]	15,192	13,012	18,868	13,028	19,849	19,849
Total collectible value on purchased debt[(2)(5)]	16,355	18,334	18,782	18,139	19,103	19,103
Carrying value of purchased debt[(6)]	809	1,070	1,176	1,061	1,169	1,169
ERC[(2)(7)]	1,971	2,442	2,641	2,412	2,621	2,621
Purchases of loans and receivables[(2)]	275	395	241	24	23	241
Average collection of forecasts(%)[(2)(8)]	102	107	106	104	103	105
Return on purchased debt(%)[(2)(9)]	15	15	14	16	14	14
Average number of full-time equivalents (FTEs)	2,827	3,380	3,968	3,636	4,546	4,182

(1) We define EBITDA as profit and loss for the period before taxes, net financial items and depreciation and amortization of non-financial assets. EBITDA margin represents EBITDA as a percentage of revenue. We define Adjusted EBITDA as EBITDA before amortization and revaluation of purchased debt. We define Adjusted EBITDA (excluding NRIs) as Adjusted EBITDA as further adjusted to eliminate the impact of certain non-recurring items.

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

The reconciliation of net cash (outflow)/inflow from operating activities to EBITDA, Adjusted EBITDA and Adjusted EBITDA (excluding NRIs) is as follows:

	Lindorff AB	**Lock Lower Holding AS**				
	For the year ended December 31,	**For the year ended December 31,**		**For the three months ended March 31,**		**For the twelve months ended March 31,**
	2014	**2015**	**2016**	**2016**	**2017**	**2017**
			(€ in millions)			
Net cash (outflow)/inflow from operating activities	**195**	**90**	**239**	**18**	**35**	**256**
Adjustment for other non-cash items	—	—	—	—	—	—
Corporate income tax paid	22[(b)]	36[(c)]	14	1	3	16
Net financial items	39	151	156	59	59	157
Gain/(loss) from sale of subsidiaries	—	—	—	—	—	—
Amortization and revaluation of purchased debt	(123)	(144)	(160)	(36)	(37)	(161)
Net changes in working capital	17	54	3	5	2	(0)
EBITDA	**151**	**186**	**252**	**46**	**63**	**268**
Amortization of purchased debt[(a)]	126	149	167	38	40	169
Revaluation of purchased debt	(3)	(5)	(7)	(2)	(3)	(8)
Adjusted EBITDA	**274**	**331**	**412**	**83**	**100**	**429**
Restructuring costs	2	4	5	2	1	4
Severance payments	7	5	2	1	0	1
Transitional service costs	0	1	0	0	—	0
Consultancy fee including costs related to mergers and acquisitions	5	7	19	2	7	24
Costs related to Prior Lindorff Acquisition and certain other corporate actions	6	0	—	—	—	—
VAT correction	1	1	0	0	(0)	0
Pension adjustment Norway	—	—	(6)	—	0	(5)
Adjusted EBITDA (excluding NRIs)	**296**	**350**	**433**	**88**	**108**	**454**

(a) Amortization of purchased debt is the difference between forecasted collections and EIR (yield) recognized on purchased portfolios.

(b) Includes the payment of a €13 million settlement reached with the Norwegian tax authorities related to the interpretation of historic tax deductions of interest on internal group loans.

(c) Includes €22 million attributable to a one-off tax claim paid in Finland and Norway in the first quarter of 2015.

Below is a reconciliation of profit/(loss) on ordinary activities to EBITDA, Adjusted EBITDA and Adjusted EBITDA (excluding NRIs):

	Lindorff AB	**Lock Lower Holding AS**				
	For the year ended December 31,	**For the year ended December 31,**		**For the three months ended March 31,**		**For the twelve months ended March 31,**
	2014	**2015**	**2016**	**2016**	**2017**	**2017**
	(€ in millions)					
Profit/(loss) for the financial period	**18**	**(16)**	**(18)**	**0**	**(7)**	**(25)**
Income tax expense	10	(6)	30	5	5	30
Net finance costs[(a)]	108	172	156	32	50	174
Depreciation and amortization	16	37	85	10	14	89
EBITDA	**151**	**186**	**252**	**46**	**63**	**268**
Amortization of purchased debt[(b)]	126	149	167	38	40	169
Revaluation of purchased debt	(3)	(5)	(7)	(2)	(3)	(7)
Adjusted EBITDA	**274**	**331**	**412**	**83**	**100**	**429**
Restructuring costs	2	4	5	2	1	4
Severance payments	7	5	2	1	0	1
Transitional service costs	0	1	0	0	—	0
Consultancy fee including costs related to mergers and acquisitions	5	7	19	2	7	24
Costs related to Prior Lindorff Acquisition and certain other corporate actions	6	0	—	—	—	—
VAT correction	1	1	0	0	(0)	0
Pension adjustment Norway	—	—	(6)	—	0	(5)
Adjusted EBITDA (excluding NRIs)	**296**	**350**	**433**	**88**	**108**	**454**

(a) Net finance costs consist of interest on loans from financial institutions, fair value gains and losses on financial derivatives (interest swaps), write-down of investments in associated companies and other financial expenses, which consists of: (a) in the case of Lindorff AB, (i) prior to the completion of the Prior Lindorff Acquisition, interest expense on certain subordinated loans, or (ii) following the completion of the Prior Lindorff Acquisition, the intercompany proceeds loans received from affiliates; and (b) in the case of Lock Lower Holding, interest expense on the Lindorff Existing Debt. On October 6, 2014, upon completion of the Prior Lindorff Acquisition, Lock AS made an intercompany proceeds loan of €1,119 million to Lindorff AB with a portion of the proceeds of the applicable Lindorff Existing Notes. See Note 23 to Lindorff AB's Financial Statements as of and for the year ended December 31, 2014 included elsewhere in this Offering Memorandum. As a result, the net finance costs of Lock Lower Holding may not be comparable to the net finance costs of Lindorff AB for the periods presented.

(b) Amortization of purchased debt is the difference between forecasted collections and EIR (yield) recognized on purchased portfolios.

Below is a reconciliation of income from portfolios of purchased debt to Adjusted EBITDA and Adjusted EBITDA (excluding NRIs):

	Lindorff AB	Lock Lower Holding AS				
	For the year ended December 31,	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2014	2015	2016	2016	2017	2017
	(€ in millions)					
Revenue from purchased loans	220	267	289	70	73	292
Amortization and revaluation of purchased debt	123	144	160	36	37	161
Collections and other revenue on purchased loans	**343**	**411**	**449**	**106**	**110**	**453**
Revenue from Debt Collection and Other Services	255	267	357	65	106	398
Gain/(loss) from sale of subsidiaries	—	—	—	—	—	—
Employee benefit expense[(a)]	(178)	(187)	(208)	(50)	(60)	(218)
Legal fee cost	(35)	(43)	(47)	(11)	(13)	(50)
Phone, postage and packaging	(19)	(18)	(19)	(5)	(5)	(19)
Other operating costs[(b)]	(93)	(100)	(120)	(23)	(39)	(136)
Adjusted EBITDA	**274**	**331**	**412**	**83**	**100**	**429**
Restructuring costs	2	4	5	2	1	4
Severance payments	7	5	2	1	0	1
Transitional service costs	0	1	0	0	—	0
Consultancy fee including costs related to mergers and acquisitions	5	7	19	2	7	24
Costs related to Prior Lindorff Acquisition and certain other corporate actions	6	0	—	—	—	—
VAT correction	1	1	0	0	(0)	0
Pension adjustment Norway	—	—	(6)	—	0	(5)
Adjusted EBITDA (excluding NRIs)	**296**	**350**	**433**	**88**	**108**	**454**

(a) For the years ended December 31, 2016 and 2015, the employee benefit expense of Lock Lower Holding included employee costs of €4 million and €1 million, respectively, that were not included in the employee benefit expense of Lindorff AB.

(b) For the years ended December 31, 2016 and 2015, the other operating costs of Lock Lower Holding included consultancy fees of €3 million and €3 million, respectively, that were not included in the other operating costs of Lindorff AB.

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

(3) Gross collections on purchased debt means the total principal, interest, collection fees and legal fees received on portfolios that Lindorff owns.

(4) Total collectible value on third-party debt represents the total principal plus interest and fees added to the receivable on third-party debt placed with Lindorff's debt collection business for collection, excluding the 2014 Spanish Acquisition.

(5) Total collectible value on purchased debt represents the total principal plus interest and fees added to the receivable on Lindorff's purchased debt.

(6) Carrying value of purchased debt represents the aggregate carrying value of Lindorff's portfolios of purchased loans and receivables.

(7) ERC means the estimated remaining collections on Lindorff's portfolios of purchased loans and other overdue receivables over an 180-month period, which represents the expected future gross cash collections of Lindorff's portfolios of purchased loans and receivables over an 180-month period, plus ERC contributions from each of the debt portfolios of loans and other overdue receivables purchased through co-investment agreements with the amount of ERC contributed by each such portfolio proportionate to Lindorff's investment in the relevant portfolio. See "*Presentation of Financial and Other Information.*"

(8) Average collection of forecasts means gross collections on purchased debt divided by the (latest) active forecast, on a rolling twelve-month basis.

(9) Return on purchased debt means earnings on the purchased debt component of the business for the last twelve months, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding together the opening and closing balance for the last twelve months period and dividing by two.

SUMMARY CONSOLIDATED *PRO FORMA* FINANCIAL AND OTHER DATA OF THE COMPANY

The following section present summary consolidated pro forma condensed consolidated financial information and other data from the "Unaudited Pro Forma Financial Information of the Company" and should be read in conjunction with the sections entitled "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operation of Intrum Justitia," Management's Discussion and Analysis of Financial Condition and Results of Operation of Lindorff" as well as the Issuer's Financial Statements and Lindorff's Financial Statements.

The Unaudited Pro Forma Financial Information presented below was prepared based on the Issuer's audited consolidated financial statements of and for the year ended December 31, 2016, the Issuer's Interim Financial Statements, Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 and Lock Lower Holding's Interim Financial Statements. Pro forma adjustments included only those adjustments described in "Unaudited Pro Forma Financial Information of the Company—Basis of Preparation."

The Unaudited Pro Forma Financial Information has been included to describe a hypothetical situation and has been prepared for illustrative purposes only. The Unaudited Pro Forma Financial Information does not include all of the information required for financial statements under IFRS and does not include a cash flow statement for any period. Future results may vary significantly from the results reflected because of various factors, including those discussed in "Risk Factors."

This section includes certain unaudited financial information for the twelve months ended March 31, 2017. This LTM Information has been calculated by adding the unaudited pro forma information for the three months ended March 31, 2017 to the unaudited pro forma information for the year ended December 31, 2016, and subtracting the unaudited pro forma information for the three months ended March 31, 2016. The LTM Information has been prepared solely for the purposes of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting and has not been audited or reviewed. It is for illustrative purposes only and is not necessarily representative of our results of operations for any future period or its financial condition at any future date.

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

In this section, we also present various key operating metrics on a combined basis. We believe that these metrics are helpful in understanding our performance from period to period and facilitate comparison with our peers. These metrics are not measures of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

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

Except as expressly provided, this Summary Consolidated Pro Forma Financial and Other Data of the Company does not give effect to the potential impact of divesting the Carveout Business on the Company. See "Summary—Divestment of the Carveout Business."

Summary Consolidated *Pro Forma* Income Statement of the Company

	Company(1)				
	For the year ended December 31,	For the three months ended March 31,		For the twelve months ended March 31,	
	2016	2016	2017	2017	
			(unaudited)		
		(SEK in millions)			*(€ equivalent in millions)(2)*
Net revenue	12,211	2,666	3,311	12,856	1,352
Cost of sales	(6,768)	(1,491)	(1,841)	(7,117)	(748)
Gross earnings	**5,443**	**1,175**	**1,471**	**5,738**	**603**
Sales, marketing and administration expenses	(2,016)	(577)	(525)	(1,964)	(206)
Participations in associated companies and joint ventures	(8)	(1)	(1)	(8)	(1)
Operating earnings (EBIT)	**3,419**	**597**	**945**	**3,767**	**396**
Net financial items	(1,850)	(658)	(433)	(1,625)	171
Earnings before tax	**1,569**	**(61)**	**512**	**2,142**	**225**
Income tax expense	(546)	(13)	(158)	(691)	73
Profit/(loss) for the period	**1,024**	**(74)**	**353**	**1,451**	**153**

(1) Gives *pro forma* effect to the Transactions as if they had occurred on January 1, 2016. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information*."

(2) For informational purposes only, certain financial information presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

Summary *Pro Forma* Service Line Earnings of the Company

	Company[(1)]				
	For the year ended December 31,	For the three months ended March 31,		For the twelve months ended March 31,	
	2016	2016	2017	2017	
			(unaudited)		
		(SEK in millions)			*(€ equivalent in millions)*[(2)]
Net revenue by service line					
CMS	8,675	1,852	2,397	9,220	969
Financial Services	5,744	1,313	1,502	5,934	624
Elimination[(3)]	(2,209)	(499)	(589)	(2,298)	(242)
Net revenue	**12,211**	**2,666**	**3,311**	**12,856**	**1,352**
Earnings by service line					
CMS	2,012	375	582	2,219	233
Financial Services	3,127	728	800	3,199	336
Common costs[(4)]	(1,720)	(506)	(437)	(1,650)	(173)
Total Operating earnings (EBIT)	**3,419**	**597**	**945**	**3,767**	**396**

(1) Gives *pro forma* effect to the Transactions as if they had occurred on January 1, 2016. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information.*"

(2) For informational purposes only, certain financial information presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(3) Eliminations relate to payment on commercial terms for work carried out within the CMS service line for debt purchased by the Financial Services service line.

(4) Common costs are costs that are not attributed to either of the Credit Management Services or Financial Services service lines, mainly consisting of shared expenses for sales, marketing and administration.

Geographical Split of *Pro Forma* Revenues From External Clients of the Company

	Company[(1)]				
	For the year ended December 31,	For the three months ended March 31,		For twelve months ended March 31,	
	2016	2016	2017	2017	
			(unaudited)		
		(SEK in millions)			*(€ equivalent in millions)*[(2)]
Net revenue from external clients by geographical region					
Northern Europe[(3)]	6,391	1,462	1,527	6,456	679
Central and Eastern Europe[(4)]	2,477	591	726	2,613	275
Western Europe[(5)]	944	233	273	984	103
Southern Europe[(6)]	2,398	380	784	2,802	295
Total net revenue	**12,211**	**2,666**	**3,311**	**12,856**	**1,352**

(1) Gives *pro forma* effect to the Transactions as if they had occurred on January 1, 2016. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information.*"

(2) For informational purposes only, certain financial information presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly

exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(3) Northern Europe includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden.

(4) Central and Eastern Europe includes Austria, the Czech Republic, Germany, Hungary, Switzerland and Slovakia.

(5) Western Europe includes Belgium, France, Ireland and the United Kingdom.

(6) Southern Europe includes Italy, Portugal and Spain.

Summary Consolidated *Pro Forma* Statement of Financial Position of the Company

	Company[1]	
	As of March 31, 2017	
	(unaudited)	
	(SEK in millions)	*(€ equivalent in millions)*[2]
Non-current assets		
Goodwill	32,176	3,371
Purchased debt	21,787	2,282
Other non-current assets	5,167	541
Total non-current assets	**59,131**	**6,194**
Current assets	**4,943**	**518**
Total assets	**64,074**	**6,712**
Shareholders' equity	**23,814**	**2,495**
Long-term liabilities	**34,672**	**3,632**
Current liabilities	**5,587**	**585**
Total shareholders' equity and liabilities	**64,074**	**6,712**

(1) Gives *pro forma* effect to the Transactions as if they had occurred on March 31, 2017. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information.*"

(2) For informational purposes only, certain financial information presented in SEK as of March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5464 to €1.00, which represents the closing exchange rate as of March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

Pro Forma and Other Information of the Company

	Company[1]	
	As of and for the twelve months ended March 31, 2017	
	(unaudited)	
	(SEK in millions, unless otherwise indicated)	*(€ equivalent in millions)*[2]
Company ERC[3]	46,704	4,892
Pro Forma Adjusted EBITDA[4]	8,261	869
Pro Forma Further Adjusted EBITDA[5]	9,254	973
Adjusted cash and cash equivalents[6]	1,019	107
As adjusted Total Debt[7]	34,722	3,637
As adjusted Total Net Debt[8]	33,702	3,530
Ratio of as adjusted Total Net Debt to *Pro Forma* Further Adjusted EBITDA	3.6	—
As adjusted LTM Interest Expense[9]	1,210	127
Ratio of *Pro Forma* Further Adjusted EBITDA to as adjusted LTM Interest Expense	7.6	—

(1) Gives *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 or March 31, 2017, as applicable. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information.*" Does not give effect to the potential impact of divesting the Carveout Business except as expressly described below in connection with certain anticipated cost synergies from the Merger after giving effect to the disposal of the Carveout Business. See "*Summary—Divestment of the Carveout Businesss.*"

(2) For informational purposes only, certain financial and other information has been converted to euro at an exchange rate of: (i) for the twelve months ended March 31, 2017, SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank; and (ii) as of the March 31, 2017, SEK 9.5464 to €1.00, which represents the closing exchange rate as of March 31, 2017, published by Sveriges Riksbank. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(3) Company ERC means the estimated remaining collections on the Company's portfolios of loans and other overdue receivables over an 180-month period and was calculated by translating Lindorff's ERC as of March 31, 2017 into SEK at an exchange rate of SEK 9.5464 to €1.00, which represents the closing exchange rate as of March 31, 2017, published by Sveriges Riksbank, and then adding Lindorff's translated ERC to Intrum Justitia's ERC as of the same date. Company ERC is presented for illustrative purposes only. Future results may vary from these estimates because of various factors, including those discussed in "*Risk Factors.*"

(4) *Pro Forma* Adjusted EBITDA is defined as the Company's *pro forma* profit/(loss) for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items after giving *pro forma* effect to the Transactions as if they had occurred on January 1, 2016.

The following table reconciles our *pro forma* profit/(loss) to *Pro Forma* Adjusted EBITDA for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments[(a)]**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)[(b)]*
Profit/(loss) for the period	**1,505**	**(240)**	**186**	**—**	**—**	**1,451**	**153**
Net financial items	173	1,653	(201)	—	—	1,625	170
Taxes	352	287	52	—	—	691	73
Depreciation and amortization of non-financial assets	172	848	—	—	—	1,020	107
Amortization and revaluation of purchased debt	1,739	1,532	—	—	—	3,271	344
Consultancy fees related to mergers and acquisitions	10	229	—	—	—	239	25
Integration costs and other costs related to mergers and acquisitions	16	—	—	—	—	16	2
Severance costs	—	11	—	—	—	11	1
Restructuring costs	28	41	—	—	—	69	7
Gain/(loss) on portfolio sale	(84)	—	—	—	—	(84)	(9)
Changes to provisions and reserves	—	—	—	—	—	—	—
Costs related to the Transactions	37	—	(37)	—	—	0	0
Transitional service costs	—	2	—	—	—	2	0
Costs related to Prior Lindorff Acquisition and certain other Lindorff corporate actions	—	—	—	—	—	—	—
VAT correction	—	1	—	—	—	1	0
Pension adjustment Norway	—	(51)	—	—	—	(51)	(5)
***Pro Forma* Adjusted EBITDA**	**3,948**	**4,313**	**0**	**0**	**0**	**8,261**	**869**

(a) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items for the year ended December 31, 2016 consisted of the following:

- An adjustment of SEK 37 million to sales, marketing and administration expenses reflecting transaction costs for the Merger that were reflected in the Issuer's Interim Financial Statements but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude costs related to the Transactions from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK 201 million to net financial items reflecting changes in interest cost and other financial items. This adjustments was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude net financial items from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK (52) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude taxes from *Pro Forma* Adjusted EBITDA.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve months ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(5) *Pro Forma* Further Adjusted EBITDA is defined as *Pro Forma* Adjusted EBITDA further adjusted to: (i) include the Adjusted EBITDA (excluding NRIs) contribution of Aktua to Lock Lower Holding (in an amount of €12.5 million (SEK 119 million equivalent, calculated using an exchange rate of SEK 9.5117 to €1.00 which represents the average monthly exchange rate for the twelve month period ended March 31, 2017)) for the two months ended May 31, 2016, which has been derived from monthly management accounts, representing the period for which the financial information of Aktua was not consolidated in Lindorff's LTM Information; (ii) include the Adjusted EBITDA (excluding NRIs) contribution of 1st Credit to the Issuer (in an amount of £27.7 million (SEK 314 million equivalent, calculated using an exchange rate of SEK 11.367 to £1.00 which represents the average monthly exchange rate for the twelve month period ended March 31, 2017)) for the ten months ended January 31, 2017, which has been derived from monthly management accounts, representing the period for which the financial information of 1st Credit was not consolidated in the Issuer's LTM Information; and (iii) add certain anticipated cost synergies from the Merger after giving estimated effect to the disposal of the Carveout Business.

The following table reconciles our *Pro Forma* Adjusted EBITDA to *Pro Forma* Further Adjusted EBITDA for the period indicated. Future results may vary significantly from the results reflected in the below table because of various factors, including those discussed in "*Risk Factors.*"

	Company	
	For the twelve months ended March 31, 2017	
	(SEK in millions)	*(€ equivalent in millions)*
***Pro Forma* Adjusted EBITDA**	**8,261**	**869**
Aktua contribution for April-May 2016	119	13
1st Credit contribution for April 2016-January 2017	314	33
Synergies[(a)]	560	59
***Pro Forma* Further Adjusted EBITDA**	**9,254**	**973**

(a) Synergies include the estimated yearly cost savings associated mainly from optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development/maintenance and increased scale in procurement in connection with the Merger after giving effect to the disposal of the Carveout Business. Management estimates that it will take approximately three years for the full impact of the synergies to be realized. Cost synergy implementation costs are estimated at approximately SEK 725 million (€76 million equivalent), the majority of which are expected to be incurred in the first two years following the closing of the Merger. These estimates reflect the proposed divestment of the Carveout Business and consequently differ from the estimated cost synergies and cost synergy implementation costs that have been previously announced. Our ability to realize such estimates may be significantly affected by any additional or alternative measures the European Commission may impose as a condition of its approval of the Merger, including additional or alternative divestitures to those proposed. See "*Presentation of Financial and Other Information—Divestment of the Carveout Business,*" "*Summary—The Transactions—The Merger,*" "*Summary—Divestment of the Carveout Business,*" and *"Risk Factors—Risks Related to the Transactions—Anticipated synergies from the Merger may not materialize.*"

(6) Adjusted cash and cash equivalents represents *pro forma* cash and cash equivalents of the Company as adjusted for the Transactions. See "*Capitalization*."

(7) As adjusted Total Debt represents *pro forma* total outstanding third-party indebtedness of the Company as adjusted for the Transactions. See "*Capitalization*."

(8) As adjusted Total Net Debt represents as adjusted Total Debt less cash and cash equivalents as adjusted for the Transactions. See "*Capitalization*."

(9) As adjusted LTM Interest Expense reflects the *pro forma* interest expense for the twelve month period ended March 31, 2017 as if the Transactions had occurred on January 1, 2016, which has been calculated by aggregating the interest expense for such period in respect of the Notes based on a single blended assumed interest rate, plus the interest expense on the portion of the Revolving Credit Facility that is expected to be drawn in connection with the Transactions and the commitment fee on the undrawn portion thereof, plus the interest expense in respect of the Intrum Justitia Existing MTNs, the Intrum Justitia Existing Private Placement Notes, the Intrum Justitia Existing Commercial Paper Program and the Lindorff Existing Loan Note Issuance Deed (including interest expense on the amount drawn as of March 31, 2017 and the commitment fee on the undrawn portion thereof) that will remain outstanding following completion of the Transactions. As adjusted LTM Interest Expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed nor does it purport to project our interest expense for any future period or our financial condition on any future date.

Selected Non-Financial and Other Information of the Company

	Company[1]	
	As of and for the twelve months ended March 31, 2017	
	(SEK in millions, unless otherwise indicated)[2]	*(€ equivalent in millions)*[3]
Gross collections on purchased debt[4]	9,007	947
Total collectible value on third-party debt[4][5]	343,637	35,996
Total collectible value on purchased debt[4][6]	405,192	42,444
Carrying value of purchased debt[7]	21,787	2,282
Purchases of loans and receivables[4]	7,026	739
Average collection of forecasts (%)[4][8]	110	
Return on purchased debt (%)[4][9]	16	

(1) Gives *pro forma* effect to the Transactions as if they had occurred on January 1, 2016. For further details see "*Presentation of Financial and Other Information—Unaudited Pro Forma Financial Information.*"

(2) For purposes of calculating combined non-financial and other information for the Company, the euro-denominated non-financial and other information of Lindorff was translated into SEK. An exchange rate of SEK 9.5117 to €1.00 was used to translate Lindorff's gross collections on purchased debt and purchases of loans and receivables for the twelve month period ended March 31, 2017, and an exchange rate of SEK 9.5464 to €1.00 was used to translate Lindorff's total collectible value on third-party debt, total collectible value on purchased debt and carrying value of purchased debt as of March 31, 2017. These exchange rates represent the average of the monthly exchange rates for each month during the twelve month period ended March 31, 2017 and the closing rate on March 31, 2017, respectively, as published by Sveriges Riksbank. These exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(3) For informational purposes only, certain financial and other information has been converted to euro at an exchange rate of: (i) for the twelve months ended March 31, 2017, SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank; and (ii) as of the March 31, 2017, SEK 9.5464 to €1.00, which represents the closing exchange rate as of March 31, 2017, published by Sveriges Riksbank. The exchange rates may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(4) We believe that this metric is helpful in understanding the Company's performance from period to period and facilitates comparison with its peers. This metric is not a measure of financial performance under IFRS and should not be considered as an alternative to other indicators of the Company's operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

(5) Represents the total principal plus interest and fees added to the receivable on third-party debt placed with Intrum Justitia's CMS business for collection together with the total principal plus interest and fees added to the receivable of third-party debt placed with Lindorff's debt collection business for collection, excluding the 2014 Spanish Acquisition, translated into SEK at the applicable exchange rate. See "*Exchange Rates.*"

(6) Represents the total principal plus interest and fees added to the receivable on Intrum Justitia's purchased debt together with the total principal plus interest and fees added to the receivable on Lindorff's purchased debt translated into SEK at the applicable exchange rate. See "*Exchange Rates.*"

(7) Represents the aggregate carrying value of Intrum Justitia's portfolios of purchased loans and receivables and Lindorff's portfolios of purchased loans and receivables translated into SEK at the applicable exchange rate as of the date presented. For further discussion of the exchange rates used for translation, see "*Exchange Rates.*"

(8) Average collection of forecasts means gross collections on purchased debt divided by the (latest) active forecast, on a rolling twelve-month basis.

(9) Return on purchased debt is the earnings on the purchased debt component of the business, for the last quarter and annualized by multiplying such amount by four, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding the opening and closing balance for the last quarter and dividing by two.

RISK FACTORS

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

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

Risks Related to Our Industry and Business

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

We are exposed to the economic, market and fiscal conditions in the markets in which we operate and any positive or negative developments regarding these conditions. Should any such negative developments occur, we may not be able to perform debt collection at levels consistent with our historic levels due to the inability of customers to make payments, at the same levels or at all, as was the case during the 2008-2010 economic downturn. Adverse economic conditions may also reduce the propensity of debt originators to sell overdue receivables as sale prices may be unfavorable during such periods. Furthermore, if the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, there may not be the anticipated demand for our payment services. Each of these developments could have a negative effect on our financial results. In addition, should the level of inflation increase, the real-term carrying value of purchased debt may decrease.

There can be no assurances that economic conditions will improve in the markets in which we operate, or that the net effect of any change in economic conditions will be positive. An improvement in the economic conditions in the markets in which we operate could impact our business and performance in various ways, including reducing the number of attractive portfolio opportunities that are available for purchase and increasing the competitiveness of the pricing for portfolios that we purchase and debt collection services that we offer. There can be no assurances that our business and results of operations will develop positively in this environment. Conversely, while adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for us to purchase and increase the amount of loans and other overdue receivables possessed by our debt collection clients, there can be no assurances that such potential increase in the amount of debt available to purchase and service will compensate for the adverse effects of an economic downturn. Accordingly, any of these developments could have a material adverse effect on our business, results of operations or financial condition.

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

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

We face bidding competition in our acquisition of debt portfolios. We believe that successful bids are awarded based on price and a range of other factors, including service, compliance, reputation and relationships with the sellers of debt portfolios. Some of our current competitors, and potential new competitors, may have more effective pricing and collection models, greater adaptability to changing market needs or more established relationships in our industry and geographic markets than we do. Moreover, our competitors may elect to pay prices for debt portfolios that we determine are not economically sustainable and, in that event, our volume of debt portfolio purchases may be diminished. There can be no assurances that our existing or potential sources of debt portfolios will continue to sell their portfolios at recent levels or at all, or that we will continue to offer competitive bids for debt portfolios.

Some of our current competitors, and potential new competitors, may have less expensive funding or lower return requirements than we will have after the Merger. Additionally, in the future we may not have the financial resources to offer competitive bids for portfolio purchases and debt collection contracts. There can be no assurances that we will be able to develop and expand our business or adapt to changing market needs as well as our current or future competitors. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

There may be insufficient supply of, or appropriately priced, debt available for our credit management and financial services. Any decrease in our ability to purchase debt portfolios or provide credit management services could materially and adversely affect our business.

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

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

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

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

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

Lindorff and Intrum Justitia have derived, and we believe that, following the Merger, we will continue to derive, a significant portion of our revenue from clients active within the financial services industry. For the year ended December 31, 2016, on a *pro forma* basis financial institutions accounted for 66% of the Company's revenue generated from Financial Services and 46% of the Company's revenue generated from CMS. Concerns exist within the Eurozone with respect to individual macro fundamentals on a country by country basis. Adverse economic conditions and uncertainties, including any fines or penalties on European financial institutions, and any potential resulting failures or consolidations of financial institutions, may adversely affect us by significantly reducing our client engagements. Additionally, adverse economic conditions could lead to a reduction in the propensity of financial institutions to lend to customers in the markets in which we operate, as was the case during the global financial crisis (2008-2010). Adverse economic conditions may lead to a reduced supply of debt available for us to perform debt collection on or fewer opportunities for us to enter into forward flow agreements, as well as negatively affecting customers by reducing disposable income levels or otherwise impairing their ability to fulfil their payment obligations. Any changes in the volume of business derived from clients active within the financial services industry could have a material adverse effect on our business, results of operations or financial condition.

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

Following the United Kingdom public referendum on June 23, 2016 to leave the EU, the government of the United Kingdom has served notice under Article 50 of the Treaty of the EU, pursuant to which the United Kingdom has a two year period to agree to the terms of its withdrawal prior to leaving the EU. This has led to concerns with respect to the overall stability of the EU and the United Kingdom and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. If the United Kingdom and the EU are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated. The exit of the United Kingdom or any other member state from the EU, and/or the departure from the euro by one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, could lead to a reduction in market confidence and a weakening of European financial institutions. A deterioration in political and economic conditions could result in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, and a decline in the strength of national and local economies. This could impact the growth of the British economy in particular, which we have recently re-entered through the 1st Credit Acquisition, and the EU generally, and consequently our financial condition and results of operations.

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

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

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

Lindorff has recently partnered and entered into co-investment arrangements with financial investors that lack debt collection capabilities in the purchase of large debt portfolios, and we may continue to enter such arrangements in the future. In such cases the co-investor typically retains the majority of the investment and, as a result, is able to control the management of the investment venture. In 2015, Intrum Justitia established an e-commerce financing company, Avarda AB, through a joint venture with TF Bank, pursuant to which TF Bank has a 51% shareholding. We may have limited insight into and ability to control the actual governance of the co-investments or joint ventures and we are therefore subject to reputational and other risks related to the actions of the co-investors or co-venture partners, as applicable, that are beyond our control.

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

We depend on the continued willingness and ability of our clients to offer their portfolios for sale and outsource their credit management services.

We depend on the willingness and ability of our clients to continue to engage us to provide credit management and financial services. Some factors that may influence the willingness and ability of our clients to engage us to provide such services include, but are not limited to, the strength of our reputation, regulatory pressures our clients face and the value proposition that we offer. Our business would be adversely affected if our clients decide to reduce or discontinue the outsourcing of their credit optimization, invoicing and debt collection or sales of portfolios or if the actual growth of levels of outsourcing and sales is lower than we expected. In addition, our future revenue may be limited if companies who do not currently outsource their debt collection or sell portfolios continue to manage their portfolios in-house. There can be no assurances that the demand for our services will increase or remain the same, and a decrease in demand for our services could have a material adverse effect on our business, results of operations or financial condition.

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

General

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

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

Supervisory authorities in each country in which we operate may determine that we do not fully comply with, are in violation of, or in the past have violated applicable rules, regulations or administrative guidelines. If our policies and procedures are deemed not to be in compliance, or are deemed not to have previously been in compliance, with relevant legal requirements or applicable legal requirements or applicable laws, regulations or administrative guidelines, this could have a material adverse effect on our business, results of operations or financial condition.

Data protection

We are subject to various regulatory requirements regarding data protection in the jurisdictions in which we operate. Such regulatory requirements differ from country to country. In the past, regulatory authorities have imposed fines on certain of our subsidiaries for non-compliance with data protection regulations and we cannot assure you that similar fines will not be imposed in the future. The imposition of any such fines or any other sanctions by regulatory authorities may have negative consequences which could have a material adverse effect on our business, results of operations or financial condition. In particular, if it turns out that any business activity we conduct is non-compliant, such business activity may in principle be ordered to be stopped until the breach is cured. Changes to data protection laws and regulations, or changes to their interpretation by data protection authorities and courts, may reduce our operational flexibility and limit our ability to collect, retain or use our customer data to price portfolios and create efficient debt collection strategies. On April 27, 2016, the regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation, the "**GDPR**") was adopted by the European Parliament and the European Council. The GDPR will be directly applicable in all member states on May 25, 2018, and replaces Directive 95/46/EC and current national data protection legislation, and is also expected to be implemented in the EEA countries with effect from the same date. The GDPR significantly changes the EU/EEA data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines. The GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. It is expected that the new regime will impose a substantially higher compliance burden on the credit management industry and potentially impair our ability to use customer data, for example by restricting our ability to create customer profiles. In addition, if any of the information or customer data that we use were to become public, including as a result of a change in governmental regulation, or if the countries where we operate were to introduce measures that have the effect of facilitating the tracing of customers, or if the current data processing restrictions were to change such that credit market participants could access credit information before the purchase of portfolios, or if the current data processing restrictions were to change such that we would be prohibited from using customer data in the manner or to the extent in which it is currently used, we could lose a competitive advantage and our business could be negatively affected. Intrum Justitia and Lindorff are each currently assessing the full impact of the GDPR on their respective businesses and reviewing existing rules, policies and procedures to ensure compliance with the GDPR once it becomes effective. However, there can be no assurance that Intrum Justitia, Lindorff or the Company will be successful in adjusting operations to ensure such compliance. Any failure to comply with the GDPR once it becomes effective could result in sanctions, penalties or other negative consequences which could have a material adverse effect on our business, results of operations or financial condition.

Statutes of limitation

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

Consumer protection

The credit management industry could be subject to increased scrutiny due to local political factors and developments, which could lead to changes in laws and regulations. The area of consumer credit has recently come under increased regulatory focus by national governments. For instance, in early 2016, caps on interest rate and penalties or sanctions for defaulted loans or total cost of credit were introduced in the Czech Republic, Latvia, Lithuania, Poland and, in 2014, Slovakia. In particular, the Polish Parliament adopted wide-ranging amendments to the local consumer credit act, anti-trust and interest rate laws in August 2015, which came into effect in March 2016. Such amendments introduced a cap on credit costs imposed on consumers. In Finland, a cap on the effective annual interest rate for consumer loans with a principal value below €2,000 was introduced in 2013. Such legislation may also be introduced in other jurisdictions and such restrictions can materially affect the consumer credit market since lenders derive a large portion of their profits from credit costs.

Stricter regulations regarding instalment plans have also been enacted or imposed by court ruling in some countries. In the Netherlands, for example, a Supreme Court ruling in June 2014 held that telecom consumers party to an agreement in which a "free" phone is provided are protected by laws and regulations relating to payment by instalments and consumer credit. As a result, at the option of the consumer, such agreements may be declared null, wholly or partially. Though the effects of this ruling on our business cannot yet be fully determined, the collection rates on debt originating from clients that are telecom providers may decline and our existing books may need to be revalued. Further, there may exist potential for former debtors to reclaim amounts paid in the past, whether individually or through consumer rights organizations. As a result of the Dutch Supreme Court ruling, Intrum Justitia is party to a number of legal proceedings with certain of its customers relating to the enforceability of receivables invalidated as a result of the ruling and Intrum Justitia's obligation to pay such customers for the assignment of such receivables. See "*Business—Intrum Justitia: Legal and Administrative Proceedings*." There can be no assurance that the impact of these regulations, or others like them enacted or imposed in other jurisdictions, will not impede our ability to conduct our operations result in further litigations and have a negative impact on our business.

Debt collection

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

Customers may become subject to insolvency or debt reorganization proceedings which may delay or prevent the enforcement of the claims transferred to us. Collection of unsecured debt claims in the event of bankruptcy or insolvency is generally limited by means of the funds available for distribution from the insolvent estate. For further discussion of the effects regulation has on our business, see "*Regulatory Overview*."

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

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

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

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

Lindorff identified potential breaches of internal rules and procedures related to its marketing and entertainment spending, incurrence of certain other cash expenses and the entry into certain third party agreements in one of its subsidiaries. Following an internal review Lindorff identified internal policy breaches by relevant senior employees. The conduct in question relates mainly to certain expenditures (partly via external vendors) during the year ended December 31, 2014, and the first quarter of 2015. Lindorff's ongoing investigation so far indicates that the amounts in question totaled up to approximately €3 million over the period in question. The managers in question have since been dismissed and such dismissals have been contested by these managers and are subject to court proceedings. In the event that the High Court of Justice of Madrid declares our dismissal of the former managers as unfair, we could be liable for an amount of approximately €2.8 million.

Furthermore, the companies we seek to acquire in the future or the employees of such companies may not operate in accordance with the law, and there can be no assurance that we will be able to detect and/or remedy any such non-compliance before an acquisition of such a company is complete. Acquiring other businesses is a core component of our business strategy, and each of Intrum Justitia and Lindorff have incurred expenses associated with legal non-compliance among companies they have acquired in the past. For example, in connection with Intrum Justitia's acquisition of its Dutch subsidiary, Buckaroo BV, and Lindorff's acquisition of its Polish subsidiary, Casus Finanse SA, each company undertook lengthy investigations and incurred expenses associated with investigating and remedying violations of applicable law by employees of the acquired companies. While thorough due diligence is conducted for each acquisition, it is not always sufficient to identify certain concealed instances of unlawful behavior.

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

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

Following the Merger, we will have local operations in Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, and the United Kingdom. Our business is subject to local risks due to our operations in multiple European markets, including multiple national and local regulatory and compliance requirements relating to labor, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and terrorist financing and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. While entering new markets, we could face additional risks, including incurring start-up losses for several years due to lower levels of business, ramp-up and training costs, the lack of expertise and loss of key employees in such markets, the lack of adequate and available management teams to monitor and integrate these operations, unfavorable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. Any negative impact caused by the foregoing risks could have a material adverse effect on our business, results of operations or financial condition. In addition, as we expand into new jurisdictions, our business will be subject to applicable laws, regulations and licensing requirements in those new jurisdictions, which may be different or more stringent than the jurisdictions in which we currently operate. Moreover, if we expand our operations further internationally, including into emerging markets, we will be subject to additional risks, including political and economic risks and conditions being generally less predictable than in countries with more developed institutional structures.

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

The profitability of our debt collection services will generally depend upon our ability to successfully calculate prices by taking into consideration all economic factors and our ability to manage day-to-day operations under these contracts. Under most of our debt collection contracts we do not get paid unless a customer begins paying on a claim and we may be unable to accurately predict the costs or identify the risks associated with these contracts or the complexity of the services, which may result in lower than expected margins, losses under these contracts or even the loss of clients. Our contracts for debt collection services also subject us to penalty clauses, benchmark clauses, extraordinary termination clauses, and change of control provisions. If we are unable to satisfy the terms of our contracts then we could potentially have contracts terminated and lose clients and revenue. A number of our long-term debt service agreements (including some of those entered into or acquired as part of carve-out transactions and the Aktua Acquisition) are subject to early termination rights on the part of the customer which, if exercised, could have a material adverse effect on our business, results of operations or financial condition.

Many of our debt collection contracts have a stated term, typically one to two years, and, in some cases, termination clauses permitting the client to cancel the contract at the client’s discretion following the expiration of an agreed notice period. There can be no assurances that our clients will not exercise their rights to terminate their contracts prior to expiration or that we will be successful in negotiating new contracts with clients as such contracts expire. In addition, we are also exposed to unforeseen changes in the scope of existing contracts, including prices or volumes that may occur as a result of any changes in the general business or political landscape of our clients. Most of our debt collection contracts do not have volume commitments and a client can eliminate or reduce the volume of claims they outsource to us for debt collection without formally terminating the contract. We may have disputes or disagreements with our clients as to the level of services we have agreed to provide or contract terms. The potential effects of these risks may increase as we enter into larger contracts. If we are unable to fulfil our obligations under our contracts for any reason, we risk the loss of revenue and fees under that contract, the potential loss of a client and significant harm to our reputation. Any of our contracts could become more costly than initially anticipated, and as a result, we may experience significant increases in our operating costs and/or potential litigation. Further, we may experience delays in integrating with our existing operations any businesses that we acquire or carve-out transactions involving collection units that we complete. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

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

As the length of time involved in collecting on our existing portfolios may be extensive, and the factors affecting debt collection rates may be volatile and outside our control, we may be unable to identify or cope with adverse economic trends, prevent the negative effects of changes in legislation (including tax) as previously stated or make changes in our purchasing strategies in a timely manner. If the assumptions we use in our models are incorrect, including, but not limited to, that claims are not time barred, that the age and balances of purchased claims are correctly stated by the sellers, that customers are alive and that the claim is not a result of fraud, money laundering or financing of terrorist activities or if some of the accounts in a portfolio behave differently from the way we expect, it could result in the relevant portfolio losing value, subsequent negative revaluations in our statement of financial position and a continuing deterioration in value over time as actual collections can deviate significantly from the collection estimates produced by our pricing model as accounts age.

We purchase loans at significant discount to total collectible value on purchased debt. These are typically loans that customers have failed to repay and, in many cases, that the client has deemed to be uncollectable. It is crucial for our business that we are able to identify portfolios that are of sufficient quality for us to determine that we are likely to collect on the claims. Clients generally make numerous attempts to recover on their overdue loans and other overdue receivables before selling them, often using a combination of in-house recovery efforts and third-party collection agencies. These overdue claims are difficult to collect and we may not collect a sufficient amount to cover our investment associated with purchasing the portfolios of overdue receivables and the costs of running our business. There can be no assurances that any of the claims contained in our purchased portfolios will eventually be collected. Most of the claims that we own are unsecured and an increase in bankruptcy filings involving customers could impact our ability to collect on those claims. Further, limitations imposed on us by debt originators of debt portfolios may adversely impact our operational flexibility. Contracts entered into with our clients for the purchase of debt portfolios may impose various restrictions on our realization of value from the debt portfolios and may restrict our flexibility in pursuing certain enforcement and collection activities. If the cash flows from our existing portfolios (and the debt portfolios we purchase in the future) are less than anticipated, we may be unable to purchase all of the new portfolios that we would like to purchase, we may have to pay a higher interest rate to finance the purchase of new portfolios or we may have to accept lower returns. As a result, this could have a material adverse effect on our business, results of operations or financial condition.

The statistical models and data analysis tools that we use in our business may prove to be inaccurate, we may not achieve anticipated levels of return and we may be unable to appropriately identify and address underperforming portfolios.

We use internally-developed models and other data analysis tools extensively in our operations. For example, we use our experience-driven models to estimate collection curves in relation to potential portfolio purchases. At the time of purchase, however, we are likely to have imperfect information about the precise age of the debt, the ability of the customer to pay, the time at which the customer will pay and the cost required to service and collect on such debts. Moreover, our historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same client or within the same industry due to changes in business practices or economic developments. Further, the availability of relevant data varies from market to market. In addition, certain assets, such as secured loans, have different risk and collection profiles than the unsecured loans and receivables that have historically been our main focus. There is a significant amount of management judgment and estimation involved in purchasing and valuing portfolios and there can be no assurances that management's judgments and estimations will prove to be accurate. Furthermore, there can be no assurances that we will be able to appropriately identify and address underperforming portfolios.

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

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

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

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

Portfolios do not become available for purchase on a consistent basis through the year. The availability of portfolios at prices that generate an appropriate return depends on a number of factors both within and outside of our control, such as the continuation of current growth trends in the levels of overdue loans and other overdue receivables, volumes of portfolio sales by clients and competitive factors affecting potential purchasers and debt originators. Additionally, an increase in demand for portfolios among competitors could result in us not being chosen to purchase a portfolio due to more attractive offers from competitors.

There can be no assurances that we will continuously be able to identify a sufficient volume of portfolios at appropriate prices. If we are unable to identify portfolios at appropriate prices or that are of sufficient quality, we may have to purchase loans of asset types or in industries in which we have little or no experience, or in industries where it is more difficult to collect on overdue receivables because of secrecy requirements, for example the healthcare or legal sector. Purchases in these asset types or industries may impair our ability to collect on these claims and may cause us to pay too much for these claims and consequently we may not generate a profit from these debt purchases. A potential inconsistency in the availability of portfolios for purchase may mean that during certain financial reporting periods we may make few or no purchases of debt.

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

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

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

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

For the twelve months ended March 31, 2017, SEK 1,055 million of the aggregate debt purchased by the Company on a *pro forma* combined basis involved forward flow agreements. In the years ended December 31, 2016, 2015 and 2014, SEK 497 million, SEK 687 million and SEK 620 million, respectively, of the aggregate debt purchased by Intrum Justitia and €57 million, €63 million and €66 million, respectively, of the aggregate debt purchased by Lindorff involved forward flow agreements. A forward flow agreement is an arrangement in which we agree to purchase claims based on specific parameters from a third-party supplier on a periodic basis at a set price over a specified time period. We could lose a potential source of income if we are unable to renew or replace any volume represented by our forward flow agreements upon termination or expiration. Forward flow agreements are typically not long-term contracts in nature and typically do not provide medium- to long-term assurance on purchasing levels.

Commitments under forward flow contracts are typically not more than 12 months, however depending upon the length of the contractual arrangements, forward flow agreements typically contain termination clauses that allow the arrangement to be terminated in certain circumstances. We may be required to purchase debt under a forward flow agreement for an amount higher than we would otherwise have agreed at the time of purchase, which could result in reduced returns. In a more competitive environment, we could be faced with a decision to either decrease our purchasing volume or agree to forward flow agreements at increased prices or with less contractual protections, any of which could have a material and adverse effect on our results of operations. We generally contemplate future fluctuations in the value of the debt that we purchase through forward flow agreements, but such fluctuations in value may exceed our expectations. If we are unable to contractually terminate an agreement we may have to accept claims that are of a lower quality than what we intended to purchase, which could result in lower returns. If the quality of debt purchased varies from our pricing assumptions, we may also price the contract improperly. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

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

Historically, we have funded purchases of portfolios through borrowings, capital injections by our shareholders and cash generated by our operations. Our ability to obtain funding in the future from these sources will therefore depend on our performance and prospects, as well as factors over which we do not exercise control. Such factors may include weak economic and capital market conditions during or prior to periods in which attractive portfolios are available for purchase, the ability and willingness of banks to lend to our industry generally or to us in particular, and changes in fiscal, monetary and other government policies, among others. There can be no assurances that the terms of our existing or future indebtedness will not limit our ability to incur additional indebtedness to fund such portfolio purchases. An inability to procure sufficient funding at favorable terms to purchase portfolios as they become available could have a material adverse effect on our business, results of operations or financial condition.

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

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

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

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

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

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

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

Acquisitions or carve-out transactions that we have entered or may in the future enter into may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively.

During the periods under review, Intrum Justitia and Lindorff have made a number of substantial business acquisitions, including the 1st Credit Acquisition and the Aktua Acquisition, respectively, and carve-out transactions. The success of such acquisitions and carve-out transactions is dependent upon, *inter alia*, appropriate due diligence having been conducted, such transactions having been negotiated on favorable terms and successful integration of the acquired businesses. It may take longer than anticipated to realize anticipated benefits from such acquisitions and carve-out transactions and there can be no assurances that we will be able to extract any anticipated synergies, or that such potential benefits will outweigh the associated costs. Further, such acquisitions and carve-out transactions may place additional constraints on our resources, including diverting the attention of our management from existing business operations to such integration processes. For a description of the risks associated with the Merger, see "*—Risks Related to the Transactions.*"

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

Our growth strategy includes opportunistically entering into new geographies or new business areas through selective acquisitions and carve-outs that we believe will complement and enhance our pan-European service offering. For instance, in June 2016 Lindorff acquired Aktua and in October 2016 Intrum Justitia acquired a portfolio of receivables for €58 million from Erste Bank Hungary. These acquisitions represented each company's first major entry into the secured loans market. In February 2017, Intrum Justitia completed its acquisition of 1st Credit, an acquisition which marked Intrum Justitia's re-establishment of operations in the UK market. Integrating recently acquired business and achieving the expected operational synergies will require the dedication of management resources that may temporarily divert attention from our day-to-day operations, and we may face unforeseen challenges in operating within unfamiliar commercial, cultural and regulatory environments. For example, following the acquisition of the portfolio of receivables from Erste Bank Hungary, amendments to local legislation affected the process through which collections on assets may be achieved and Intrum Justitia was required to adapt its expectations to account for this change accordingly. The failure to successfully integrate recently acquired business, or to manage our entry into new geographies or business areas generally could have an adverse impact on our business, financial condition and results of operations.

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

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

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

IT and telecommunications technologies are evolving rapidly and are characterized by short product life cycles. We may not be successful in anticipating, managing or adopting technological changes on a timely basis. We may not be successful in implementing improvements of our IT or data analysis systems, including reducing the number of our collection systems and improving operation efficiency through further IT development, which could result in additional costs. The cost of these improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of our business. We depend on having the capital resources necessary to invest in new technologies to purchase and service claims and there can be no assurances that adequate capital resources will be available to us at the appropriate time. Furthermore, if we become unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions or any other reason, we may lose a significant competitive advantage.

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

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

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

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

We collect, handle, process and retain large amounts of potentially sensitive or confidential information such as personal information of customers, including names and account numbers, locations, contact information and other account specific data. Any security or privacy breaches of these databases could expose us to liability, increase our expenses relating to resolution of these breaches, harm our reputation and deter clients from conducting business with us. We rely on our data analysis system to record and process data quickly and accurately to access, maintain and expand the databases we use for our debt collection and for our analysis of potential debt purchases. Our ability to conduct our business, such as the ability to price the purchase of portfolios, trace customers and develop tailored repayment plans, depends on our ability to use customer data in our data analysis system. Our ability to obtain, retain, share and otherwise process customer data is governed by data protection laws, privacy requirements and other regulatory restrictions, including, for example, that personal data may only be collected for specified, explicit and legitimate purposes, and may only be processed in a manner consistent with these purposes. Further, the collected personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed, and it must not be kept in a form that permits identification of customers for a longer period of time than necessary for the purposes of the collection. It is possible that our security controls over personal customer data, our training of employees and partners on data protection, and other data protection practices we follow may not prevent the improper collection, retention, disclosure or processing of such sensitive information in breach of contract and applicable law, which may vary across the jurisdictions in which we operate. Any material failure to collect, retain, use or process customer data in compliance with applicable laws could result in the revocation of our licenses in the jurisdictions in which we operate, our licenses being made subject to more onerous or disadvantageous terms, monetary fines, criminal charges and breach of contractual arrangements.

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

Failure to protect our customer data from unauthorized use could negatively affect our business.

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

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

Our future success partially depends on the skills, experience and efforts of our senior management and other key personnel and our ability to retain such members of the management team and other key employees. The demand in our industry for personnel with the relevant capabilities and experience is high and our success in attracting and retaining employees is not guaranteed. There can be no assurances that we will be able to retain our executive officers and key personnel or attract additional qualified management in the future. The loss of the services of our senior management and other key personnel could seriously impair our ability to continue to purchase portfolios or collect on claims and to manage and expand our business, which could have a material adverse effect on our business, results of operations or financial condition.

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

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

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

Our financial performance is affected by the availability of qualified personnel and the cost of labor. For the twelve months ended March 31, 2017, Intrum Justitia and Lindorff had an average of 4,081 and 4,182 full-time employees (including temporary employees), respectively. There are currently collective bargaining agreements in place with certain unions. If we are unable to maintain satisfactory labor agreements with our unionized employees and works councils, we could experience a disruption of our operations, which could impede our ability to provide services to our clients. In addition, an increased number of unionized employees could cause us to incur additional labor costs and increase the related risks we face. Potential labor disputes could disrupt our operations. Further, an increased demand for our employees from competitors could increase costs associated with employee compensation. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

Litigation, investigations and proceedings may negatively affect our business.

We may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings now pending or that may be instituted in the future, or from investigations by regulatory bodies or administrative agencies. Intrum Justitia is currently subject to two tax audits and Lindorff is currently party to a number of ongoing tax litigations, audits and investigations regarding VAT, corporate income taxes, intra-group loan pricing, interest cost deductions and other matters in a number of jurisdictions in which it operates. As described in more detail elsewhere in this Offering Memorandum, in May 2017, Lindorff's appeal to the Supreme Administrative Court of Helsinki in relation to deduction of interest on a group internal loan to its Finnish branch was rejected. The exposure related to this case is €35 million. The total estimated tax effect if Lindorff loses all other tax-related cases is €21 million, including punitive tax increases. In respect of the legal proceedings in Helsinki as well as those pending against Lindorff, €56 million has been paid and/or provided for in Lindorff's accounts or is indemnified by the previous owners of Lindorff. Depending on the outcome of such tax litigations, audits and investigations, tax authorities may launch tax audits or investigations relating to subsequent periods. We may become subject to claims and a number of judicial and administrative proceedings considered normal in the course of our operations, including consumer credit disputes with customers, labor disputes, contract disputes, intellectual property disputes, government audits and proceedings, client disputes and tort claims. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures on our part and we may ultimately incur costs relating to these proceedings that exceed our present or future financial accruals or insurance coverage. Even if we or our directors, officers and employees (as the case may be) are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage our reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on our business, results of operations or financial condition. For further details regarding material legal and administrative proceedings to which Intrum Justitia and Lindorff are currently party, see "*Business—Intrum Justitia: Legal and Administrative Proceedings"* and *"Business—Lindorff: Legal and Administrative Proceedings.*"

Our effective tax rate may increase.

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

Tax structuring within international groups has become increasingly a corporate social responsibility issue and there is currently strong political pressure to change the international tax environment. In light of the Base Erosion and Profit Shifting (BEPS) Action Plan, launched by the OECD and supported by the EU, and its rapid development, there are indications that there is support for global tax coordination among jurisdictions which could have a significant impact on the international taxation landscape in which we operate.

Recent and future changes in Swedish tax legislation can limit or prevent us from making tax deductions for interest.

Sweden has, like several other countries where we operate, tax limitation deductions rules for interest on intragroup loans. In June 2014 the corporate tax committee (Sw. *Företagsskattekommittén*) (the "**Committee**"), appointed by the former Swedish government, presented a proposal to introduce a new system for corporate taxation in Sweden. The purpose was to create a more neutral taxation of own and borrowed capital. The Committee presented two alternative options both of which contained limited deductibility of interests in general. In one of the proposals the current rules about limitations in the deductibility for interest on intragroup loans would remain. The proposals were severely criticized by the referral bodies (Sw. *remissinstanserna*) and the government have announced that the proposal should be revised and that a new remittance of the final proposal will be necessary. It is therefore not possible to, at present, predict when and if the final proposal will enter into force, and how it will be worded. Sweden is expected to implement the European Union Anti-Tax-Avoidance Directive which is part of the European Union Anti-Tax Avoidance Package. This directive contains several legally-binding anti-abuse measures including rules on limited deductibility for net interest expense based on EBIT/EBITDA. Such directive should, in this part, be implemented at the latest on December 31, 2018. If new, more restrictive, interest deduction limitation rules are introduced in Sweden (or in any other country where we operate), it could have a negative effect on our financial position and result.

Recent changes in Norwegian tax law may limit or prevent us from applying tax deductions arising from certain intra group loans and we may be impacted by other future changes in Norwegian tax law, regulations and its application, possibly with retroactive effect.

Norwegian tax law imposes rules concerning limitations on interest deductions arising from intercompany loans and certain external loans which could imply limitations on the rights to deduct interest for our Norwegian subsidiaries.

Under the rules, interest deductions on intercompany loans are limited to 25% of a specifically defined profit ("**taxable EBITDA**"). The right to deduct interest is, however, not limited if a company's total net interest costs are NOK 5 million or lower. The limitation and threshold amount is calculated separately for each company in the group.

Under the interest limitation rules, the intercompany lender (if taxable in Norway) will be taxed for its interest income even though the borrower's right to deduct interest costs will be limited under the rule.

The interest limitation rules also contain provisions under which external loans will be regarded as internal loans in a number of contexts. If, for instance, a parent company has provided a guarantee for the debt, the borrowing company's external loan is to be reclassified as an internal loan subject to the rules concerning limitations on interest deductions.

The Ministry of Finance has recently in a consultation paper proposed that the interest deduction limitation rules should be extended to include interest paid to an independent (external) lender by a borrower that is part of a group. It proposes that this extended scope (regarding interest paid to external lender for group companies) will apply only if net interest costs exceeds NOK 10 million. Further, an exception is proposed that implies that the borrower nevertheless maintains a right to deduction for interest expenses if the equity ratio of the Norwegian entity, or alternatively the average of all Norwegian entities in the group, is equal to or higher than the equity ratio of the group globally. The extended scope of the interest limitation rule is expected to enter into force from 2018.

There may be also be changes in Norwegian tax law imposing withholding tax on interest. The Ministry of Finance has stated that a consultation paper relating to the introduction of withholding tax on interest payments will be submitted for consultation during summer 2017. Such internal legal rule is expected to enter info force at the earliest from the fiscal year 2018. Many tax treaties limit Norway's ability to impose withholding tax on interest. A withholding tax will however, if implemented, take full effect in relation to states which Norway does not have a tax treaty.

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

We operate in 23 countries. The business, including the implementation of transactions between entities within the Company, is conducted in accordance with our interpretation and understanding of current tax legislation, tax treaties and other provisions, case law and claims from tax authorities. However, there is a risk that our interpretation and application of mentioned tax rules, treaties, and other regulations and requirements have not been, or will not continue to be, completely accurate in all respects. There is also a risk that the tax authorities in the countries concerned will issue decisions that deviate from our interpretation. Changes in tax law or practice could result in financial losses or increased expenses for the Company.

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

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

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

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

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

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

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

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

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

Our collections may decrease and/or the timing on when we collect may be delayed if the number of consumers becoming subject to personal insolvency procedures increases.

We recover on claims that may become subject to insolvency procedures under applicable laws and we also purchase portfolios containing claims that are currently subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of consumers subject to personal insolvency procedures. Under some insolvency procedures, a person's assets may be sold to repay creditors. While we have recently increased our focus on secured NPLs so may be in a position to collect on such portfolios under insolvency procedures, the majority of portfolios that we service are unsecured and so we are generally unable to collect on such portfolios under insolvency procedures involving the sale of a person's assets. Therefore, our ability to successfully collect on portfolios may decline or the timing on when we collect on portfolios may be delayed with an increase in personal insolvency procedures, which could have a material adverse effect on our business, results of operations or financial condition.

We may be unable to obtain account documents for some of the accounts that we purchase.

When we commence enforcement actions through legal proceedings, courts may require a copy of the account statements or applications to be attached to the pleadings in order to obtain a judgment against a particular customer. Where we are unable to produce account documents in response to a customer's request, that account would be legally unenforceable. Furthermore, if any of the account documents we do have were found to be legally unenforceable, courts may deny our claims. Any changes to laws, regulations or rules that affect the manner in which we initiate enforcement proceedings, including rules affecting documentation, could result in increased administration costs or limit the availability of litigation as a collection tool, which could have a material adverse effect on our business and results of operations. Additionally, our ability to collect by means other than legal proceedings may be impacted by laws that require that certain types of account documentation be in our possession prior to the institution of any collection activities, which could also have a material adverse effect on our business and results of operations.

Historical operating results and quarterly cash collections may not be indicative of future performance.

Our future operating results may not reflect past performance. Our results of operations and financial condition are dependent on our ability to generate collections from overdue receivables, which in turn is impacted by the ability of customers to pay. The ability of customers to refinance their existing debt could result in the reduction in the volume of NPLs available for collection or purchase. Further, increasing interest rates may impact the ability of customers to pay claims that we own as customers may have other debts that would be impacted by rising interest rates, resulting in an adverse effect in our ability to collect on our purchased debt portfolios.

In addition, we are exposed to quarterly variations in our operating results, which may be affected by the timing of the closing of portfolio purchases, which we often cannot control, and the speed with which we can integrate the portfolios into our systems. We have historically experienced seasonal variation in our collections, as discussed elsewhere in this Offering Memorandum. Consequently, our revenue and margins may fluctuate from quarter to quarter. If the pace of our growth slows, our quarterly cash collections and operating results may become increasingly subject to fluctuation. Any of the foregoing factors could have a material adverse effect on our business, results of operations or financial condition.

We are exposed to the risk of currency fluctuations.

Following the Merger, we will have local operations in 23 countries.

The results of operations and the financial position of Intrum Justitia's subsidiaries are reported in the relevant local currencies and then translated into Swedish kronor at the applicable exchange rates for inclusion in Intrum Justitia's consolidated financial statements, which are stated in Swedish kronor. For the year ended December 31, 2016, 85% of Intrum Justitia's revenue was reported by entities whose functional currencies were different than Swedish kronor, primarily the euro and Swiss franc, which accounted for 50% and 12%, respectively, of Intrum Justitia's revenue in 2016.

The results and the financial position of Lindorff's subsidiaries are reported in the relevant local currencies, including Norwegian kroner and Swedish kronor, and then translated into euro at the applicable exchange rates for inclusion in Lindorff's consolidated financial statements, which are stated in euro. For the year ended December 31, 2016, 38% of Lindorff's revenue was reported by entities whose functional currencies were different than the euro, primarily Norwegian kroner, Swedish kronor and Danish kroner, which accounted for 23%, 9% and 3%, respectively, of Lindorff's revenue in 2016.

The exchange rates between some of these currencies and the Swedish kronor and the euro, respectively, in recent years have fluctuated significantly and our local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect our financial results in ways unrelated to our operations. Any of these developments could have a material adverse effect on our business, results of operations or financial condition.

We may not be successful in achieving our strategic goals.

We may not be successful in developing and implementing our strategic plans for our businesses, including expanding into selected new geographic markets, leveraging our experience and capabilities to enter new credit management verticals or new business areas and continuing to drive operational scale and excellence across countries. If the development or implementation of such plans is not successful we may not produce the revenue, margins, earnings or synergies that we need to be successful and to offset the impact of adverse economic conditions that may exist currently or develop in the future. We may also face delays or difficulties in implementing process and system improvements, which could adversely affect our ability to successfully compete in the markets we serve. In addition, the costs associated with implementing such plans may exceed anticipated amounts and we may not have sufficient financial resources to fund all of the desired or necessary investments required in connection with our plans, including one-time costs associated with our business consolidation and operating improvement plans.

As part of our growth strategy, we seek acquisition opportunities and invest significant resources in making acquisition bids, which we may not win. We may not recover allocated resources, costs and expenses of failed bids, which could adversely impact our liquidity and cash flows. The existing and future execution of our strategic and operating plans will, to some extent, also be dependent on external factors that we cannot control, such as legislative changes, systemic failures in our industry or the industry sectors of our clients and changes in fiscal and monetary policies. In addition, these strategic and operational plans need to be continually reassessed to meet the challenges and needs of our businesses in order for us to remain competitive. The failure to implement and execute our strategic and operating plans in a timely manner or at all, realize the cost savings or other benefits or improvements associated with such plans, have financial resources to fund the costs associated with such plans or incur costs in excess of anticipated amounts, or sufficiently assess and reassess these plans, could have a material adverse effect on our business, results of operations or financial condition.

Our purchasing patterns and the seasonality of our business may lead to volatility in our cash flow.

Our business depends on the ability to collect on our debt portfolios and purchase portfolios of debt. Debt collection is highly affected by seasonal factors, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, while our costs are more evenly spread out over the year, resulting in high variances of margins and profitability between quarters. Furthermore, our debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. The combination of seasonal collections and costs and uneven purchases may result in low cash flow at a time when attractive debt portfolios become available. There can be no assurances that in the future we will be able to obtain interim funding from our shareholders or by making other borrowings. A lack of cash flow could prevent us from purchasing otherwise desirable debt portfolios or prevent us from meeting our obligations under any forward flow agreements we may enter, either of which could materially and adversely affect our business.

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

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

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

Immediately after giving effect to the Transactions, the *pro forma* combined consolidated total assets of the Company (based on allocations of the preliminary purchase price, which is subject to change following the final valuation which will be completed following the Completion Date) is expected to be SEK 64 billion, of which SEK 36 billion will be intangible. Intangible assets primarily include IT systems, goodwill, customer relationships and trade names. While we believe that the carrying values of our intangible assets are recoverable, you should not assume that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business. Further, the Merger and any future acquisitions expose us to the risks associated with write-downs and impairments to goodwill. We encourage you to read the Issuer's Financial Statements and Lindorff's Financial Statements carefully as they provide more detailed information about these intangible assets.

Risks Related to Our Financial Profile

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

After the consummation of the Transactions, we will have a significant amount of outstanding debt with substantial debt service requirements. As of March 31, 2017, and as adjusted to give effect to the Transactions, our total debt would have been SEK 35 billion. See "*Capitalization*." In addition, after consummation of the Transactions, the Revolving Credit Facility will provide for borrowings up to an aggregate of €1,100 million of which we anticipate €93 million will be used to consummate the Transactions. See "*Use of Proceeds*."

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

- making it difficult for us to satisfy our obligations with respect to the Notes and our other debts and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow

to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a disadvantage to our competitors, to the extent that they are not as highly leveraged;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and
- making it difficult for us to comply with regulatory capital requirements.

In addition, we may incur substantial additional debt in the future. Although the Revolving Credit Facility Agreement and the Indenture each contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. We will also be able to refinance debt outstanding under the Revolving Credit Facility Agreement with debt incurred in compliance with these ratios and then be able to draw amounts under the Revolving Credit Facility Agreement at a time when we do not meet these ratios. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes or may be secured by collateral that does not secure the Notes. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute debt under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

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

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

As of March 31, 2017, as adjusted and after giving effect to the Transactions, and the application of the proceeds from the offering of the Notes, our total debt would have been SEK 35 billion under our various debt arrangements. These arrangements require us to dedicate a portion of our cash flow to service interest and to make principal repayments. Furthermore, we are subject to certain restrictive covenants under our debt arrangements, which may limit our ability to engage in other transactions or otherwise place us at a competitive disadvantage to our competitors that have less debt. In addition, non-compliance with the terms of our debt arrangements could have a negative effect on our business. Further, certain of our debt arrangements are subject to floating interest rates and our finance cost will accordingly be affected by an increase in interest rate levels. Any of these developments could have a material adverse effect on our business, financial condition or results of operations.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Revolving Credit Facility Agreement, the Indenture and the Intercreditor Agreement restrict, among other things, our ability to:

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

All of these limitations are subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*." In addition, the Issuer's other debt arrangements that will remain in place after the Transactions contain certain customary restrictions. See "*Description of Other Indebtedness*." The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

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

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

Our ability to make principal or interest payments when due on our indebtedness, a substantial amount of which will mature prior to the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors discussed in these "*Risk Factors*," many of which are beyond our control. The Euro Floating Rate Notes, the Euro Fixed Rate 2022 Notes and the SEK Floating Rate Notes mature on , 2022. The Euro Fixed Rate 2024 Notes mature on , 2024. See "*Description of the Notes*." After giving effect to the Transactions, all borrowings outstanding as of March 31, 2017 under (i) the Intrum Justitia Existing Commercial Paper Program will mature prior to March 31, 2018, (ii) the 2013 MTNs (as defined herein) will mature in June 2018, (iii) the 2014 MTNs (as defined herein) will mature in May 2019, and (iv) the Lindorff Existing Loan Notes Issuance Deed will mature in August 2022. See "*Description of Other Indebtedness.*" At the maturity of the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance such indebtedness. Our ability to refinance our indebtedness, on favorable terms, or at all, will depend in part on our financial condition at the time of any contemplated refinancing. To the extent we are unable to access the capital, we may be forced to modify our financing strategy or bear an unattractive additional cost of capital, including through higher interest rates or more onerous financial and other covenants than our current indebtedness, or other financing markets on acceptable terms, which could decrease our profitability and reduce our financial and operational flexibility. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to sell assets, or raise additional equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the then prevailing conditions in the financial markets. We cannot assure you that we will be able to refinance our indebtedness as it comes due on commercially acceptable terms or at all and, in connection with the refinancing of our indebtedness, or otherwise, we may seek additional refinancing, dispose of certain assets, reduce or delay capital investments, or seek to raise additional capital. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of the agreements governing our existing indebtedness, including, among others, the Revolving Credit Facility Agreement and the Indenture, may limit our ability to pursue any of these measures.

Certain of our debt instruments bear interest at floating rates that could rise significantly, increasing our interest expenses and reducing cash flows.

A substantial portion of our indebtedness, including the Euro Floating Rate Notes, the SEK Floating Rate Notes, the Lindorff Existing Loan Note Issuance Deed, the Intrum Justitia Existing MTNs, the Intrum Justitia Existing Private Placement Notes and borrowings under the Revolving Credit Facility, will bear interest at *per annum* rates equal to applicable IBOR, adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering the Issuer's ability to make payments on the Notes.

Changes in any of the applicable IBOR calculation processes may adversely affect our finance cost.

The Euro Floating Rate Notes, the SEK Floating Rate Notes, the Lindorff Existing Loan Note Issuance Deed and borrowings under the Revolving Credit Facility bear interest at interest rates based on applicable IBOR. Following allegations of manipulation of LIBOR, a different measure of inter-bank lending rates, regulators and law enforcement agencies from a number of governments and the EU began conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR may have been manipulating or attempting to manipulate EURIBOR. Actions by EURIBOR-EBF (the association setting the regulatory framework for the calculation of EURIBOR), other regulators or law enforcement agencies could result in changes to the manner in which EURIBOR is determined. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR, which could have an adverse impact on our finance cost. Similar risks may be applicable to IBOR-linked borrowings and may adversely affect our finance cost for our applicable IBOR-based borrowings.

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

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

Risks Related to the Notes

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

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

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

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

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

As of March 31, 2017, after giving *pro forma* effect to the Transactions, we would have had an aggregate principal amount of SEK 35 billion of debt outstanding, including SEK 890 million of secured indebtedness (excluding the SEK 305 million outstanding under the Lindorff Existing Loan Note Issuance Deed). See "*Description of Other Indebtedness*" and "*Capitalization.*"

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

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

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

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

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

The Issuer is incorporated under the laws of Sweden. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Sweden or another relevant jurisdiction. The bankruptcy, insolvency, administrative and other laws of Sweden may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of Swedish laws or laws of another relevant jurisdiction, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes in those jurisdictions, limit any amounts that you may receive or otherwise result in a less favorable outcome.

Risk related to the potential application of Spanish Non-Residents Income Tax in connection with interest payable under the Notes.

Interest (or any other income deemed as interest under the applicable law) derived by non-Spanish tax resident individuals or entities could be regarded as Spanish sourced income and hence, be subject to Spanish Non-Residents Income Tax ("**NRIT**") if (i) it is paid by Spanish tax resident individuals or entities (or by permanent establishments of non-Spanish tax residents, located in Spain) or (ii) it remunerates the use of funds in Spain.

According to some specific guidelines issued by the Spanish tax authorities, income relating to notes issued by a non-Spanish tax resident issuer could be regarded as remunerating the use of funds in Spain (and thus be subject to NRIT) depending on the specific activity of the issuer and the effective use of funds in Spain and, in particular (pursuant to these guidelines), if a non-Spanish resident special purpose vehicle issuing the notes is incorporated by a Spanish group in order to seek finance for the benefit of such Spanish group.

The Issuer understands that the facts described in the specific guidelines issued by the Spanish tax authorities are not essentially similar to the present offering of Notes and therefore, their criteria should not apply to the present offering of Notes.

In the event, though, that the Spanish tax authorities were to follow the criteria set out in these specific guidelines, income payable by the Issuer under the Notes might be subject to NRIT at the then-applicable rate (currently 19%). The Issuer, as a non-Spanish tax resident entity without a permanent establishment located in Spain, does not have the status of a withholding agent pursuant to the Spanish NRIT Law, approved by Royal Decree 5/2004, of 5 March (*Real Decreto Legislativo 5/2004 de 5 Marzo por el que se aprueba el texto refundido de la Ley del Impuesto sobre la Renta de no Residentes*), and therefore, any NRIT applicable to interest payments under the Notes would not be subject to any deduction or withholding in Spain and the holders of the Notes will be the NRIT taxpayers of this income.

Therefore, the Issuer will not make any deduction or withholding on account of NRIT from payments under the Notes and, consequently, the Issuer will not pay additional amounts nor indemnify the holders of the Notes if NRIT were claimed by the competent Spanish tax authorities from such holders. Please see "*Description of the Notes—Withholding Taxes*." Notwithstanding the aforesaid, in case the Spanish tax authorities were to apply this criterion to this offering of Notes, income obtained by holders of the Notes who (i) are resident for tax purposes in a member state of the EU (with some exceptions) or (ii) benefit from the provisions of a Double Tax Treaty entered into by Spain with such holders' jurisdiction of tax residence pursuant to which Spain is prevented to tax such income, might be exempt from NRIT, provided that such EU tax resident status and the entitlement to the benefits of a Double Tax Treaty can be properly evidenced before the Spanish tax authorities (by means of the corresponding valid tax residence certificate, or any other documentation or form required from time to time).

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country in which they are resident (including the tax consequences under any state, local, foreign and other tax laws), of a purchase of the Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

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

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

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

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

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

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

In the event that the Notes are redeemed early in accordance with the optional redemption provisions contained in the Indenture and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes. The Indenture will allow the Issuer, at any time prior to , 2018, to redeem up to €300 million equivalent in aggregate principal amount of the Notes (on a *pro rata* basis for each series) at a redemption price equal to 100% of the principal amount of the applicable series of Notes plus accrued and unpaid interest to the redemption date and additional amounts, if any, with the net cash proceeds of any disposals required as part of the divestment of the Carveout Business. If the Issuer exercises such option, you may not obtain the return you expect to receive on such Notes. See "*Description of the Notes—Optional Redemption*."

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

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

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

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

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

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

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

We cannot assure you as to:

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Transactions

The Merger is subject to significant uncertainties and risks.

The closing of the Merger is subject to the satisfaction of certain conditions precedent, including antitrust clearance from the European Commission and the satisfaction of customary closing deliverables, and completion of the merger must be authorized by the Issuer's shareholders. Approval of the Merger previously obtained by the Issuer's shareholders will become ineffective on the date of the Issuer's next annual general meeting if the Merger is not consummated by such date, and there can be no assurance that the Issuer's shareholders will reauthorize the Merger if the current authorization becomes ineffective. The date of the next annual general meeting of the Issuer is June 29, 2017.

Following its initial investigation concerning the Merger, the European Commission informed the Issuer and Lindorff of potential competition concerns related to both CMS and Financial Services (*i.e.* debt purchasing) service lines in five of the markets in which the Company intends to operate. In order to address these concerns, Nordic Capital has proposed divestment of the Carveout Business.

Although we expect a decision regarding the proposal no later than June 12, 2017, there can be no assurance that the Issuer's proposal will be approved on that date, if it is approved at all. If this proposal is not approved on June 12, 2017, the Transactions could be significantly delayed. If the European Commission ultimately refused to approve the Merger or fails to approve it before the Escrow Longstop Date, the Notes will be subject to a special mandatory redemption which may result in returns for investors that do not meet expectations. See "*—If the Escrow Release Conditions are not satisfied, the Issuer will be required to redeem some or all of the Notes, which means that you may not obtain the return you expect on the Notes*."

In addition, the European Commission may require additional or alternative requirements as a condition of its approval of the Merger. If these additional or alternative requirements prove to be particularly onerous, complying with them may have a material adverse effect on our business, results of operations or financial condition.

While we anticipate being able to sell the Carveout Business as part of a competitive process within the time permitted, there can be no assurance that we will locate acceptable buyers willing and able to compete to purchase the Carveout Business within the time permitted by the European Commission for its disposal. In addition, there can be no assurance that a buyer will acquire the Carveout Business in a timely manner, on acceptable terms and at a price equal to what would have been paid if buyers had not been aware that divestment of the Carveout Business was required as a condition of the Merger. If we are unable to find a willing buyer for the Carveout Business within the time permitted, a divestiture trustee will be appointed to sell the Carveout Business at no minimum price and there can be no assurance that any such sale will be made on acceptable terms and at a price equal to what would have been paid if the Carveout Business was not sold pursuant to such a process.

The disposal of the Carveout Business involves the entry into brand licensing agreements which expose us to reputational and other risks.

The disposal of the Carveout Business includes the disposal of all tangible and intangible assets of the applicable businesses and includes a requirement to enter into three-year brand licensing agreements with the purchaser for the "Lindorff" brand in Finland, Sweden, Denmark and Estonia and the "Intrum Justitia" brand in Norway. Following the disposal of the Carveout Business, we may not be able to control the use of such brands in the jurisdictions subject to the licensing agreements and cannot assure you that the licensee under any such agreement will refrain from operating the Carveout Business in a manner that would cause reputational damage to the Company. Any of the risks associated with our lack of control over any such licensee, or their use of the Lindorff or Intrum Justitia brands, could have a material adverse effect on our business, financial position or results of operations.

The completion of the Merger may be subject to litigation that, if realized, may result in a material adverse effect on, including delay in completion of, the Merger.

The Merger may be subject to litigation risks that are frequently faced by parties in connection with transactions of this type, including challenges by dissenting shareholders of Intrum Justitia. Plaintiffs in any such litigation action may seek, among other remedies, compensatory damages (which may involve claims for a significant amount of monetary damages) or injunctive relief (which, if granted, may delay the closing the Merger, including beyond the Escrow Longstop Date). The outcome of any such suit is inherently uncertain. As a result, we cannot assure you that any such litigation will not result in payment of settlement amounts, award of monetary damages against the relevant parties to any such lawsuit or grant of other remedies, including injunctions, any one of which may be material in amount and/or impact on the completion of the Merger and may have a material adverse effect on our business, financial condition or results of operations.

Anticipated synergies from the Merger may not materialize.

Upon completion of the Merger, we expect to achieve certain synergies discussed elsewhere in this Offering Memorandum relating to our operations. Among the synergies that we currently expect are operational synergies from optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development/maintenance and increased scale in procurement.

Our ability to realize any or all of the anticipated synergies of the Merger depends on a variety of factors including, among others, our ability to consummate the Merger. Moreover, our ability to realize the synergies we anticipate following completion of the Merger may be affected by legal, regulatory and contractual restrictions, including the concessions required from regulators in connection with obtaining approval for the Merger from the European Commission. In order to address competition concerns raised by the European Commission, Nordic Capital has proposed divestment of the

Carveout Business. See "*Summary—Divestment of the Carveout Business*." Although our anticipated synergies presented in this Offering Memorandum give estimated effect to the disposal of the Carveout Business, there can be no assurance these estimates are correct, and the actual effect of the disposal of the Carveout Business may further reduce or eliminate the synergies we currently anticipate as a result of the Merger. Furthermore, there can be no assurance that the European Commission will accept the Issuer's proposal, and the imposition of additional or different concessions could also reduce or eliminate the synergies we anticipate as a result of the Merger.

Other external factors beyond our control, such as systemic failures in our industry or the industry sectors of our clients and changes in fiscal and monetary policies, may impact our ability to realize the expected synergies in connection with the Merger. Our estimated synergies from the Merger are subject to a number of assumptions about the timing, execution and costs associated with realizing the synergies. There can be no assurance that such assumptions turn out to be correct and, as a result, the amount of synergies that we will actually realize over time may differ significantly from the ones that we currently estimate. We may also incur significant costs in integrating Intrum Justitia and Lindorff and in disposing of the Carveout Business or implementing any alternative or additional conditions imposed by the European Commission as a condition of approving the Merger. Such integration and disposal costs, as applicable, may be higher than expected. In addition, to the extent we determine that actions required to be taken to achieve any such synergies could disrupt or otherwise harm the ongoing operation of our business, or the costs associated with realizing any such synergies outweigh the anticipated benefits, we may decide to take alternative actions or forego the achievement of those synergies. Failure to achieve the expected synergies as currently anticipated may have a material adverse effect on our business, financial condition or results of operations.

The integration of Intrum Justitia and Lindorff, the disposal of the Carveout Business and implementing any alternative or additional concessions imposed as a condition of the approval of the Merger by the European Commission could result in operating difficulties and other adverse consequences.

The consummation of the Merger and the integration of Intrum Justitia and Lindorff, the disposal of the Carveout Business as anticipated and implementing any alternative or additional concessions imposed as a condition of approving the Merger may create unforeseen operating difficulties and expenditures and pose significant management, administrative and financial challenges to our business. These challenges include:

- integration of Lindorff's and Intrum Justitia's, and disposal of the Carveout Business and any other businesses from Lindorff's and Intrum Justitia's, current businesses in a cost effective manner, including operations centers, IT infrastructure, data analytic capacities, management information and financial control systems, procurement, marketing, branding, customer service and product offerings;
- disposal of the Carveout Business in a manner that does not disrupt our operations;
- any revenue disynergies due to the overlapping client base and service offerings of Intrum Justitia and Lindorff;
- potential restrictions, contractual or otherwise, on our ability to compete for clients that are current clients of the Carveout Business;
- outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the Merger, the disposal of the Carveout Business and implementing any alternative or additional concessions imposed as a condition of approving the Merger;
- integration of different company and management cultures; and
- loss of key personnel transferred with the Carveout Business and retention, hiring and training of key personnel.

In such circumstances, our failure to effectively integrate Intrum Justitia and Lindorff, dispose of the Carveout Business or implement any alternative or additional concessions imposed as a condition of approving the Merger could have a material adverse effect on our business, financial condition or results of operations. In addition, the Merger, disposal of the Carveout Business and implementing any alternative or additional concessions imposed as a condition of approving the Merger may generate higher than expected integration, or disposal, costs, as applicable, as a result of unforeseen risks or liabilities or as a result of delays, or other financial and operational difficulties. Any difficulties encountered in the integration of Intrum Justitia and Lindorff, the disposal of the Carveout Business and implementing any alternative or additional concessions imposed as a condition of approving the Merger could result in higher implementation costs and/or lower benefits or revenue than anticipated, which could have a material adverse effect on our business, financial condition or result of operations.

Moreover, the Merger has required, and the Merger and the disposal of the Carveout Business and implementing any alternative or additional concessions imposed as a condition of approving the Merger will likely continue to require, substantial amounts of certain of our management's time and focus, which could potentially affect their ability to operate the business.

If the Escrow Release Conditions are not satisfied, the Issuer will be required to redeem some or all of the Notes, which means that you may not obtain the return you expect on the Notes.

Prior to the satisfaction of the Escrow Release Conditions, the Escrowed Proceeds will be held in the applicable Escrow Accounts on behalf and for the benefit of the holders of the applicable Notes. The Notes will not benefit from any security interest in the applicable Escrow Accounts or in the applicable Escrowed Proceeds. If the Escrow Release Conditions, as described in "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" are not satisfied by or prior to the Escrow Longstop Date or in the event of certain other events that trigger escrow termination to occur, the Notes will be subject to a special mandatory redemption and you may not obtain the return you expect to receive on such Notes. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*" The Indenture will require the Issuer to consummate the Merger promptly upon release of the proceeds from the Escrow Accounts (other than a release for purposes of investing the escrow proceeds in accordance with the Escrow Deed).

The Escrowed Proceeds will be limited to the gross proceeds of the offering of the Notes and will not be sufficient to pay the special mandatory redemption price, which is equal to 100% of the initial issue price of the applicable series of Notes plus accrued and unpaid interest from the Issue Date to the date of the special mandatory redemption and additional amounts, if any.

Your decision to invest in the Notes is made at the time of purchase. Changes in our business or financial condition or the terms of the Merger Agreement (other than a change that would be materially prejudicial to the interests of the holders of the Notes, which will require consent of holders of a majority of outstanding Notes) or the financing thereof, between the closing of this offering and the release of the Escrowed Proceeds, will have no effect on your rights as a purchaser of the Notes.

In connection with the disposal of the Carveout Business, in certain circumstances the Issuer will not be required to comply with the covenant limiting the sales of assets and subsidiary stock.

The Indenture will contain several exceptions to the covenant limiting the sales of assets and subsidiary stock including, amongst other things, an exception permitting the Issuer to make certain asset dispositions in connection with the disposal of the Carveout Business, provided that the fair market value of any such assets in the aggregate does not exceed 6.0% of the *pro forma* total assets of the Company (calculated in accordance with the Indenture). See "*Description of the Notes—Limitation on Assets and Subsidiary Stock*." Accordingly, the Issuer will not be required to comply with fair market value, minimum cash consideration or application of proceeds requirements imposed by the covenant limiting sales of assets and subsidiary stock, in each case up to such specified amount. As a result of this and other exceptions to the covenant limiting sales of assets and subsidiary stock, the Issuer may not be required to offer to purchase the Notes following any such sale or disposition.

Lindorff will not be controlled by us until completion of the Merger.

Intrum Justitia does not currently own Lindorff and the two companies are currently acting as two separate entities and competitors. Intrum Justitia will not acquire Lindorff until the Completion Date, which is expected to be consummated in the second quarter of 2017, subject to merger-control clearance from the European Commission. We cannot assure you that during the interim period the business of Lindorff will be operated in the same way that we would operate it. Any of the risks associated with the Issuer's lack of control over Lindorff until the Completion Date could have a material adverse effect on our business, financial position or results of operations.

USE OF PROCEEDS

The gross proceeds of the offering of the Notes will be approximately SEK 28,639 million (€3,000 million equivalent). We intend to use the gross proceeds from the offering of the Notes along with amounts drawn under the Revolving Credit Facility to fund the Refinancing Transactions. See "*Summary—The Transactions*."

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

The following table sets forth our expected estimated sources and uses of funds in connection with the Refinancing Transactions assuming the Refinancing Transactions are completed on June 30, 2017. Actual amounts will vary from estimated amounts depending on several factors, including fluctuations in currency exchange rates, the date of completion of the Merger and the Refinancing Transactions, amounts outstanding under the Intrum Justitia Existing Revolving Credit Facility and the Lindorff Existing Revolving Credit Facility as of the Completion Date and differences between estimated and actual fees and expenses. In addition, the estimated financing costs and transaction costs presented in this table represent total costs and have not been adjusted to account for any such costs that have already been recognized in the Issuer's unaudited consolidated financial statements for the three months ended March 31, 2017 and the Issuer's audited consolidated financial statements for the year ended December 31, 2016.

Sources of funds			Uses of funds		
	(SEK in millions)[(1)]	*(€ equivalent, in millions)*[(2)]		*(SEK in millions)*[(1)]	*(€ equivalent, in millions)*[(2)]
Notes offered hereby[(3)] . . .	28,639	3,000	Repayment of Lindorff Existing Debt[(5)].	23,207	2,431
Revolving Credit Facility[(4)] .	890	93	Intrum Justitia Existing Revolving Credit Facility[(6)]	3,831	401
			Accrued interest on the Lindorff Existing Gross Debt.	376	39
			Prepayment premiums[(7)].	951	100
			Financing costs[(8)]	728	76
			Transaction costs[(9)]	435	46
Total sources	**29,529**	**3,093**	**Total uses**.	**29,529**	**3,093**

(1) For presentational purposes, all indebtedness denominated in euro has been converted into SEK at a rate of SEK 9.5464 to €1.00, which was the applicable Sveriges Riksbank Daily Reference Rate on March 31, 2017, and which may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(2) For informational purposes only, the amounts presented in SEK have been converted to euro at an exchange rate of SEK 9.5464 to €1.00, which was the applicable Sveriges Riksbank Daily Reference Rate on March 31, 2017, and which may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(3) Represents the SEK 28,639 million (€3,000 million equivalent) aggregate principal amount of Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes offered hereby.

(4) Represents SEK 890 million (€93 million equivalent) that we intend to draw under the Revolving Credit Facility on or about the Completion Date.

(5) Includes repayment of the principal amounts outstanding under the Lindorff Existing Euro Floating Rate Notes, the Lindorff Existing NOK Floating Rate Notes, the Lindorff Existing Euro Fixed Rate Notes, the Lindorff Existing Euro Senior Notes, the Lindorff Existing SEK Floating Rate Notes, amounts outstanding under the Lindorff Bilateral Facility Agreements, amounts outstanding under the Aktua Facility Agreements and amounts outstanding under the Lindorff Existing Revolving Credit Facility as of the Completion Date. The SEK 23,207 million (€2,431 million equivalent) presented here reflects the amount of Lindorff Existing Debt outstanding as of March 31, 2017 and excludes subsequent additional net borrowings of SEK 202 million (€21 million equivalent) as well as accrued interest. The amount of Lindorff Existing Debt outstanding on the Completion Date will vary if there are any additional borrowings or repayments thereunder.

(6) Reflects the SEK 3,831 million outstanding under the Intrum Justitia Existing Revolving Credit Facility as of March 31, 2017 and excludes accrued interest and subsequent additional borrowings of SEK 286 million (€30 million equivalent). The amount outstanding under the Intrum Justitia Existing Revolving Credit Facility on the Completion Date will vary if there are any additional borrowings or repayments thereunder.

(7) Represents our estimate of break fees and certain debt prepayment premiums related to the Refinancing Transactions. Actual fees and expenses may differ from these estimates.

(8) Represents our estimate of financing-related costs attributable to the Transaction including fees, commissions and other expenses related to certain debt facilities, including the Revolving Credit Facility, and the offering and sale of the Notes. Actual fees, commissions and other expenses may differ from our estimates of such costs. See "*Unaudited Pro Forma Financial Information of the Company—Basis of preparation—Financing-Related Costs*."

(9) Represents our estimate of other fees and expenses in connection with or otherwise related to the Transactions, including professional and legal fees and other transaction costs. Actual fees and expenses may differ from these estimates. See "*Unaudited Pro Forma Financial Information of the Company—Basis of preparation—Transaction-Related Costs*."

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of March 31, 2017 of the Company, as adjusted to reflect the Transactions as if these events had occurred on March 31, 2017. The historical consolidated financial information has been derived from each of the Issuer's Interim Financial Statements and Lock Lower Holding's Interim Financial Statements included elsewhere in this Offering Memorandum. Actual amounts may vary from estimated amounts, as described in "*Use of Proceeds*." Amounts shown do not include accrued interest.

This table should be read in conjunction with "*Use of Proceeds*," "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia*," "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff*," "*Description of the Notes*," "*Description of Other Indebtedness*" and the Issuer's Financial Statements and Lindorff's Financial Statements included elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the Issuer's and Lock Lower Holding's capitalization since March 31, 2017.

	As of March 31, 2017			
	Actual	Adjustments	As Adjusted	
		(unaudited)		
		(SEK in millions)[1]		*(€ equivalent in millions)*[2]
Cash and cash equivalents	318	701[3]	1,019	107
Debt:				
Intrum Justitia Existing Revolving Credit Facility	3,831[4]	(3,831)	—	—
Intrum Justitia Existing MTNs	2,000[5]	—	2,000	210
Intrum Justitia Existing Private Placement Notes	1,527[6]	—	1,527	160
Intrum Justitia Existing Commercial Paper Program	1,360[7]	—	1,360	142
Lindorff Existing Loan Note Issuance Deed[8]	—	305	305	32
Notes offered hereby[9]	—	28,639	28,639	3,000
Revolving Credit Facility[10]	—	890	890	93
Total debt	**8,718**	**26,003**	**34,722**	**3,637**
Equity	4,477	19,337	23,814	2,495
Total Capitalization	**13,195**	**45,340**	**58,536**	**6,132**

(1) For presentational purposes, all amounts denominated in euro have been converted into SEK at a rate of 9.5464 SEK to €1.00, which was the applicable Sveriges Riksbank Daily Reference Rate on March 31, 2017, which may differ from the exchange rates as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(2) For informational purposes only, amounts presented in SEK have been converted to euro at an exchange rate of SEK 9.5464 to €1.00, which was the applicable Sveriges Riksbank Daily Reference Rate on March 31, 2017, which may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(3) Adjustments to cash and cash equivalents include the SEK equivalent of the additional cash and cash equivalents acquired through the Merger, which reflect Lindorff's cash and cash equivalents as of March 31, 2017.

(4) Reflects the SEK 3,831 million of outstanding indebtedness under the Intrum Justitia Existing Revolving Credit Facility as of March 31, 2017 and excludes subsequent borrowings of SEK 286 million (€30 million equivalent).

(5) Reflects the SEK 2,000 million of outstanding indebtedness in the form of Intrum Justitia Existing MTNs as of March 31, 2017.

(6) Reflects the SEK 1,527 million of outstanding indebtedness in the form of Intrum Justitia Existing Private Placement Notes as of March 31, 2017.

(7) Reflects the SEK 1,360 million outstanding under the Intrum Justitia Existing Commercial Paper Program as of March 31, 2017 and does not reflect repayment of SEK 265 million (€28 million equivalent) subsequent to that date.

(8) Reflects the SEK 305 million outstanding under the Lindorff Existing Loan Note Issuance Deed as of March 31, 2017 and does not reflect repayment of SEK 9 million (€1 million equivalent) subsequent to that date.

(9) Represents the SEK 28,639 million (€3,000 million equivalent) aggregate principal amount of Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes offered hereby.

(10) Represents SEK 890 million that we intend to draw under the Revolving Credit Facility on or around the Completion Date. Does not reflect unfunded guarantees of €10.5 million equivalent which are expected to be rolled over from the Lindorff Existing Revolving Credit Facility into the Revolving Credit Facility.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following section presents selected historical consolidated financial data of the Issuer, Lindorff AB and Lock Lower Holding AS as of the dates and for the periods indicated and should be read in conjunction with the sections entitled "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operation of Intrum Justitia," Management's Discussion and Analysis of Financial Condition and Results of Operation of Lindorff" as well as the Issuer's Financial Statements and Lindorff's Financial Statements.

Consolidated Income Statement Data for Intrum Justitia

	Intrum Justitia AB (publ)				
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(audited)			(unaudited)	
	(SEK in millions)				
Net revenues	5,184	5,628	6,088	1,408	1,609
Cost of sales	(2,963)	(3,087)	(3,194)	(770)	(874)
Gross earnings	**2,221**	**2,541**	**2,894**	**638**	**735**
Sales and marketing expenses	(262)	(252)	(230)	(59)	(74)
Administrative expenses	(585)	(661)	(678)	(150)	(180)
Disposal of operations/Goodwill impairment	(111)	—	—	—	—
Reversal of liability for additional purchase considerations	164	—	—	—	—
Participations in earnings of associated companies and joint ventures	3	(4)	(8)	(1)	(1)
Operating earnings (EBIT)	**1,430**	**1,624**	**1,978**	**428**	**480**
Net financial items	(183)	(167)	(168)	(41)	(46)
Profit/(loss) before tax	**1,247**	**1,457**	**1,810**	**387**	**434**
Income tax expense	(206)	(285)	(342)	(77)	(87)
Profit/(loss) for the period	**1,041**	**1,172**	**1,468**	**310**	**347**

(1) For informational purposes only, certain financial information presented in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve month period ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Consolidated Balance Sheet Data for Intrum Justitia

	Intrum Justitia AB (publ)				
	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(SEK in millions)		
Fixed assets					
Intangible fixed assets					
Goodwill	2,719	2,810	3,120	2,804	3,237
Capitalized expenditure for IT development	171	159	193	164	210
Client relationships	37	61	63	65	64
Other intangible fixed assets	59	68	47	62	44
Total intangible fixed assets	**2,986**	**3,098**	**3,423**	**3,095**	**3,555**
Tangible fixed assets					
Computer hardware	40	38	41	38	44
Other tangible fixed assets	87	80	63	75	65
Total tangible fixed assets	**127**	**118**	**104**	**113**	**109**
Other fixed assets					
Shares and participations in associated companies and joint ventures	—	6	12	1	12
Other shares and participations	—	1	1	5	0
Purchased debt	6,197	7,027	8,733	7,403	10,623
Deferred tax assets	35	33	25	46	49
Other long-term receivables	17	11	6	7	6
Total other fixed assets	**6,249**	**7,078**	**8,777**	**7,462**	**10,690**
Total fixed assets	**9,362**	**10,294**	**12,304**	**10,670**	**14,354**
Current assets					
Accounts receivable	307	285	305	274	277
Client funds	568	569	588	586	651
Tax assets	48	42	87	46	132
Other receivables	633	510	557	564	618
Prepaid expenses and accrued income	157	180	167	229	197
Liquid Other long-term receivables	266	265	396	194	318
Total current assets	**1,979**	**1,851**	**2,100**	**1,893**	**2,193**
Total assets	**11,341**	**12,145**	**14,404**	**12,563**	**16,547**

	Intrum Justitia AB (publ)				
	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(SEK in millions)		
Shareholders' equity					
Shareholders' equity attributable to the parent company's shareholders					
Share capital	2	2	2	2	2
Other paid-in capital	906	906	906	906	906
Reserves	420	335	404	316	404
Retained earnings including earnings for the year	1,620	1,843	2,731	2,151	3,076
Total shareholders' equity attributable to the parent company's shareholders	**2,948**	**3,086**	**4,043**	**3,375**	**4,388**
Shareholders' equity attributable to non-controlling interests	93	80	87	82	89
Total shareholders' equity	**3,041**	**3,166**	**4,130**	**3,457**	**4,477**
Long-term liabilities					
Liabilities to credit institutions	1,727	2,340	1,520	2,514	3,743
Bond loan	3,231	3,124	3,706	2,099	3,692
Other long-term liabilities	4	3	16	2	16
Provisions for pensions	133	174	157	175	156
Other long-term provisions	3	3	0	3	2
Deferred tax liabilities	390	522	638	522	686
Total long-term liabilities	**5,488**	**6,166**	**6,037**	**5,315**	**8,295**
Current liabilities					
Liabilities to credit institutions	85	17	56	85	88
Bond loan	—	—	1,077	1,039	0
Commercial papers	728	635	1,124	745	1,360
Client funds payable	568	569	588	586	651
Accounts payable	159	139	140	131	139
Income tax liabilities	142	128	136	187	131
Advances from clients	16	14	46	13	47
Other current liabilities	325	613	325	351	671
Accrued expenses and prepaid income	789	698	718	654	668
Other short-term provisions	—	—	27	—	20
Total current liabilities	**2,812**	**2,813**	**4,237**	**3,791**	**3,775**
Total shareholders' equity and liabilities	**11,341**	**12,145**	**14,404**	**12,563**	**16,547**

Consolidated Cash Flow Statement Data for Intrum Justitia

	Intrum Justitia AB (publ)				
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(audited)			(unaudited)	
	(SEK in millions)				
Cash flow from operating activities	2,672	2,905	3,374	730	707
Cash flow from investing activities	(2,250)	(2,497)	(3,763)	(1,142)	(2,156)
Cash flow from financing activities	(501)	(399)	503	341	1,370
Change in liquid assets	**(79)**	**9**	**114**	**(71)**	**(79)**
Exchange rate differences in liquid assets	5	(10)	17	0	1
Closing balance of liquid assets	266	265	396	194	318

Income Statement Data for Lindorff

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31, 2014	For the year ended December 31,		For the three months ended March 31,	
		2015	2016	2016	2017
		(audited)			(unaudited)
		(€ in millions)			
Net revenue	475	534	647	135	179
Total income	**475**	**534**	**647**	**135**	**179**
Employee benefit expense(1)	(178)	(187)	(208)	(50)	(60)
Legal fee cost	(35)	(43)	(47)	(11)	(13)
Phone, postage and packaging	(19)	(18)	(19)	(5)	(5)
Other operating costs(2)	(93)	(100)	(120)	(23)	(39)
Depreciation and amortization	(16)	(37)	(85)	(10)	(14)
Results from operating activities (EBIT)	**136**	**150**	**167**	**36**	**48**
Finance income	1	1	1	0	5
Finance costs	(108)	(173)	(157)	(32)	(55)
Net finance costs(3)	**(108)**	**(172)**	**(156)**	**(32)**	**(50)**
Profit/(loss) before tax	**28**	**(23)**	**11**	**5**	**(2)**
Income tax expense	(10)	6	(30)	(5)	(5)
Profit/(loss) for the period	**18**	**(16)**	**(18)**	**0**	**(7)**

(1) For the years ended December 31, 2016 and 2015, the employee benefit expense of Lock Lower Holding included employee costs of €4 million and €1 million, respectively, that were not included in the employee benefit expense of Lindorff AB.

(2) For the years ended December 31, 2016 and 2015, the other operating costs of Lock Lower Holding included consultancy fees of €3 million and €3 million, respectively, that were not included in the other operating costs of Lindorff AB.

(3) Net finance costs consist of interest on loans from financial institutions, fair value gains and losses on financial derivatives (interest swaps), write-down of investments in associated companies and other financial expenses, which consists of: (a) in the case of Lindorff AB, (i) prior to the completion of the Prior Lindorff Acquisition, interest expense on certain subordinated loans, or (ii) following the completion of the Prior Lindorff Acquisition, the intercompany proceeds loans received from affiliates; and (b) in the case of Lock Lower Holding, interest expense on the Lindorff Existing Debt. On October 6, 2014, upon completion of the Prior Lindorff Acquisition, Lock AS made an intercompany proceeds loan of €1,119 million to Lindorff AB with a portion of the proceeds of the applicable Lindorff Existing Notes. See Note 23 to Lindorff AB's Financial Statements as of and for the year ended December 31, 2014 included elsewhere in this Offering Memorandum. As a result, the net finance costs of Lock Lower Holding may not be comparable to the net finance costs of Lindorff AB for the periods presented.

Statement of Financial Position Data for Lindorff

	Lindorff AB	Lock Lower Holding AS		
	As of December 31,	As of December 31,		As of March 31,
	2014	2015	2016	2017
		(audited)		(unaudited)
		(€ in millions)		
Fixtures and furniture	12	14	14	15
Intangible assets	236	327	402	393
Goodwill	758	1,384	1,584	1,582
Purchased debt	809	1,070	1,176	1,169
Deferred income tax assets	18	71	39	42
Other long-term assets	6	12	20	8
Non-current assets	**1,839**	**2,878**	**3,235**	**3,211**
Trade receivables	13	21	37	40
Current tax receivable	3	5	10	10
Other short-term receivables	42	73	136	130
Client funds	21	38	37	35
Cash and cash equivalents	79	53	59	73
Current assets	**160**	**191**	**280**	**288**
Total assets	**1,999**	**3,069**	**3,514**	**3,499**
Total equity	**667**	**789**	**769**	**762**
Bonds	—	1,860	1,868	1,870
Liabilities to credit institutions	—	—	409	404
Shareholder loans	1,129	—	—	—
Convertible loan	42	—	—	—
Other long-term liabilities	2	1	19	16
Pension liabilities	12	7	3	3
Deferred income tax liabilities	19	47	63	65
Financial derivatives	—	—	23	23
Non-current liabilities	**1,203**	**1,915**	**2,385**	**2,381**
Trade payables	19	19	32	31
Short-term loan	—	242	139	167
Financial derivatives short-term	—	2	—	—
Client liabilities	21	38	37	35
Current tax liabilities	6	5	14	17
Other-short term liabilities	81	58	138	107
Current liabilities	**128**	**365**	**361**	**357**
Total liabilities	**1,331**	**2,280**	**2,745**	**2,737**
Total equity and liabilities	**1,999**	**3,069**	**3,514**	**3,499**

Cash Flow Statement Data for Lindorff

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31,	For the year ended December 31,		For the three months ended March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(€ in millions)		
Net cash generated from operating activities	195	90	239	18	35
Net cash used in investing activities	(464)	(472)	(334)	(28)	(60)
Net cash from/(used in) financing activities	296	334	102	5	39
Net (decrease)/increase in cash and cash equivalents	**27**	**(48)**	**6**	**(6)**	**14**
Cash and cash equivalents at period end	**79**	**53**	**59**	**51**	**73**

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

The Unaudited *Pro Forma* Financial Information of the Company has been prepared to reflect the Issuer's acquisition of 100% of the share capital of Lock TopCo AS in connection with the Merger and the related Refinancing Transactions. The Unaudited *Pro Forma* Financial Information of the Company does not give effect to the potential impact of divesting the Carveout Business on the Company. See "*Summary—Divestment of the Carveout Business*."

The Issuer has prepared the following Unaudited *Pro Forma* Financial Information:

- unaudited *pro forma* financial information for the year ended December 31, 2016 to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement;
- unaudited *pro forma* financial information for the three months ended March 31, 2016, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* statement ;
- unaudited *pro forma* financial information for the three months ended March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement;
- unaudited *pro forma* financial information for the twelve months ended March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on January 1, 2016 for purposes of presenting an unaudited *pro forma* income statement; and
- unaudited *pro forma* financial information as of March 31, 2017, to illustrate the effect that the Transactions might have had on the Issuer if they had been completed on March 31, 2017 for purposes of presenting an unaudited *pro forma* balance sheet for this period.

The Unaudited *Pro Forma* Financial Information has been included to describe a hypothetical situation, has been prepared for illustrative purposes only, and both the Unaudited *Pro Forma* Financial Information and the assumptions underlying the *pro forma* adjustments described below should be read in conjunction with the information contained in "*Selected Historical Consolidated Financial and Other Data,*" "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia,*" "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff*", the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2016, the Issuer's Interim Financial Statements, Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 and Lock Lower Holding's Interim Financial Statements, each included elsewhere in this Offering Memorandum. The Unaudited *Pro Forma* Financial Information does not include all of the information required for financial statements under IFRS and does not include a cash flow statement for any period.

The Merger will be accounted for in accordance with *IFRS 3 Business combinations* ("**IFRS 3**"). The allocations of the preliminary purchase price as reflected in the Unaudited *Pro Forma* Financial Information have been based upon preliminary estimates of the total consideration transferred for the acquisition of the Lindorff share capital and preliminary estimates of the fair value of the assets acquired and liabilities assumed of Lock Lower Holding. A final determination of the fair value of assets acquired and liabilities assumed of Lock Lower Holding will be based on the actual assets and liabilities of Lock Lower Holding that exist at the Completion Date. Such valuations could change upon the completion of further analyses and asset valuations from those used in the Unaudited *Pro Forma* Financial Information. The final valuation will be completed following the Completion Date and is subject to change based on timing of the Completion Date.

Moreover, the Unaudited *Pro Forma* Financial Information may not necessarily reflect the Issuer's actual results of operations and/or financial condition if the Transactions had actually been completed on such earlier date and such Unaudited *Pro Forma* Financial Information should not be considered to be indicative of the Issuer's results of operations or financial condition for any future period. The Unaudited *Pro Forma* Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, applicable EU regulations or any generally accepted accounting standards. Accordingly, potential investors should not pay undue attention to the Unaudited *Pro Forma* Financial Information.

Basis of preparation

Preparation Principles

The Unaudited *Pro Forma* Financial Information appearing herein presents the *pro forma* financial position and results from operations of the Company derived from the historical consolidated financial information of the Issuer after giving *pro forma* effect to the Transactions based on certain assumptions as described in these notes.

The historical consolidated financial information of the Issuer has been adjusted to give effect to *pro forma* adjustments that are directly attributable to the Transactions and factually supportable. The Unaudited *Pro Forma* Financial Information does not reflect anticipated revenue or cost synergies that may be achieved by the Transactions. The Unaudited *Pro Forma* Financial Information is based upon currently available information, estimates and *pro forma* assumptions that we currently believe are reasonable. Any of the factors underlying these estimates and *pro forma* assumptions may change or prove to be materially different from the estimates and assumptions used to prepare the Unaudited *Pro Forma* Financial Information, and these estimates and assumptions may not be representative of facts existing at the closing of the Transactions. Except as described herein, the Unaudited *Pro Forma* Financial Information of the Company does not reflect any changes in the business of the Issuer or Lock Lower Holding since March 31, 2017.

The accounting principles applied for the preparation of the Unaudited *Pro Forma* Financial Information are as follows:

Historical Financial Information

The Unaudited *Pro Forma* Financial Information is based on the following historical financial information:

- the Issuer's audited consolidated financial statements of and for the year ended December 31, 2016;
- the Issuer's Interim Financial Statements;
- Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016; and
- Lock Lower Holding's Interim Financial Statements.

The accounting policies of the Issuer were used to prepare the Unaudited *Pro Forma* Financial Information. See Note 1 in the Issuer's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere herein for more information regarding the Issuer's accounting policies. There are no material differences between the accounting policies of the Issuer and Lock Lower Holding. Other than as described elsewhere in this *Basis of Preparation* section, no significant adjustments were made to the historical financial information of the Issuer or Lock Lower Holding in preparing the Unaudited *Pro Forma* Financial Information. In particular, no adjustment was made to account for the intercompany liabilities of Lock Topco AS including the liability of €30 million in favor of Lock Lower Holding.

Currency Conversion

The historical financial information of Lock Lower Holding has been converted from euro to SEK using average Sveriges Riksbank Daily Reference Rates for the period for figures appearing in the *pro forma* income statements and using the Sveriges Riksbank Daily Reference Rate as of the relevant date for figures appearing in the *pro forma* balance sheet.

When necessary, average Sveriges Riksbank Daily Reference Rates for the relevant periods were used for purposes of translating *pro forma* adjustments to the income statements and *pro forma* adjustments that are expected to have a continuing effect on the Company into SEK. The Sveriges Riksbank Daily Reference Rate as of the relevant date was used when necessary to translate *pro forma* adjustments to the balance sheet and *pro forma* adjustments that are expected to have a one-time effect into SEK.

For more information regarding these exchange rates, see "*Exchange Rates.*"

Accounting for the Merger

The Merger is accounted for as a business combination in accordance with IFRS 3. According to IFRS 3, the actual initial consolidation of a business combination takes place at the acquisition date, i.e. the time at which the acquiring company obtains control of the acquired company or acquired business operation. Due to the accounting for the Merger as a business combination in accordance with IFRS 3, the purchase price as well as the identifiable assets acquired and the liabilities assumed of Lock Lower Holding must be measured at their acquisition date fair values in accordance with IFRS.

A preliminary purchase price allocation of Lock Lower Holding was undertaken for purposes of calculating the Unaudited *Pro Forma* Financial Information. The purchase price for the shares in Lock Lower Holding was calculated as the fair value of the new shares issued by Intrum Justitia in connection with the Merger, based on the closing share price for Intrum Justitia's share as of March 31, 2017, which was SEK 334.50 per share. Accordingly, the total fair value of the newly issued shares, and consequently the estimated purchase price for the shares of Lock Lower Holding acquired in connection with the Merger, will be approximately SEK 19,800 million.

We concluded that the carrying values of assets in the balance sheet of Lock Lower Holding as of March 31, 2017 reflected their fair values in all material respects, and that the carrying values of liabilities in the balance sheet of Lock Lower Holding as of March 31, 2017 fell short of their fair value by SEK 1,333 million. This fair value adjustment to Lock Lower Holding's liabilities relates to the break fees which we expect to pay and capitalized borrowing costs we expect to write-off in connection with repayment of the Lindorff Existing Debt. We recognized as additional goodwill in the *pro forma* balance sheet of the Company an amount equal to the difference between (a) the fair value of the new issued shares, approximately SEK 19,800 million, and (b) the reported shareholders' equity of Lock Lower Holding as of March 31, 2017, SEK 7,270 million, less the amount of SEK 1,333 million reflecting the adjustment to Lock Lower Holding's liabilities described above, plus a tax impact of SEK 293 million corresponding to 22% of SEK 1,333 million and less the deduction to Lock Lower Holding's shareholders' equity of SEK 264 million corresponding to the dividend to pay transaction-related costs described below. Total goodwill from the Transactions recognized in the Company's *pro forma* statement of financial position therefore amounts to SEK 32,176 million.

Transaction-Related Costs

Legal, consulting and other fees incurred by the Issuer in connection with the Merger were classified as transaction-related costs. For purposes of calculating the Unaudited *Pro Forma* Financial Information, these costs were assumed incurred as of January 1, 2016 and, therefore, were recognized as expenses in the unaudited *pro forma* consolidated income statement for the three-month period ended March 31, 2016 and the year ended December 31, 2016, but were not recognized as expenses in the unaudited *pro forma* consolidated income statement for the three months ended March 31, 2017 or the twelve months ended March 31, 2017.

Transaction-related costs to be borne by the Issuer in connection with the Merger are estimated to amount to SEK 171 million, of which SEK 37 million had been incurred as of March 31, 2017, of which SEK 30 million had been incurred in the year ended December 31, 2016 and SEK 7 million had been incurred in the three months ended March 31, 2017 and are therefore reflected in the Issuer's income statements for the year ended December 31, 2016 and the three months ended March 31, 2017, respectively. To prepare the unaudited *pro forma* income statements in accordance with the preparation principles stated above, we adjusted the relevant historical financial information of the Issuer to give *pro forma* effect to the SEK 37 million of transaction-related costs as if these costs had been incurred on January 1, 2016.

In addition to the SEK 171 million of transaction-related costs incurred by the Issuer, the owners of Lock Lower Holding are assumed to incur transaction related costs of SEK 264 million, which have been agreed to be financed through a dividend in the same amount from Lock TopCo AS prior to the Merger. The amount SEK 264 million has therefore been deducted from the shareholders' equity of Lock Lower Holding in the other transaction adjustments column of the *pro forma* balance sheet below.

Financing-Related Costs

Financing-related costs attributable to the Transactions include costs of SEK 292 million associated with arranging bridge financing in connection with the Refinancing Transactions, SEK 131 million associated with arranging the Revolving Credit Facility and SEK 305 million associated with the offering and sale of the Notes. Financing-related costs attributable to the bridge financing were assumed to have been incurred on January 1, 2016 and were not recognized in the unaudited *pro forma* consolidated income statements for the twelve months ended March 31, 2017 and the three months ended March 31, 2017 as a result. Financing-related costs attributable to the Revolving Credit Facility and the Notes were capitalized and amortized over the expected respective life of the financing arrangements (assumed to be a period of five years) in accordance with IAS 39, whereby the annual cost is SEK 87 million.

Interest Cost

We adjusted the *pro forma* consolidated income statements of the Company to reflect the difference in interest cost between actual interest costs incurred during the period and interest costs expected to be realized as a result of the Refinancing Transactions for the relevant periods giving *pro forma* effect to such interest costs as if the Refinancing Transactions had been completed on January 1, 2016. Interest cost for each period has been calculated by aggregating the interest expense in respect of the Notes based on a single blended assumed interest rate, plus the interest expense on the portion of the Revolving Credit Facility that is expected to be drawn in connection with the Transactions and the commitment fee on the undrawn portion thereof, plus the interest expense in respect of the Intrum Justitia Existing MTNs, the Intrum Justitia Existing Private Placement Notes, the Intrum Justitia Existing Commercial Paper Program and the Lindorff Existing Loan Note Issuance Deed (including interest expense on the amount drawn as of March 31, 2017 and the commitment fee on the undrawn portion thereof) that will remain outstanding following completion of the Transactions.

Operating Segments, Service Lines and Results by Geographic Region

The segments and geographic regions historically used by Lindorff in Lindorff's Financial Statements and internal reporting differ from those historically used by the Issuer in the Issuer's Financial Statements and internal reporting. In order to present *pro forma* financial results by service line and geographic region for the Company, we recalculated Lock Lower Holding's results by segment and geographic region in accordance with operating service lines and geographical regions that may approximate the service lines and geographic regions the Company will use following the Merger. However, the Company's operating segments and geographical regions have not been determined, and the actual service lines and geographic regions used by the Company following the Merger may differ significantly from those used herein. See "*Presentation of Financial and Other Information—Segments, Service Lines and Geographical Regions*."

Other Significant Assumptions

- The gross proceeds to be received from the Notes is assumed to be SEK 28,639 million (€3,000 million equivalent). It is further assumed that no amounts are drawn under the bridge financing.
- For purposes of calculating the Unaudited *Pro Forma* Financial Information, we gave effect to the Refinancing Transactions as if they occurred on January 1, 2016 but we assumed break costs and other costs associated with the Refinancing Transactions would equal the costs we actually expect to incur in connection with the Refinancing Transactions rather than the amount such costs would have been under the then-applicable redemption provisions had the Refinancing Transactions occurred on January 1, 2016.

- A tax rate reflecting the current corporate tax rate of 22 per cent in Sweden has been assumed for all transactions expected to have a tax impact.

Unaudited Consolidated *Pro Forma* Income Statement of the Company for the Year Ended December 31, 2016

	For the year ended December 31, 2016					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[(1)]	Issuer Adjustments[(2)]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(unaudited) *(SEK in millions)*			
Net revenue[(3)(4)(5)(6)(7)]	6,088	6,123	—	—	—	12,211
Cost of sales	(3,194)	(3,574)	—	—	—	(6,768)
Gross earnings	**2,894**	**2,549**	**0**	**0**	**0**	**5,443**
Sales, marketing and administration expenses	(908)	(967)	(141)	—	—	(2,016)
Participations in associated companies and joint ventures	(8)	0	—	—	—	(8)
Operating earnings (EBIT)[(8)]	**1,978**	**1,582**	**(141)**	**0**	**0**	**3,419**
Net financial items	(168)	(1,475)	(206)	—	—	(1,850)
Earnings before tax	**1,810**	**107**	**(347)**	**0**	**0**	**1,569**
Income tax expense	(342)	(280)	76	—	—	(546)
Profit/(loss) for the period[(9)]	**1,468**	**(174)**	**(271)**	**0**	**0**	**1,024**

(1) Represents the Lock Lower Holding AS results of operation for the year ended December 31, 2016 translated into SEK at an exchange rate of SEK 9.4704 to €1.00.

(2) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items include the following:

- An adjustment of SEK (141) million to sales, marketing and administration expenses reflecting transaction costs for the Merger in excess of those already included in the Issuer's income statement for the period.
- An adjustment of SEK (206) million to net financial items comprised of an adjustment of SEK (292) million associated with the costs of arranging bridge financing in connection with the Refinancing Transactions and an adjustment of SEK 86 million reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "*—Financing related costs*."
- An adjustment of SEK 76 million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items.

(3) The following table presents the Company's *pro forma* net revenue by service line for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	Lock Lower Holding AS[(a)]	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company	
			(SEK in millions)				*(€ equivalent in millions)[(b)]*
Net revenue by service line							
CMS	4,335	4,340	—	—	—	8,675	916
Financial Services	2,902	2,842	—	—	—	5,744	607
Elimination[(c)]	(1,149)	(1,060)	—	—	—	(2,209)	(233)
Net revenue	**6,088**	**6,123**	**0**	**0**	**0**	**12,211**	**1,289**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates.*"

(c) Eliminations relate to payment on commercial terms for work carried out within the CMS service line for debt purchased by the Financial Services service line.

(4) The following table presents the Company's *pro forma* net revenue by geographic region for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)[a]	**Lock Lower Holding AS[a]**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)[b]*
Net revenue from external clients by geographic region							
Northern Europe[c]	2,813	3,578	—	—	—	6,391	675
Central and Eastern Europe[d]	1,825	652	—	—	—	2,477	262
Western Europe[e]	944	0				944	100
Southern Europe[f]	506	1,892	—	—	—	2,398	253
Net revenue	**6,088**	**6,123**	**0**	**0**	**0**	**12,211**	**1,289**

(a) The Lock Lower Holding and Issuer financial information presented in this table have been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by geographic region found in the Issuer's Financial Statements or Lindorff's Financial Statements, as applicable.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(c) Northern Europe includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden.

(d) Central and Eastern Europe includes Austria, the Czech Republic, Germany, Hungary, Switzerland and Slovakia.

(e) Western Europe includes Belgium, France, Ireland and the United Kingdom.

(f) Southern Europe includes Italy, Portugal and Spain.

(5) The following table presents the Company's *pro forma* net revenue by client for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)[a]*
Client 1	92	454	—	—	—		
Client 2	72	430	—	—	—		
Client 3	46	417	—	—	—		
Client 4	52	181	—	—	—		
Client 5	41	169	—	—	—		
Largest five CMS clients[b]	**303**	**1,651**	**0**	**0**	**0**	**1,954**	**206**
Other CMS clients	2,884	1,629	—	—	—	4,513	477
Total external CMS net revenue	**3,186**	**3,280**	**0**	**0**	**0**	**6,466**	**683**
Financial Services net revenue	2,902	2,842	—	—	—	5,744	607
Net revenue	**6,088**	**6,123**	**0**	**0**	**0**	**12,211**	**1,289**

(a) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges

Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(b) The Intrum Justitia AB (publ) and Lock Lower Holding AS figures represent the aggregate net revenue generated from the top five net revenue generating CMS clients of the Issuer or Lindorff, as applicable. The *Pro Forma* Company column represents the sum of the net revenue generated by the Issuer's top five net revenue generating clients and Lindorff's top five net revenue generating CMS clients.

(6) The following table presents the Company's *pro forma* net revenue by client industry for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)*[(a)]
CMS net revenue from financial institutions	642	2,337	—	—	—	2,979	315
CMS net revenue from telecom	310	94	—	—	—	404	43
CMS net revenue from utilities	280	125	—	—	—	405	43
Other CMS net revenues	1,954	726	—	—	—	2,680	283
Total external CMS net revenue	**3,186**	**3,280**	**0**	**0**	**0**	**6,466**	**683**
Financial Services net revenue	2,902	2,842	—	—	—	5,744	607
Net revenue	**6,088**	**6,123**	**0**	**0**	**0**	**12,211**	**1,289**

(a) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(7) The following table presents the Company's *pro forma* net revenue from financial institutions derived from its CMS and Financial Services service lines for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)*[(a)]
Net revenue from CMS from financial institutions	642	2,337	—	—	—	2,979	315
Net revenue from Financial Services from financial institutions[(b)]	1,775	1,994	—	—	—	3,769	398
Other net revenue	3,671	1,792	—	—	—	5,463	577
Net revenue	**6,088**	**6,123**	**—**	**—**	**—**	**12,211**	**1,289**

(a) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(b) Although net revenue from Financial Services from financial institutions includes net revenue related to all services offered by our Financial Services service line to financial institutions, net revenue from purchased debt from financial institutions is the largest component.

(8) The following table presents the Company's *pro forma* earnings by service line for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**[(a)]	**Issuer Adjustments**[(b)]	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
	(SEK in millions)						*(€ equivalent in millions)*[(c)]
Earnings by service line							
CMS	1,134	878	—	—	—	2,012	212
Financial Services	1,635	1,492	—	—	—	3,127	330
Common costs[(d)]	(791)	(788)	(141)	—	—	(1,720)	(182)
Total operating earnings (EBIT)	**1,978**	**1,582**	**(141)**	**0**	**0**	**3,419**	**361**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region*." Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) revenue and earnings by segment include an adjustment of SEK (141) million to common costs to reflect transaction costs in connection with the Transactions that have not already been included in the Issuer's income statement for the period.

(c) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(d) Common costs are costs that are not attributed to either of CMS or Financial Services service lines, mainly consisting of shared expenses for sales, marketing and administration.

(9) *Pro Forma* Adjusted EBITDA is defined as the Company's *pro forma* profit and loss for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items after giving *pro forma* effect to the Transactions as if they had occurred on January 1, 2016.

The following table reconciles our *pro forma* profit/(loss) to *Pro Forma* Adjusted EBITDA for the year ended December 31, 2016.

	For the year ended December 31, 2016						
	Intrum Justitia AB (publ)	Lock Lower Holding AS	Issuer Adjustments[(a)]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company	
	(SEK in millions)						(€ equivalent in millions)[(b)]
Profit/(loss) for the period	**1,468**	**(174)**	**(271)**	**—**	**—**	**1,024**	**108**
Net financial items	168	1,475	206	—	—	1,850	195
Taxes	342	280	(76)	—	—	546	58
Depreciation and amortization of non-financial assets	171	804	—	—	—	975	103
Amortization and revaluation of purchased debt	1,606	1,515	—	—	—	3,121	330
Consultancy fees related to mergers and acquisitions	10	179	—	—	—	189	20
Integration costs and other costs related to mergers and acquisitions	6	—	—	—	—	6	1
Severance costs	—	20	—	—	—	20	2
Restructuring costs	28	51	—	—	—	79	8
Gain/(loss) on portfolio sale	(84)	—	—	—	—	(84)	(9)
Changes to provisions and reserves	—	—	—	—	—	—	—
Costs related to the Transactions	30	—	141	—	—	171	18
Transitional service costs	—	4	—	—	—	4	0
Costs related to Prior Lindorff Acquisition and certain other Lindorff corporate actions	—	—	—	—	—	—	—
VAT correction	—	1	—	—	—	1	0
Pension adjustment Norway	—	(53)	—	—	—	(53)	(6)
***Pro Forma* Adjusted EBITDA**	**3,745**	**4,104**	**0**	**0**	**0**	**7,849**	**829**

(a) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items for the year ended December 31, 2016 consisted of the following:

- An adjustment of SEK (141) million to sales, marketing and administration expenses reflecting transaction costs for the Merger in excess of those already included in the Issuer's income statement for the period. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude costs related to the Transactions from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK (206) million to net financial items comprised of an adjustment of SEK (292) million associated with the costs of arranging bridge financing in connection with the Refinancing Transactions and an adjustment of SEK 86 million reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "—*Financing-Related Costs*." These adjustments were reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude net financial items from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK (76) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude taxes from *Pro Forma* Adjusted EBITDA.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the year ended December 31, 2016 has been converted to euro at an exchange rate of SEK 9.4704 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Unaudited Consolidated *Pro Forma* Income Statement of the Company for the Three Months Ended March 31, 2016

	For the three months ended March 31, 2016					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[1]	Issuer Adjustments[2]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(unaudited) (*SEK in millions*)			
Net revenue[3][4]	1,408	1,258	—	—	—	2,666
Cost of sales	(770)	(721)	—	—	—	(1,491)
Gross earnings	**638**	**537**	**0**	**0**	**0**	**1,175**
Sales, marketing and administration expenses	(209)	(197)	(171)	—	—	(577)
Participations in associated companies and joint ventures	(1)	0	—	—	—	(1)
Operating earnings (EBIT)[5]	**428**	**340**	**(171)**	**0**	**0**	**597**
Net financial items	(41)	(295)	(322)	—	—	(658)
Earnings before tax	**387**	**45**	**(493)**	**0**	**0**	**(61)**
Income tax expense	(77)	(45)	108	—	—	(13)
Profit/(loss) for the period[6]	**310**	**0**	**(385)**	**0**	**0**	**(74)**

(1) Represents the Lock Lower Holding AS results of operation for the three months ended March 31, 2016 translated into SEK at an exchange rate of SEK 9.3248 to €1.00.

(2) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items include the following:

- An adjustment of SEK (171) million to sales, marketing and administration expenses reflecting transaction costs for the Merger.
- An adjustment of SEK (322) million to net financial items comprised of an adjustment of SEK (292) million associated with the costs of arranging bridge financing in connection with the Refinancing Transactions and an adjustment of SEK (30) million reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "*—Financing related costs.*"
- An adjustment of SEK 108 million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items.

(3) The following table presents the Company's *pro forma* net revenue by service line for the three months ended March 31, 2016.

	For the three months ended March 31, 2016					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[a]	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(*SEK in millions*)			
Net revenue by service line						
CMS	1,024	828	—	—	—	1,852
Financial Services	640	673	—	—	—	1,313
Elimination[b]	(256)	(243)	—	—	—	(499)
Net revenue	**1,408**	**1,258**	**0**	**0**	**0**	**2,666**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Eliminations relate to payment on commercial terms for work carried out within the CMS service line for debt purchased by the Financial Services service line.

(4) The following table presents the Company's *pro forma* net revenue by geographic region for the three months ended March 31, 2016.

	For the three months ended March 31, 2016					
	Intrum Justitia AB (publ)[(a)]	Lock Lower Holding AS[(a)]	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(*SEK in millions*)			
Net revenue from external clients by geographic region						
Northern Europe[(b)]	645	817	—	—	—	1,462
Central and Eastern Europe[(c)]	432	159	—	—	—	591
Western Europe[(d)]	233	0	—	—	—	233
Southern Europe[(e)]	98	282	—	—	—	380
Net revenue	**1,408**	**1,258**	**—**	**—**	**—**	**2,666**

(a) The Lock Lower Holding and Issuer financial information presented in this table have been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by geographic region found in the Issuer's Financial Statements or Lindorff's Financial Statements, as applicable.

(b) Northern Europe includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden.

(c) Central and Eastern Europe includes Austria, the Czech Republic, Germany, Hungary, Switzerland and Slovakia.

(d) Western Europe includes Belgium, France, Ireland and the United Kingdom.

(e) Southern Europe includes Italy, Portugal and Spain.

(5) The following table presents the Company's *pro forma* earnings by service line for the three months ended March 31, 2016.

	For the three months ended March 31, 2016					
	Intrum Justitia AB (publ)[(a)]	Lock Lower Holding AS[(a)]	Issuer Adjustments[(b)]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(*SEK in millions*)			
Earnings by service line						
CMS	241	134	—	—	—	375
Financial Services	364	364	—	—	—	728
Common costs[(c)]	(177)	(158)	(171)	—	—	(506)
Total Operating earnings (EBIT)	**428**	**340**	**(171)**	**0**	**0**	**597**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region*." Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) revenue and earnings by segment include an adjustment of SEK (171) million to common costs to reflect transaction costs in connection with the Transactions.

(c) Common costs are costs that are not attributed to either of the CMS or Financial Services service lines, mainly consisting of shared expenses for sales, marketing and administration.

(6) *Pro Forma* Adjusted EBITDA is defined as the Company's *pro forma* profit/(loss) for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items after giving *pro forma* effect to the Transactions as if they had occurred on January 1, 2016.

The following table reconciles our *pro forma* profit/(loss) to *Pro Forma* Adjusted EBITDA for the three months ended March 31, 2016.

	For the three months ended March 31, 2016						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments[(a)]**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)[(b)]*
Profit/(loss) for the period	**310**	**0**	**(385)**	**—**	**—**	**(74)**	**(8)**
Net financial items	41	295	322	—	—	658	71
Taxes	77	45	(108)	—	—	13	1
Depreciation and amortization of non-financial assets	40	93	—	—	—	133	14
Amortization and revaluation of purchased debt	374	338	—	—	—	712	76
Consultancy fees related to mergers and acquisitions	—	18	—	—	—	18	2
Integration costs and other costs related to mergers and acquisitions	—	—	—	—	—	—	—
Severance costs	—	11	—	—	—	11	1
Restructuring costs	—	16	—	—	—	16	2
Gain/(loss) on portfolio sale	—	—	—	—	—	—	—
Changes to provisions and reserves	—	—	—	—	—	—	—
Costs related to the Transactions	—	—	171	—	—	171	18
Transitional service costs	—	2	—	—	—	2	0
Costs related to Prior Lindorff Acquisition and certain other Lindorff corporate actions	—	—	—	—	—	—	—
VAT correction	—	0	—	—	—	0	0
Pension adjustment Norway	—	—	—	—	—	—	—
***Pro Forma* Adjusted EBITDA**	**842**	**817**	**0**	**0**	**0**	**1,659**	**178**

(a) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items for the three months ended December 31, 2016 consisted of the following:

- An adjustment of SEK (171) million to sales, marketing and administration expenses reflecting transaction costs for the Merger. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude costs related to the Transactions from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK 322 million to net financial items comprised of an adjustment of SEK (292) million associated with the costs of arranging bridge financing in connection with the Refinancing Transactions and an adjustment of SEK (30) million reflecting changes in interest cost and other financial items. These adjustments were reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude net financial items from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK 108 million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude taxes from *Pro Forma* Adjusted EBITDA.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK has been converted to euro at an exchange rate of SEK 9.3248 to €1.00, which represents the average of the monthly exchange rates for the year ended December 31, 2016, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Unaudited Consolidated *Pro Forma* Income Statement of the Company for the Three Months Ended March 31, 2017

	For the three months ended March 31, 2017					
	Intrum Justitia (publ) AB	Lock Lower Holding AS(1)	Issuer Adjustments(2)	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(unaudited) *(SEK in millions)*			
Net revenue(3)(4)	1,609	1,702	—	—	—	3,311
Cost of sales	(874)	(967)	—	—	—	(1,841)
Gross earnings	**735**	**736**	**0**	**0**	**0**	**1,471**
Sales, marketing and administration expenses	(254)	(278)	7	—	—	(525)
Participations in associated companies and joint ventures	(1)	0	—	—	—	(1)
Operating earnings (EBIT)(5)	**480**	**458**	**7**	**0**	**0**	**945**
Net financial items	(46)	(473)	86	—	—	(433)
Earnings before tax	**434**	**(15)**	**93**	**0**	**0**	**512**
Income tax expense	(87)	(51)	(20)	—	—	(158)
Profit/(loss) for the period(6)	**347**	**(66)**	**72**	**0**	**0**	**353**

(1) Represents the Lock Lower Holding AS results of operation for the three months ended March 31, 2017 translated into SEK at an exchange rate of SEK 9.5065 to €1.00.

(2) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items include the following:

- An adjustment of SEK 7 million to sales, marketing and administration expenses reflecting transaction costs for the Merger that were reflected in the Issuer's income statement for the period but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information.
- An adjustment of SEK 86 million to net financial items reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "—*Financing related costs*."
- An adjustment of SEK (20) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items.

(3) The following table presents the Company's *pro forma* net revenue by service line for the three months ended March 31, 2017.

	For the three months ended March 31, 2017					
	Intrum Justitia (publ) AB	Lock Lower Holding AS(a)	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(SEK in millions)			
Net revenue by service line						
CMS	1,160	1,237	—	—	—	2,397
Financial Services	783	719	—	—	—	1,502
Elimination(b)	(334)	(255)	—	—	—	(589)
Net revenue	**1,609**	**1,702**	**0**	**0**	**0**	**3,311**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "—*Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Eliminations relate to payment on commercial terms for work carried out within the CMS service line for debt purchased by the Financial Services service line.

(4) The following table presents the Company's *pro forma* net revenue by geographic region for the three months ended March 31, 2017.

	For the three months ended March 31, 2017					
	Intrum Justitia AB (publ)[(a)]	**Lock Lower Holding AS[(a)]**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**
			(SEK in millions)			
Net revenue from external clients by geographic region						
Northern Europe[(b)]	644	883	—	—	—	1,527
Central and Eastern Europe[(c)]	525	201	—	—	—	726
Western Europe[(d)]	273	0	—	—	—	273
Southern Europe[(e)]	167	617	—	—	—	784
Net revenue	**1,609**	**1,702**	**0**	**0**	**0**	**3,311**

(a) The Lock Lower Holding and Issuer financial information presented in this table have been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by geographic region found in the Issuer's Financial statements or Lindorff's Financial Statements, as applicable.

(b) Northern Europe includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden.

(c) Central and Eastern Europe includes Austria, the Czech Republic, Germany, Hungary, Switzerland and Slovakia.

(d) Western Europe includes Belgium, France, Ireland and the United Kingdom.

(e) Southern Europe includes Italy, Portugal and Spain.

(5) The following table presents the Company's *pro forma* earnings by service line for the three months ended March 31, 2017.

	For the three months ended March 31, 2017					
	Intrum Justitia AB (publ)	**Lock Lower Holding AS[(a)]**	**Issuer Adjustments[(b)]**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**
			(SEK in millions)			
Earnings by service line						
CMS	273	309	—	—	—	582
Financial Services	418	382	—	—	—	800
Common costs[(c)]	(211)	(233)	7	—	—	(437)
Total Operating earnings (EBIT)	**480**	**458**	**7**	**0**	**0**	**945**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Services Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) revenue and earnings by segment include an adjustment of SEK 7 million to common costs to reflect transaction costs in connection with the Transactions that were reflected in the Issuer's income statement for the period, but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information.

(c) Common costs are costs that are not attributed to either of the CMS or Financial Services service lines, mainly consisting of shared expenses for sales, marketing and administration.

(6) *Pro Forma* Adjusted EBITDA is defined as the Company's *pro forma* profit and loss for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items after giving *pro forma* effect to the Transactions as if they had occurred on January 1, 2016.

The following table reconciles our *pro forma* profit/(loss) to *Pro Forma* Adjusted EBITDA for the three months ended March 31, 2017.

	For the three months ended March 31, 2017						
	Intrum Justitia AB (publ)	Lock Lower Holding AS	Issuer Adjustments[(a)]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company	
			(SEK in millions)				(€ equivalent in millions)[(b)]
Profit/(loss) for the period	**347**	**(66)**	**72**	**—**	**—**	**353**	**37**
Net financial items	46	473	(86)	—	—	433	46
Taxes	87	51	20	—	—	158	17
Depreciation and amortization of non-financial assets	41	137	—	—	—	178	19
Amortization and revaluation of purchased debt	507	355	—	—	—	862	91
Consultancy fees related to mergers and acquisitions	—	67	—	—	—	67	7
Integration costs and other costs related to mergers and acquisitions	10	—	—	—	—	10	1
Severance costs	—	2	—	—	—	2	0
Restructuring costs	—	6	—	—	—	6	1
Gain/(loss) on portfolio sale	—	—	—	—	—	—	—
Changes to provisions and reserves	—	—	—	—	—	—	—
Costs related to the Transactions	7	—	(7)	—	—	—	—
Transitional service costs	—	—	—	—	—	—	—
Costs related to Prior Lindorff Acquisition and certain other Lindorff corporate actions	—	—	—	—	—	—	—
VAT correction	—	(0)	—	—	—	(0)	(0)
Pension adjustment Norway	—	2	—	—	—	2	0
***Pro Forma* Adjusted EBITDA**	**1,045**	**1,026**	**0**	**0**	**0**	**2,071**	**218**

(a) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items for the three months ended March 31, 2017 consisted of the following:

- An adjustment of SEK 7 million to sales, marketing and administration expenses reflecting transaction costs for the Merger that were reflected in the Issuer's income statement for the period but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude costs related to the Transactions from *Pro Forma* Adjusted EBITDA.

- An adjustment of SEK 86 million to net financial items reflecting changes in interest cost and other financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude net financial items from *Pro Forma* Adjusted EBITDA.

- An adjustment of SEK (20) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude taxes from *Pro Forma* Adjusted EBITDA.

(b) For informational purposes only, certain pro forma financial information for the Company denominated in SEK for the three months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5065 to €1.00, which represents the average of the monthly exchange rates for the three months ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Unaudited Consolidated *Pro Forma* Income Statement of the Company for the Twelve Months Ended March 31, 2017

	For the twelve months ended March 31, 2017					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[1]	Issuer Adjustments[2]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(unaudited) (*SEK in millions*)			
Net revenue[3][4]	6,289	6,567	—	—	—	12,856
Cost of sales	(3,298)	(3,819)	—	—	—	(7,117)
Gross earnings	**2,991**	**2,747**	**0**	**0**	**0**	**5,738**
Sales, marketing and administration expenses	(953)	(1,048)	37	—	—	(1,964)
Participations in associated companies and joint ventures	(8)	0	—	—	—	(8)
Operating earnings (EBIT)[5]	**2,030**	**1,700**	**37**	**0**	**0**	**3,767**
Net financial items	(173)	(1,653)	201	—	—	(1,625)
Earnings before tax	**1,857**	**47**	**238**	**0**	**0**	**2,142**
Income tax expense	(352)	(287)	(52)	—	—	(691)
Profit/(loss) for the period[6]	**1,505**	**(240)**	**186**	**0**	**0**	**1,451**

(1) Represents the Lock Lower Holding AS results of operation for the twelve months ended March 31, 2017 translated into SEK at an exchange rate of SEK 9.5117 to €1.00.

(2) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items include the following:

- An adjustment of SEK 37 million to sales, marketing and administration expenses reflecting transaction costs for the Merger that were reflected in the Issuer's income statement for the period but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information.
- An adjustment of SEK 201 million to net financial items reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "*—Financing related costs*."
- An adjustment of SEK (52) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items.

(3) The following table presents the Company's *pro forma* net revenue by service line for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[a]	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
			(unaudited) (*SEK in millions*)			
Net revenue by service line						
CMS	4,471	4,749	—	—	—	9,220
Financial Services	3,045	2,889	—	—	—	5,934
Elimination[b]	(1,227)	(1,071)	—	—	—	(2,298)
Net revenue	**6,289**	**6,567**	**0**	**0**	**0**	**12,856**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Eliminations relate to payment on commercial terms for work carried out within the CMS service line for debt purchased by the Financial Services service line.

(4) The following table presents the Company's *pro forma* net revenue by geographic region for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[(a)]	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
	(*SEK in millions*)					
Net revenue from external clients bygeographic region						
Northern Europe[(b)]	2,812	3,644	—	—	—	6,456
Central and Eastern Europe[(c)]	1,918	695	—	—	—	2,613
Western Europe[(d)]	984	0	—	—	—	984
Southern Europe[(e)]	575	2,227	—	—	—	2,802
Net revenue	**6,289**	**6,567**	**0**	**0**	**0**	**12,856**

(a) The Lock Lower Holding and Issuer financial information presented in this table have been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by geographic region found in the Issuer's Financial Statements or Lindorff's Financial Statements, as applicable.

(b) Northern Europe includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden.

(c) Central and Eastern Europe includes Austria, the Czech Republic, Germany, Hungary, Switzerland and Slovakia.

(d) Western Europe includes Belgium, France, Ireland and the United Kingdom.

(e) Southern Europe includes Italy, Portugal and Spain.

(5) The following table presents the Company's *pro forma* earnings by service line for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[(a)]	Issuer Adjustments[(b)]	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company
	(*SEK in millions*)					
Earnings by service line						
CMS	1,166	1,053	—	—	—	2,219
Financial Services	1,689	1,510	—	—	—	3,199
Common costs[(c)]	(825)	(862)	37	—	—	(1,650)
Total Operating earnings (EBIT)	**2,030**	**1,700**	**37**	**0**	**0**	**3,767**

(a) The Lock Lower Holding financial information presented in this table has been recalculated as described in "*—Basis of Preparation—Operating Segments, Service Lines and Results by Geographic Region.*" Accordingly, this information is not directly comparable to the presentation of results by segment found in Lindorff's Financial Statements.

(b) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) net revenue and earnings by segment include an adjustment of SEK 37 million to common costs to reflect transaction costs in connection with the Transactions that were reflected in the Issuer's historical financial statements for the period but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information.

(c) Common costs are costs that are not attributed to either of the CMS or Financial Services service lines, mainly consisting of shared expenses for sales, marketing and administration.

(6) *Pro Forma* Adjusted EBITDA is defined as the Company's *pro forma* profit/(loss) for the period before taxes, net financial items, depreciation and amortization of non-financial assets and amortization and revaluation of purchased debt, further adjusted to eliminate the impact of certain non-recurring items after giving *pro forma* effect to the Transactions as if they had occurred on January 1, 2016.

The following table reconciles our *pro forma* profit/(loss) to *Pro Forma* Adjusted EBITDA for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments**[(a)]	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
			(SEK in millions)				*(€ equivalent in millions)*[(b)]
Profit/(loss) for the period	**1,505**	**(240)**	**186**	**—**	**—**	**1,451**	**153**
Net financial items	173	1,653	(201)	—	—	1,625	170
Taxes	352	287	52	—	—	691	73
Depreciation and amortization of non-financial assets	172	848	—	—	—	1,020	107
Amortization and revaluation of purchased debt	1,739	1,532	—	—	—	3,271	344
Consultancy fees related to mergers and acquisitions	10	229	—	—	—	239	25
Integration costs and other costs related to mergers and acquisitions	16	—	—	—	—	16	2
Severance costs	—	11	—	—	—	11	1
Restructuring costs	28	41	—	—	—	69	7
Gain/(loss) on portfolio sale	(84)	—	—	—	—	(84)	(9)
Changes to provisions and reserves	—	—	—	—	—	—	—
Costs related to the Transactions	37	—	(37)	—	—	0	0
Transitional service costs	—	2	—	—	—	2	0
Costs related to Prior Lindorff Acquisition and certain other Lindorff corporate actions	—	—	—	—	—	—	—
VAT correction	—	1	—	—	—	1	0
Pension adjustment Norway	—	(51)	—	—	—	(51)	(5)
***Pro Forma* Adjusted EBITDA**	**3,948**	**4,313**	**0**	**0**	**0**	**8,261**	**869**

(a) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) income statement line items for the year ended December 31, 2016 consisted of the following:

- An adjustment of SEK 37 million to sales, marketing and administration expenses reflecting transaction costs for the Merger that were reflected in the Issuer's income statement for the period but are assumed to have occurred on January 1, 2016 for purposes of calculating the Unaudited *Pro Forma* Financial Information. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude costs related to the Transactions from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK 201 million to net financial items reflecting changes in interest cost and other financial items including the expense related to capitalized financing-related costs described in "*—Financing-Related Costs.*" This adjustments was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude net financial items from *Pro Forma* Adjusted EBITDA.
- An adjustment of SEK (52) million to income tax expense reflecting the tax impact of the adjustments to sales, marketing and administration expenses and net financial items. This adjustment was reversed in the Issuer Adjustments column of the *Pro Forma* Adjusted EBITDA reconciliation table to exclude taxes from *Pro Forma* Adjusted EBITDA.

(b) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve months ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

Unaudited Consolidated *Pro Forma* Balance Sheet of the Company as of March 31, 2017

	As of March 31, 2017					
	Intrum Justitia AB (publ)	Lock Lower Holding AS[(1)]	Issuer Adjustments[(2)]	Lindorff Adjustments	Other Transaction Adjustments[(3)]	*Pro Forma* Company
			(unaudited) (*SEK in millions*)			
Non-current assets						
Goodwill	3,237	15,105	—	—	13,834	32,176
Purchased debt	10,623	11,164	—	—	—	21,787
Other non-current assets	494	4,380	—	—	293	5,167
Total non-current assets	**14,354**	**30,650**	**0**	**0**	**14,127**	**59,131**
Current assets	**2,193**	**2,750**	**0**	**0**	**0**	**4,943**
Total assets	**16,547**	**33,400**	**0**	**0**	**14,127**	**64,074**
Shareholders' equity	**4,477**	**7,270**	**(463)**	**—**	**12,530**	**23,814**
Long-term liabilities	**8,295**	**22,726**	**—**	**—**	**3,651**	**34,672**
Current liabilities	**3,775**	**3,404**	**463**	**—**	**(2,054)**	**5,587**
Total shareholders' equity and liabilities	**16,547**	**33,400**	**0**	**0**	**14,127**	**64,074**

(1) Represents the Lock Lower Holding AS balance sheet data as of March 31, 2017 translated into SEK at an exchange rate of SEK 9.5464 to €1.00.

(2) Adjustments to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 to the Intrum Justitia AB (publ) balance sheet data include an adjustment of SEK 463 million to current liabilities to reflect payments of SEK 292 million associated with arranging bridge financing and SEK 171 million reflecting transaction costs for the Merger.

(3) Other Transaction Adjustments to the Company's Unaudited Consolidated *Pro Forma* balance sheet data to give *pro forma* effect to the Transactions as if they had occurred on January 1, 2016 the include the following:

- An adjustment of SEK 1,333 million to long-term liabilities to reflect break fees expected to be paid in and capitalized borrowing costs expected to be written-off in connection with repayment of the Lindorff Existing Debt.
- An adjustment of SEK 293 million to other non-current assets to reflect the deferred tax impact of the break-cost incurred in connection with repayment of the Lindorff Existing Debt.
- An adjustment of SEK 264 million to current liabilities to reflect dividends expected to be paid by Lindorff to its current shareholders prior to the Merger.
- An adjustment of SEK 12,530 million to shareholders' equity, and of SEK 13,834 million to Goodwill, reflecting the purchase price elimination of the Merger.

(4) The following table presents the Company's *pro forma* debt purchasing pursuant to a forward flow agreement for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017						
	Intrum Justitia AB (publ)	Lock Lower Holding AS	Issuer Adjustments	Lindorff Adjustments	Other Transaction Adjustments	*Pro Forma* Company	
			(*SEK in millions*)				(*€ equivalent in millions*)[(a)]
Forward flow debt purchases[(b)]	544	511	—	—	—	1,055	111
Other debt purchases[(c)]	4,195	1,776	—	—	—	5,971	628
Total debt purchases	**4,739**	**2,287**	**0**	**0**	**0**	**7,026**	**739**

(a) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve months ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(b) Represents total debt purchased pursuant to a forward flow agreement for the twelve months ended March 31, 2017

(c) Represents total debt purchased by the Issuer by all means other than a forward flow agreement for the twelve months ended March 31, 2017.

(5) The following table presents the Company's *pro forma* gross collections and return on purchased debt for the twelve months ended March 31, 2017.

	For the twelve months ended March 31, 2017						
	Intrum Justitia AB (publ)	**Lock Lower Holding AS**	**Issuer Adjustments**	**Lindorff Adjustments**	**Other Transaction Adjustments**	***Pro Forma* Company**	
	(SEK in millions, unless otherwise indicated)						*(€ equivalent in millions)*[(a)]
Gross collections on purchased debt [(b)]	4,693	4,309	—	—	—	9,007	947
Return on purchased debt (%)[(c)]	18	14	—	—	—	16	

(a) For informational purposes only, certain *pro forma* financial information for the Company denominated in SEK for the twelve months ended March 31, 2017 has been converted to euro at an exchange rate of SEK 9.5117 to €1.00, which represents the average of the monthly exchange rates for the twelve months ended March 31, 2017, published by Sveriges Riksbank, and it may differ from the exchange rate as of the date hereof and the Issue Date. For further discussion, see "*Exchange Rates*."

(b) Gross collections on purchased debt means the total principal, interest, collection fees and legal fees received on portfolios owned by the Issuer, Lindorff or the Company on a *pro forma* basis, as applicable.

(c) Return on purchased debt means earnings on the purchased debt component of the business for the last quarter and annualized by multiplying such amount by four, as a percentage of the average carrying amount of the purchased debt item on the balance sheet. The average carrying amount is calculated by adding together the opening and closing balance for the last quarter and dividing by two.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF INTRUM JUSTITIA

The following is a discussion and analysis of the results of operations and financial condition of the Issuer. The discussion and analysis of the Issuer is based on its unaudited interim consolidated financial statements as of and for the three months ended March 31, 2017 and 2016 and its audited consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014, in each case, prepared in accordance with IFRS. Except as expressly provided, this discussion and analysis of the results of operations and financial condition of the Issuer does not give effect to the potential impact of divesting the Carveout Business on the Issuer. See "Summary—Divestment of the Carveout Business."

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

Overview

Upon completion of the Merger, we will be the leading credit management provider in Europe by revenue, EBITDA and carrying value of purchased debt, with operations in 23 European countries and a leading position in a majority of those countries. Intrum Justitia and Lindorff each provide a balanced and integrated mix of services across the entire credit management value chain, including financial services, and each company has a longstanding commitment to fair collection. Following the Merger, we will benefit from greater scale of our operations and complementary sector expertise in debt originated by the trade sector and the financial institutions sector, respectively. Using the existing expertise of Intrum Justitia and Lindorff, we will provide:

- ***Credit Management Services ("CMS")***. We employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 6,922 million (€728 million equivalent) from CMS, excluding revenue generated from portfolios of loans and other overdue receivables that we own. As part of our CMS services, Lindorff has leading capabilities in alternative solutions, such as carve-outs, which involves taking over the in-house collection platform of financial institutions clients and conducting debt collection on behalf of the financial institutions under a long-term contract. Lindorff also provides real estate servicing ("**RES**"), which involves servicing of loans related to properties and other services related to the security/property owned by its clients in Spain.

  In addition to, and generally in combination with, collection services, we provide clients with a wide range of value-added services, prior to loans and receivables becoming overdue, including customer and credit information and analysis on individuals and companies across Europe to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services.

- ***Financial Services.*** We offer a range of financial services. In particular, we purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of the nominal value, which we then service using our in-house debt collection function, with a few exceptions. Following the purchase of the defaulted receivables, our long-term debt collection measures commence, aimed at helping consumers become debt-free as we help them reduce their debt in a respectful manner, for example through installment plans that take account of each consumer's payment capacity. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 5,934 million (€624 million equivalent) from Financial Services and, on a combined basis as of March 31, 2017, the ERC of our portfolios of loans and overdue receivables would have been SEK 46,704 million (€4,892 million equivalent), with a total collectible value on purchased debt of SEK 405,190 million (€42,444 million equivalent). As part of our Financial Services offering, we also provide factoring, payment guarantees and e-commerce services.

We believe that the combination of debt collection and purchasing has been and will be key to Intrum Justitia's and Lindorff's, and our continued, success. The range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to enable more accurate pricing of portfolios. Operating across Europe and with a balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to the opportunities that we find most attractive. For the twelve months ended March 31, 2017, our *pro forma* net revenue and *Pro Forma* Further Adjusted EBITDA was SEK 12,856 million and SEK 9,254 million, respectively (€1,352 million and €973 million equivalent, respectively). See "*Summary Consolidated Pro Forma Financial and Other Data of the Company—Pro Forma and Other Information of the Company*" and "*Unaudited Pro Forma Financial Information of the Company.*"

To address competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. See "*—Divestment of the Carveout Business.*"

Key Factors Affecting Intrum Justitia's Results of Operations

Intrum Justitia's business and results of operations, as well as the key operating metrics discussed below, have been, and are expected to continue to be, affected by certain key factors including, in particular, the volume of clients outsourcing their credit optimization and collection requirements and the level of debt available for purchase, purchases of debt portfolios at the right price, competition and pricing, gross collection levels, collection costs and operational efficiency, cost saving measures, seasonality, acquisitions and geographic expansion, economic conditions, foreign currency effects and tax effects. Each of these factors is discussed in more detail below.

Volume of Clients Outsourcing their Credit Optimization and Collection Requirements and the Level of Debt Available for Purchase

Providing an integrated service offering throughout the credit management chain is key to attracting and retaining clients. Intrum Justitia believes that onboarding clients at the outset of their transaction processes, through the provision of credit optimization and collection services, has been crucial to its success. Intrum Justitia's results of operations are linked to the volume of companies seeking to outsource their credit-related offerings, as well as the overall level of loans and other overdue receivables available for purchase and for third-party collection in the markets and industry sectors in which it operates. During the periods under review, the volume of credit optimization and collection services that Intrum Justitia provides and the volume of loans and other overdue receivables sold has increased. Intrum Justitia believes that this development will continue due to three main factors: (a) an increasing expectation for businesses to offer alternatives to direct, one-off payments and, therefore, an increasing number of businesses looking to offer alternative payment methods to remain competitive in their respective markets; (b) an increased propensity to sell NPLs and other overdue receivables due to regulatory pressure for organizations to delever, combined with a preference for improved and predictable cash flows; and (c) an increase in the number of organizations outsourcing credit optimization and collection services and selling debt as they refocus their businesses by exiting non-core operations, such as in-house debt collection, where there exists an increasing sophistication gap compared with the competencies of credit management providers. During the periods under review, Intrum Justitia benefited from these trends and was able to expand its operations and increase its results of operations.

Purchases of Debt Portfolios at the Right Price

Intrum Justitia's ability to purchase portfolios of loans and other overdue receivables at the right price has been a key driver of its results of operations in the periods under review and will continue to be a key driver going forward. Purchased debt consists mainly of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on purchased debt and which are recognized at amortized cost. Intrum Justitia expects to achieve collections in excess of the portfolio purchase price and as of, March 31, 2017 its ERC was 2.0 times its carrying value of purchased debt.

When purchasing portfolios, Intrum Justitia engages in an extensive valuation of the portfolio in order to determine what price it should offer the client, see "*Business—Intrum Justitia: Operations and Service Offerings—Financial Services—Purchase of overdue receivables.*" Intrum Justitia's performance is dependent on its ability to purchase portfolios of loans and other overdue receivables that meet its investment criteria, including prices that generate an appropriate return on purchased debt. After purchasing a portfolio, its performance is further dependent on its ability to generate gross collection levels at, or in excess of, its expectations for that portfolio. For the years ended December 31, 2016, 2015 and 2014, Intrum Justitia's average annual collection of forecast was 114%, 110% and 110%, respectively. Intrum Justitia has recently expanded the scope of its investments within new asset classes. For example, in October 2016, Intrum Justitia acquired a large portfolio from Erste Bank of Hungary, consisting of consumer NPLs secured by real estate. As of March 31, 2017, 5% of its purchased debt book value consisted of secured loans. Secured loans entail some additional complexity with respect to pricing and forecasting. For example, secured loans have different risk and collection profiles than the unsecured loans and receivables that have historically been its main focus.

The global financial crisis reduced the propensity of debt originators to sell overdue receivables as prices decreased and also led to difficulties for debt purchasers to obtain funding for purchases of portfolios in 2008 and 2009. During this period, collection levels on certain portfolios decreased in some countries, thus reducing overall portfolio performance. This impacted not only the pricing of new portfolios, but also existing portfolios that debt purchasers owned at the time and which were typically secured under existing funding arrangements. Intrum Justitia was partly shielded from these challenging market conditions due to its balanced offering, particularly its debt collection services. Due to its full service business model, it was able to adapt its business mix and meet this client demand. Pure debt purchasers, who lacked in-house debt collection operations, were unable to react in this manner. Similarly, when the markets started to recover again in 2010, and pricing levels became increasingly attractive for sellers, Intrum Justitia was able to respond rapidly by increasing portfolio purchases. Intrum Justitia believes that its balanced business model allows it to adapt to a changing market environment and the dynamics of supply.

From January 1, 2014 to December 31, 2016, Intrum Justitia invested SEK 7,465 million to purchase portfolios of loans and other overdue receivables, including deliveries under forward flow agreements, which had an aggregate total collectible value of SEK 85,396 million. As of December 31, 2016 and March 31, 2017, 79% and 82%, respectively, of the total collectible value on purchased debt of Intrum Justitia's portfolio across its geographic markets consisted of NPLs originated from financial institutions, 13% and 12%, respectively, from telecommunications clients, 2% and 2%, respectively, from utility-provider clients and 6% and 5%, respectively, from other industries. As of December 31, 2016, 2015 and 2014, Intrum Justitia had ERC of SEK 17,914 million, SEK 14,537 million and SEK 12,824 million, respectively, and as of March 31, 2017 and 2016 it had ERC of SEK 21,681 million and SEK 15,080 million, respectively. The carrying value of purchased debt in Intrum Justitia's consolidated statement of financial position was SEK 8,733 million, SEK 7,027 million and SEK 6,197 million, respectively, as of December 31, 2016, 2015 and 2014, and SEK 10,623 million and SEK 7,403 million, respectively, as of March 31, 2017 and 2016.

The table below presents information on the portfolios of loans and other overdue receivables that Intrum Justitia purchased during the periods under review. In any period, it purchases portfolios that can vary in age, type and ultimate collectability, which results in period-to-period variation in the price paid as a percentage of total collectible value on purchased debt.

	For the year ended December 31,		
	2014	2015	2016
Purchases of portfolios of loans and other overdue receivables: price paid (SEK in millions)	1,937	2,428	3,100
Total price paid as % of total collectible value on purchased debt (%)	9.5	14.8	6.4

There are two principal models for purchasing portfolios of loans and other overdue receivables: one-off agreements and forward flow agreements. The majority of portfolios for sale are currently offered to the market through competitive tender processes. In a one-off agreement, Intrum Justitia agrees to buy a portfolio of claims that it receives in one transaction upon payment. In a forward flow agreement, it agrees to buy claims at a pre-defined price or price range for a given volume and quality from a client on an ongoing basis. Forward flow agreements are beneficial to business because they offer a predictable and certain flow of claims. For the years ended December 31, 2016, 2015 and 2014, Intrum Justitia had invested SEK 497 million, SEK 687 million and SEK 620 million, respectively, in forward flow agreements and, and for the three months ended March 31, 2017 and 2016, it had invested SEK 183 million and SEK 136 million, respectively, in forward flow agreements. Forward flow agreements are typically not long-term contracts. Although Intrum Justitia's current forward flow agreements, in terms of their nature, provide no medium- to long-term assurance on purchasing levels, most of these contracts are with existing partners with whom it has established relationships and it expects that many of these contracts will be renewed based on its experience with such contracts in the past.

Intrum Justitia's ability to purchase portfolios is dependent on its internally generated funding resources and its access to financing at the time portfolios become available for purchase. Intrum Justitia currently funds its purchases of portfolios, working capital needs and other expenditures with cash generated from its operating activities and borrowings under the Intrum Justitia Existing Revolving Credit Facility or from additional bank and capital markets debt. Intrum Justitia believes that it will be able to continue to obtain financing (bank debt as well as capital markets debt) subject to market conditions. See "—*Liquidity and Capital Resources*" for additional information on the funding of Intrum Justitia's portfolio purchases and see "—*Overview—Economic Conditions*" for additional information on the effects of economic conditions on Intrum Justitia's business and results of operations.

Competition and Pricing

Competition and pricing levels in the markets in which Intrum Justitia operates affects its ability to successfully and profitably offer credit optimization, payment, collection and financial services. The European credit management market is fragmented, consisting of several thousand companies with varied profiles. The pricing element of debt purchase and debt collection services has become, and continues to be, increasingly competitive across all markets and resulted in increased pricing levels for such purchases and decreased pricing levels for such services during the periods under review. In recent years, Intrum Justitia believes that there has been a trend towards increased concentration of the credit management industry with credit management companies, such as itself, Lindorff, Hoist Finance and Portfolio Recovery Associates (due to their acquisition of Aktiv Kapital), expanding in scale as core clients, in particular financial institutions, are increasingly placing value on high-quality data assets acquired over an extended period of time, a robust compliance framework, a multinational presence and long-term relationships with credit management companies. In addition, reputation and ethical behavior are important competitive advantages in order to maintain relationships with current and potential clients, especially financial institutions.

The global financial crisis led to unattractive pricing levels for purchases of portfolios in 2008 and 2009, mainly as a result of reduced ability of customers to repay their debt, reduced propensity of debt originators to sell overdue receivables and difficulties for debt purchasers to obtain funding, but markets started to recover again in 2010 and pricing levels have been advantageous during the periods under review. Unlike companies that do not offer debt collection services, Intrum Justitia's balanced operations provide an efficient tool in this competitive landscape. Since Intrum Justitia generates steady revenue and cash flow from its credit optimization, payment and collection services, it can selectively choose which portfolios to bid for and does not have to purchase portfolios it believes are priced too high simply to ensure sufficient cash flow into its operations. In this competitive landscape, Intrum Justitia's EBITDA margin has improved from 33% in the year ended December 31, 2014 to 35% in the year ended December 31, 2016. See "*Risk Factors—Risks Related to Our Industry and Business—We are active in competitive markets and may be unable to continue to successfully compete with businesses that may offer more attractive prices or benefit from less expensive funding or pursue lower return requirements than us*."

Gross Collection Levels

Intrum Justitia primarily generates revenue from: (a) fees received for credit information and payment services; (b) fees and commissions received from claims on which it performs debt collection services, pursuant to contracts that typically contain "no cure no pay" payment terms, which means that Intrum Justitia is paid only if it is able to successfully collect on a claim; and (c) payments received from customers linked to claims in its purchased debt portfolios. The ability and willingness of a customer to pay depends on several factors, such as his/her employment status, the availability of funds and asset ownership. Intrum Justitia believes that its business benefits from the quality of the data that it can build about a customer's circumstances and the analysis it can perform on such data in order to confirm the customer's employment status and/or asset ownership, for example, and assess his/her ability or willingness to pay, and ultimately determine the best collections strategy for individual customers.

Intrum Justitia has a large and diverse collection of portfolios that have delivered consistent and stable revenue over time.

Gross Collection Levels on CMS

The volume of loans and other overdue receivables outsourced to Intrum Justitia, and consequently its revenue from debt collection services, is linked to its historic ability to collect on overdue debt and on its relationships with its debt collection clients, including its ability to demonstrate strong gross collection levels. Different types of asset classes and different jurisdictions have different collection profiles and contract types. Intrum Justitia offers flexible pricing arrangements to its debt collection clients that are tailored for the specific circumstances of the client and the relevant claims to be outsourced. Intrum Justitia believes that the benefits of its effective claims collection strategy are evident through its many long-standing client relationships where it is seen as a trusted, important and strategic business partner, as evidenced by its entry into master servicing agreements pursuant to which Intrum Justitia provides collection services on the client's loans and other overdue receivables that it has not purchased. For more information about Intrum Justitia's debt collection services, see "*—Key Operating Metrics for CMS*."

Gross Collection Levels on Purchased Debt

As of March 31, 2017, Intrum Justitia managed debt with a total collectible value of SEK 377 billion, of which SEK 223 billion represented purchased portfolios that it owns. Intrum Justitia purchases these portfolios at significant discounts to total collectible value on purchased debt and typically collects multiples of the purchase price. After Intrum Justitia purchases a portfolio, it typically manages it in-house. Revenue generated from claims in its purchased portfolios is impacted by the gross collection levels that it is able to achieve. As Intrum Justitia keeps the entire amount it collects on purchased portfolios, it can strategically allocate additional resources and costs to optimize collection and increase collection levels on a specific portfolio, until it reaches the stage when the resources and costs required exceed the expected revenue. Intrum Justitia believes that its ability to convert non-paying claims into paying claims on its purchased portfolios illustrates the degree of accuracy of its analysis conducted through its data assets and analytical capabilities and the effectiveness of its scalable, multi-channel collections approach and it further believes that it operates its forecasts with an appropriate balance between prudent pricing and strong collection performance. From January 1, 2014 to March 31, 2017, Intrum Justitia collected 110% of its cash flow forecasts, adjusted for the portfolio sales in Western Europe, Northern Europe and Italy in the third quarter of 2016, fourth quarter of 2016 and first quarter of 2017, respectively. For a description of how Intrum Justitia manages and tracks the performance of its portfolios, see "—*Revaluation of Purchased Debt*."

Collection Costs and Operational Efficiency

Optimizing customer contact at each stage of the collection life cycle is key to Intrum Justitia's debt collection strategy. Much of Intrum Justitia's debt collection process is standardized and automated, with the goal of maximizing the total amount collected over the life of the debt through sustainable payment plans or affordable settlements achieved through an amicable and solution-oriented collection approach rather than exploiting short-term collection potential. Intrum Justitia benefits when purchasing a portfolio since any effects resulting from allocating additional resources and cost to collect is attributed to such portfolio, whereas in debt collection the additional resources and costs merely produce a marginal increase in commissions and in many cases require its client to accept a higher commission in order for Intrum Justitia to benefit from the additional revenue generated. Debt purchasing does not require Intrum Justitia's client to take this risk, but the client can realize some of the benefit by receiving an attractive price level.

The table below sets forth Intrum Justitia's collection costs and its collection cost ratio for the periods under review.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(SEK in millions, unless stated otherwise)				
Financial Services					
Gross collections	3,469	3,802	4,420	993	1,266
Cost to collect[(1)]	(1,014)	(1,078)	(1,267)	(276)	(365)
Gross collections less cost to collect	**2,455**	**2,724**	**3,153**	**717**	**901**
Collection cost ratio (%)[(2)]	29	28	29	28	29
CMS					
Total operating revenue[(3)]	3,844	4,194	4,335	1,024	1,160
Cost to collect[(1)]	(2,932)	(3,145)	(3,201)	(783)	(887)
Total operating revenue less cost to collect	**912**	**1,049**	**1,134**	**241**	**273**
Collection cost ratio (%)[(4)]	76	75	74	76	76

(1) Direct production costs and other operating costs to collect on the Financial Services service line and the CMS service line, respectively.

(2) Cost to collect relative to gross collections for the Financial Services service line.

(3) Includes intergroup commissions.

(4) Cost to collect relative to total operating revenue for the CMS service line.

Intrum Justitia's collection cost ratio has been stable over the last three years despite increasing gross collections, which is indicative of its operational efficiency and the return on capital it can achieve on purchased debt. Collection cost ratio is impacted by the varying characteristics of the portfolios Intrum Justitia purchases in different years and the differences in the timing of portfolio purchases during the year. Specifically, Intrum Justitia believes that recent trends in its collection cost ratio in the Financial Services service line have been driven by large uptake in investments in debt portfolios lowering the average blended age of the portfolios. Costs are typically highest when portfolios are new with the higher initial collection costs exerting upwards pressure on cost to collect without immediate accompanying increases in gross collections. In addition, a large portion of recent portfolio purchases have come from financial institutions which have higher average collectible values, meaning that the total amount of cash collected per case increases even if the margin is slightly lower.

Operational efficiency is key to Intrum Justitia's business model and a main advantage of its business compared to competitors and financial institutions and other customer companies who handle their debt collection in-house. Intrum Justitia begins the debt collection process by scoring customers, based on historical data, and anticipates their payment habits, their behaviors and the likelihood that they will pay. Intrum Justitia thereafter determines which collection method to use for the specific claim, such as calls, letters, text messages, emails and to some extent personal visits by agents, depending on various factors, including the geographical market, the claim size, the client Intrum Justitia is acting on behalf of, the applicable laws and regulations and the individual customer. Intrum Justitia believes that it is able to optimize collection costs due to its large scale and automation of the debt collection process and it is able to increase recovery rates through its data assets and analytical capabilities to optimally tailor debt collection strategies based on past experiences. As a result, Intrum Justitia believes that it can optimize collection efficiency over the lifetime of the claim.

Seasonality

The timing of Intrum Justitia's purchases of portfolios of loans and other overdue receivables is likely to be uneven during a financial year and from year to year due to fluctuating supply and demand within the market, with a corresponding impact on leverage and earnings. Intrum Justitia has generally purchased more portfolios, measured by purchase price, in the fourth quarter (when debt originators in general, and financial institutions in particular, often seek to sell assets) compared to each of the first three quarters. For example, it purchased 38% of its portfolios in the fourth quarter of 2016, and 47% of its portfolios in the fourth quarter of 2015. However, there may be exceptions in certain years, such as in 2014, when Intrum Justitia purchased only 25% of its portfolios in the fourth quarter. Intrum Justitia's interim results for any given quarter may also be impacted by the timing of the closing of a specific portfolio purchase and/or seasonal factors, such as whether Easter occurs in the first or second quarter of the year. The seasonality described above impacts Intrum Justitia's consolidated income statement as returns generated through debt collections on its purchased portfolios, and amortization of such portfolios, are recognized in Intrum Justitia's consolidated income statement as described in more detail in "*—Recognition of Purchased Portfolios, Revenue Recognition, Estimation of Cash Flow Forecasts and Revaluation of Purchased Portfolios*."

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

Acquisitions and Geographic Expansion

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

Intrum Justitia acquired businesses for a total purchase price of over SEK 2.2 billion from January 1, 2014 to March 31, 2017. Its recent acquisitions include:

- In January 2014, Intrum Justitia acquired Profidebt s.r.o., a Czech company with operations that primarily entail purchasing debt.
- In September 2014, Intrum Justitia acquired Advis A/S, a Danish credit management company with a strong presence in the telecommunications, media and energy segments.

- In February 2015, Intrum Justitia acquired Credita AG, a Swiss credit management company with a presence in the public sector and health insurance.

- In February 2015, Intrum Justitia established Avarda AB, a joint venture with TF Bank. Avarda AB offers payment solutions for e-merchants in the Nordic region. Avarda AB's solution entails e-traders being paid directly when a sale is made, while consumers are offered monthly invoices or accounts with installment payments. Intrum Justitia holds 49% of the shares in Avarda, with an option to acquire all shares from TF Bank in 2020.

- In June 2015, Intrum Justitia acquired the remaining 30% shareholding in IJCOF SAS, a French company whose operations involve debt collection from private persons. The acquisition increased Intrum Justitia's shareholding from 70% to 100%.

- In September 2015, Intrum Justitia acquired Logicomer Gestáo e Recuperação de Créditos SA, a Portuguese company primarily engaged in credit management services, but also holding a purchased debt portfolio.

- In October 2015, Intrum Justitia acquired a 90% shareholding in Cabinet PPN SAS, a French company providing services in credit management.

- In February 2016, Intrum Justitia acquired Debitoren Services AG, a Swiss company operating a factoring business.

- In April 2016, Intrum Justitia acquired C&J Credit Services BVBA, a Belgian credit management company.

- In October 2016, Intrum Justitia acquired Dansk Kreditorservice A/S (DKS), a Danish company specializing in credit management for SMEs.

- In October 2016, Intrum Justitia acquired Segestión Gabinete Técnico Empresarial SL, a Spanish company specializing in credit management for SMEs.

- As described in more detail below, in February 2017, Intrum Justitia completed the acquisition of 1st Credit, a UK company with operations in debt purchasing and 137 employees.

1st Credit Acquisition

In addition to strengthening our overall position among credit management companies in Europe, the 1st Credit Acquisition represented Intrum Justitia's re-establishment of operations in the UK market. Our strategy includes becoming one of the leading credit management players in the UK market, and we believe this acquisition will create a number of benefits for us. The acquisition further balances our geographic mix and service line mix. We believe that 1st Credit's successful adaptation to increased market regulations in the UK have allowed it to become one of the few companies in the UK to be regularly invited to bid when banks and financial institutions sell portfolios of overdue receivables.

As 1st Credit was consolidated in Intrum Justitia's audited consolidated financial statements from February 14, 2017, the comparability of Intrum Justitia's results for the three months ended March 31, 2017 with the three months ended March 31, 2016 is limited.

Economic Conditions

The economic and market conditions in the countries in which Intrum Justitia operates can have various effects on its operations. For example, adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for Intrum Justitia to purchase and positively impact its prospects of purchasing portfolios with attractive returns. Similarly, negative economic developments may increase the amount of loans and other overdue receivables possessed by Intrum Justitia's debt collection clients, thereby potentially increasing the number of claims outsourced to Intrum Justitia for collection. If adverse economic conditions materially reduce the ability of customers to enter into transactions and/or repay their debts, Intrum Justitia's revenue from credit optimization services, debt collection services and debt purchasing could decrease. Adverse economic conditions could also reduce debt originators' propensity to sell overdue receivables at the prices prevailing in the market, thereby decreasing the volume of portfolios of loans and other overdue receivables available for Intrum Justitia to purchase and, thereafter, sales by debt originators could increase as they seek to sell portfolios in order to free up capital, thereby increasing the volume of loans and other overdue receivables available for Intrum Justitia to purchase. This trend has been evident in the last eight years; the global financial crisis in 2008 and 2009 led to dramatic slowdowns in purchases of portfolios across many of Intrum Justitia's markets followed by a significant increase during the periods under review as debt originators sought to free up capital. Unfavorable economic conditions may also impact Intrum Justitia's ability to obtain funding and thereby its ability to purchase portfolios.

Improved economic conditions are likely to lower default rates on loans, which could negatively impact the growth of the stock of portfolios available for Intrum Justitia to purchase, as well as decrease the amount of loans and other overdue receivables possessed by Intrum Justitia's debt collection clients, which would negatively impact Intrum Justitia debt collection services. Conversely, improved economic conditions and decreased levels of unemployment: (a) imply that consumers will have higher income, which implies an increased ability to pay debt due and, therefore, results in a lower cost to collect incurred by Intrum Justitia; and (b) are likely to drive higher consumption and encourage clients to offer deferred payment to customers, which is likely to improve demand for Intrum Justitia's credit optimization services.

Following the outcome of the United Kingdom public referendum on June 23, 2016 to leave the EU, the government of the United Kingdom served notice under Article 50 of the Treaty of the European Union, pursuant to which the United Kingdom has a two-year period to agree the terms for its withdrawal prior to leaving the EU. This has led to concerns with respect to the overall stability of the EU and the United Kingdom and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. If the United Kingdom and the EU are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated. The exit of the United Kingdom or any other member state from the EU, and/or the departure from the euro by one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, could lead to a reduction in market confidence and a weakening of European financial institutions. In light of the exposure that Intrum Justitia has to the EU and the euro through its euro-denominated borrowings, derivative instruments and cash flows, and to the United Kingdom and the British Pound following the 1st Credit Acquisition, any events adversely affecting the stability of the Eurozone or the United Kingdom or the euro or the British Pound could have a material adverse impact on its business, financial condition and results of operations. See "*Risk Factors—Risks Related to Our Industry and Business—The United Kingdom's exit from the EU may adversely impact our business, results of operations and financial condition*."

Foreign Currency Effects

Intrum Justitia currently has local operations in Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the United Kingdom. Many of Intrum Justitia's subsidiaries transact business and report their financial results in currencies other than Swedish kronor, Intrum Justitia's consolidated reporting currency. Accordingly, Intrum Justitia's results of operations are subject to currency effects, primarily currency translation exposure. For the years ended December 31, 2016, 2015 and 2014, 85%, 85% and 84%, respectively, of Intrum Justitia's revenue was reported by entities whose functional currencies were different than the Swedish kronor, primarily the euro and the Swiss franc, which accounted for 50% and 12%, respectively, of its revenue in 2016, 50% and 13%, respectively, of its revenue in 2015, and 52% and 12%, respectively, of its revenue in 2014. For the three months ended March 31, 2017 and 2016, 87% and 85%, respectively, of Intrum Justitia's revenue was reported by entities whose functional currencies were different than the Swedish kronor, primarily the euro and the Swiss franc, which accounted for 49% and 12%, respectively, of its revenue in the three months ended March 31, 2017 and 51% and 13%, respectively, of its revenue in the three months ended March 31, 2016.

Tax Effects

The statutory corporate tax rate in Sweden for 2016, 2015 and 2014 was 22%. Intrum Justitia's effective tax rate in 2016 and 2015 was 18.9% and 19.6%, respectively, primarily due to variations in the mix of taxable income among the Intrum Justitia subsidiaries in jurisdictions with different tax rates. The expected effective tax rate for the Company following the Merger has not yet been assessed. It should, however, be noted that transaction costs for acquiring new subsidiaries are in general not tax-deductible in Sweden. For additional information regarding income tax expense, see Note 8 to the audited consolidated financial statements of the Issuer for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Recent Developments

In April 2017, Intrum Justitia acquired Top Factoring SRL, one of the leading companies for purchased debt in Romania. The purchase price was €25.7 million, attributable mainly to a diversified portfolio of overdue receivables.

In April 2017, Intrum Justitia acquired the remaining 42% shareholding in IJCOF Corporate SAS, a French company whose operations involve collection from corporations.

Recognition of Purchased Portfolios, Revenue Recognition, Estimation of Cash Flow Forecasts and Revaluation of Purchased Portfolios

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

Recognition of Purchased Portfolios

Purchased debt consists of portfolios of delinquent consumer debt purchased at prices significantly below the nominal receivable. They are recognized according to the rules for loans and receivables in IAS 39 (or, for any annual periods beginning on or after January 2018, according to IFRS 9), i.e., at amortized cost according to the effective interest model.

Income from purchased debt is recognized in the income statement as the collected amount less amortization. The collection is often performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the CMS service line. The cost of collection is debited internally at market price and expensed in the income statement for the Financial Services service line as a cost of services sold.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial EIR determined on the date the portfolio was acquired, based on the relation between purchase price cost and the projected future cash flows on the acquisition date. Changes in the carrying value of purchased debt are recognized as amortization for the period and included in the income statement on the revenue line. Compensation received from debt originators due to rejected cases and price adjustments made to purchased portfolios are recorded as an adjustment to the acquisition cost.

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

Intrum Justitia applies internal application rules, which means that the initial EIR can be adjusted in certain cases without a change in the carrying value of the portfolio for minor projection adjustments within a predetermined interval. Changes over time in the book value can be divided into a time and interest rate component (amortizations) and a component related to changes in estimates of future cash flows (revaluations).

The effects of changes in cash flow forecasts are referred to as revaluations and treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost. Although selling portfolios of purchased debt is not included in Intrum Justitia's business model, when such sales do occur as an exception, the resulting sales price received for the portfolio is reported in the same way as if it had been collected from the debtors. The entire remaining carrying values of the portfolios are then recognized as amortization.

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

Recognition of Revenue from Purchased Portfolios

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

The table below sets forth an illustrative example of portfolio revenue recognition and changes in carrying value of purchased debt according to Intrum Justitia's methodology under IFRS.

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

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

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

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

(3) Movement in the carrying amount.

The following table sets forth a reconciliation of cash collections from purchased loan portfolios to net revenue.

	Intrum Justitia				
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
Collections on purchased debt	3,469	3,802	4,420	993	1,266
Amortization of purchased debt	(1,430)	(1,526)	(1,655)	(379)	(507)
Revaluation of purchased debt	35	31	49	5	0
Revenue from purchased debt	**2,074**	**2,307**	**2,814**	**619**	**759**
Other revenues from Financial Services other than revenues from purchased debt(1)	99	116	88	21	24
CMS service line revenue(2)	3,844	4,194	4,335	1,024	1,160
Elimination of inter-service line revenue(3)	(833)	(989)	(1,149)	(256)	(334)
Net Revenue	**5,184**	**5,628**	**6,088**	**1,408**	**1,609**

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

(2) Includes collection fees, commissions, debtor fees and subscription income, derived from collection services and other CMS activities provided to third party clients, as well as inter-service line commission charged to the Financial Services service line. For further discussion, see Note 3 to the Issuer's Audited Financial Statements included elsewhere in this Offering Memorandum.

(3) Includes elimination of commission and other consideration charged internally by CMS to the Financial Services service line.

Estimation of Cash Flow Forecasts from Purchased Debt

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

Revaluation of Purchased Debt

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

In practice, a number of purchased debt portfolios are identified each quarter for potential revaluation. The portfolios that are selected for this are only those portfolios that Intrum Justitia has owned for at least 12 months, where net collections in the past 12 months (or since the latest revaluation within the past 12 months) have deviated more than 10% positively or negatively against the active forecast, where net collections in the past 12 months exceeded €10,000, and where the current carrying value exceeds €10,000. Portfolios that do not fulfill all four of these criteria are not considered for revaluation, unless a special request is made by country or regional management. Portfolios which fulfill all four criteria are however considered as candidates for a potential revaluation. They are analyzed among Intrum Justitia staff at group and local level in the collecting entities to determine if the deviation in the past indicates a need to revise the forecast for the future. New forecasts may be generated using statistical methods, and agreed upon. All changes in active collection forecasts are then signed off and agreed by Intrum Justitia's revaluation committee. A change in the collection forecast may be coupled with an adjustment of the applied EIR for portfolios within a certain range, whereby the carrying value remains unchanged for portfolios still performing within predefined limits.

Key Operating Metrics for Purchased Debt

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

The table below sets forth an overview of Intrum Justitia's total holdings of purchased debt as of and for the periods indicated.

	Intrum Justitia				
	As of and for the three months ended March 31,			As of and for the year ended December 31,	
	2014	2015	2016	2016	2017
	(SEK in millions, unless stated otherwise)				
Number of claims in stock (in thousands)	25,013	25,131	25,077	26,001	26,555
Total collectible value of purchased debt	124,236	134,996	178,111	142,882	222,825
ERC	12,824	14,537	17,914	15,080	21,681
Carrying value of purchased debt	6,197	7,027	8,733	7,403	10,623
Purchases of loans and receivables	1,937	2,428	3,100	738	2,377
Average collection of forecasts (%)	108	108	115	109	119
Return on purchased debt (%)	20	20	20	20	17

Portfolios of Purchased Debt

The table below sets forth Intrum Justitia's ERC by region as a percentage of the total ERC of its purchased portfolios as of the dates indicated.

Region	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
	(SEK in millions)	*(% of total)*	*(SEK in millions)*	*(% of total)*
Northern Europe(1)	8,471	47	8,725	40
Central Europe(2)	5,653	32	8,494	39
Western Europe(3)	3,789	21	4,462	21
Total	**17,914**	**100**	**21,681**	**100**

(1) Northern Europe includes Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden. Intrum Justitia's business in Norway is a component of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business*."

(2) Central Europe includes Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland.

(3) Western Europe includes Belgium, France, Ireland, Italy, Portugal, Spain and the UK.

The table below sets forth Intrum Justitia's carrying value of purchased debt per sector in SEK and as a percentage of Intrum Justitia's total carrying value of purchased debt as of and for the periods indicated.

Sector	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
	(SEK in millions)	*(% of total)*	*(SEK in millions)*	*(% of total)*
Financial institutions (including both banks and insurance companies)	6,007	69	7,859	74
Retail	11	0	11	0
Telecom	1,223	14	1,316	12
Other	1,492	17	1,437	14
Total	**8,733**	**100**	**10,623**	**100**

For an overview of Intrum Justitia's carrying value of purchased debt per sector as of December 31, 2015 and 2014, see Note 34 to Intrum Justitia's audited consolidated financial statements included elsewhere in this Offering Memorandum.

The table below sets forth Intrum Justitia's ERC per sector as a percentage of the total ERC of its purchased portfolios as of the periods indicated.

Sector	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
	(SEK in millions)	*(% of total)*	*(SEK in millions)*	*(% of total)*
Financial institutions (including both banks and insurance companies)	11,984	67	15,256	70
Retail	27	0	28	0
Telecom	2,702	15	2,775	13
Other	3,200	18	3,622	17
Total	**17,914**	**100**	**21,681**	**100**

The table below sets forth the movement in Intrum Justitia's carrying value of purchased debt for the periods indicated.

	As of the year ended December 31,		
	2014	2015	2016
		(SEK in millions)	
Acquisition cost, opening balance	12,334	14,989	16,917
Purchased debt acquisitions	1,661	2,366	3,100
Sales of portfolios	—	0	(352)
Reclassifications	6	—	—
Purchased via business combinations	276	62	0
Exchange rate differences	712	(501)	946
Accumulated acquisition cost, closing balance	**14,989**	**16,917**	**20,611**
Opening amortizations and revaluations for the year	(6,923)	(8,793)	(9,889)
Amortizations and revaluations for the year	(1,395)	(1,495)	(1,606)
Sales of portfolios	—	0	352
Reclassifications	4	—	—
Exchange rate differences	(478)	398	(735)
Accumulated amortizations and revaluations, closing balance	**(8,792)**	**(9,890)**	**(11,878)**
Carrying value of purchased debt at the end of the period	**6,197**	**7,027**	**8,733**

The tables below set forth Intrum Justitia's ERC by vintage and by year as of March 31, 2017.

ERC by Portfolio Vintage

Vintage[1]	**ERC**
	(SEK in millions)
<2000	8
2000	3
2001	4
2002	3
2003	15
2004	15
2005	87
2006	102
2007	199
2008	253
2009	198
2010	535
2011	877
2012	1,050
2013	2,221
2014	2,173
2015	3,462
2016	6,009
March 31, 2017	4,468
Total	**21,681**

ERC by Year

Year	**ERC**
	(SEK in millions)
March 31, 2017	21,681
2018	18,481
2019	14,534
2020	11,496
2021	9,137
2022	7,126
2023	5,467
2024	4,005
2025	2,926
2026	2,089
2027	1,483
2028	1,021
2029	647
2030	343
2031	127
2032	4

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

ERC growth over time is primarily due to portfolio purchases; as Intrum Justitia collects on existing portfolios, the ERC on these portfolios will decline. During the periods under review, there have not been any material changes in forecast expectations at the overall portfolio level. Intrum Justitia's ERC on purchased portfolios grew from SEK 12,824 million as of December 31, 2014 to SEK 21,681 million as of March 31, 2017. The table below sets forth ERC on purchased portfolios as of the periods indicated.

	As of December 31,			**As of March 31,**	
	2014	**2015**	**2016**	**2016**	**2017**
			(SEK in millions)		
ERC	12,824	14,537	17,914	15,080	21,681

Returns on Purchased Debt

While returns achieved on an individual portfolio can vary, Intrum Justitia has a consistent record of unlevered returns on its aggregate purchased debt. Intrum Justitia has experienced increased gross cash-on-cash multiples as portfolios mature. The table below sets forth certain data related to Intrum Justitia's purchased debt by vintage, such as purchase price, collections, ERC and gross cash-on-cash multiple as of December 31, 2016. It demonstrates Intrum Justitia's ability to continue to extract value from its purchased debt over a long period of time.

Vintage[1]	Purchase Price[2]	Collections to Date	ERC	Total Estimated Collection[3]	Gross Cash-on-Cash Multiple[4]
		(SEK in millions, unless otherwise indicated)			
<2000	56	729	8	738	13.17
2000	25	191	3	193	7.73
2001	106	348	4	352	3.32
2002	258	520	3	523	2.03
2003	201	531	15	545	2.71
2004	254	829	15	844	3.32
2005	836	1,558	87	1,644	1.97
2006	838	1,892	102	1,994	2.38
2007	992	2,565	199	2,765	2.78
2008	860	1,824	253	2,077	2.42
2009	912	1,808	198	2,006	2.20
2010	916	2,090	535	2,625	2.87
2011	1,728	3,214	877	4,091	2.37
2012	2,132	3,119	1,050	4,168	1.96
2013	2,524	3,701	2,221	5,922	2.35
2014	1,937	2,430	2,173	4,603	2.38
2015	2,428	1,766	3,462	5,228	2.15
2016	3,100	921	6,009	6,930	2.24
2017	2,377	114	4,468	4,582	1.93
Total	**22,480**	**30,149**	**21,681**	**51,829**	**2.31**

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

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

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

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

The table below sets forth Intrum Justitia's return on purchased debt as of and for the periods indicated:

	As of and for the year ended December 31,			As of and for the twelve months ended March 31,	
	2014	2015	2016	2016	2017
		(SEK in millions, unless otherwise indicated)			
Service line earnings for Financial Services[1]	1,159	1,345	1,635	364	418
Carrying value at the beginning of the period	5,411	6,197	7,027	6,338	7,403
Carrying value at the end of the period	6,197	7,027	8,733	7,403	10,623
Return on purchased debt (%)	**20**	**20**	**20**	**20**	**17**

(1) Calculated as the operating earnings of the purchased debt business, excluding shared expenses for sales, marketing and administration.

Key Operating Metrics for CMS

The table below sets forth the total volume of Intrum Justitia's third-party debt collection services, the predominant component of Intrum Justitia's CMS service line, as of the periods indicated.

	As of December 31,	As of March 31,	
	2016	2016	2017
Number of debt collection claims in stock at end of period (thousands)	15,279	15,491	14,787
Total collectible value on third-party debt at the end of period (SEK in millions)	155,007	138,016	154,149

Description of Principal Consolidated Statement of Financial Position Line Items

The following is a discussion of Intrum Justitia's key consolidated statement of financial position line items.

Purchased Debt

Purchased debt consists mainly of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on purchased debt and which are recognized at amortized cost using the effective interest method. The carrying value of each portfolio corresponds to the present value of estimated future cash flows discounted by an EIR. The initial EIR is based on the relation between purchase cost and the projected future cash flows on the date of purchase. See "—*Key Factors Affecting Intrum Justitia's Results of Operations—Recognition of Purchased Portfolios, Revenue Recognition, Estimation of Cash Flow Forecasts and Revaluation of Purchased Portfolios*."

Description of Key Line Items in the Principal Income Statement

The following is a discussion of Intrum Justitia's key income statement line items.

Net Revenue

Consolidated net revenues include external CMS revenues (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), income from purchased debt operations (collected amounts less amortization and revaluations) and other revenues from Financial Services (fees and net interest from financing services).

Cost of Sales

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

Sales and Marketing Expenses

Sales and marketing expenses include sales expense associated with new clients (costs associated with selling activities, preparation of customer contracts, writing of order specifications, sales promotion, administration of order filling and billing), marketing expenses (advertising, promotion, marketing staff costs, market analyses, planning of market strategy, sponsoring), and bad debt losses on accounts receivable for invoicing to clients. Examples of costs are staff costs, consultancies, apportioned rent and office costs, and depreciation on related fixed assets.

Administrative Expenses

Administrative expenses include group, regional and local level costs for finance and human resource departments as well as board of directors and group and local management. Examples of costs are staff costs, consultancies, audit fees, costs for IT support, apportioned rent and office costs, and depreciation on fixed assets.

Goodwill Impairment

Refers to any write-down of goodwill following an impairment test performed in accordance with IAS 36 Impairment of Assets. For the purpose of impairment testing of goodwill, Intrum Justitia treats each of its three geographical regions (Northern Europe, Central Europe and Western Europe) as a cash-generating unit. In the year 2014, the subsidiary Buckaroo BV was considered as a cash-generating unit of its own, separate from the three geographical regions, and goodwill attributed to Buckaroo BV was written down as, according to impairment tests performed in preparation for the year-end, its goodwill was impaired.

Reversal of Liability for Additional Purchase Consideration

Refers to any change in the fair value of the liability for a contingent consideration related to a business combination that should be recognized in profit or loss in accordance with IFRS 2 page 58.

Participations in Earnings of Associated Companies and Joint Ventures

Refers to Intrum Justitia's share of profit or loss in associates and joint ventures recognized in accordance with IAS 28. Intrum Justitia currently has one joint venture company, Avarda AB.

Net Financial Items

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

Taxes

Income taxes consist of current and deferred tax. Current tax is tax that is to be paid or received during the period in question applying the tax rates applicable on the balance sheet date. Deferred tax is calculated according to the balance sheet method based on temporary differences between the carrying value of assets and liabilities and their value for tax purposes.

Results of Operations

Consolidated Income Statement for the Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

The table below sets forth Intrum Justitia's results of operations and the period on period percentage of change for the periods indicated.

	For the three months ended March 31,		
	2016	Change in %	2017
	(SEK in millions)		*(SEK in millions)*
Net revenue	1,408	14	1,609
Cost of sales	(770)	14	(874)
Gross earnings	**638**	**15**	**735**
Sales and marketing expenses	(59)	25	(74)
Administrative expenses	(150)	20	(180)
Participations in earnings of associated companies and joint ventures	(1)	0	(1)
Operating earnings (EBIT)	**428**	**12**	**480**
Financial income	(31)	16	(36)
Financial expenses	(10)	0	(10)
Net financial items	**(41)**	**12**	**(46)**
Earnings before tax	387	12	434
Tax expense	(77)	13	(87)
Net earnings for the period	**310**	**12**	**347**

Net Revenue

Intrum Justitia's net revenue for the three months ended March 31, 2017 was SEK 1,609 million, which represents a 14% increase compared to its net revenues of SEK 1,408 million for the three months ended March 31, 2016. Excluding the effect of foreign currency translation, Intrum Justitia's net revenue for the first three months of 2017 increased by 13% compared to the first three months of 2016. Of the 13% increase in net revenue, 3% was attributable to acquisitions effects and 10% was due to organic growth. The increase in organic growth was due to increased net revenues from the Financial Services service line, where net revenues, excluding foreign currency effects, rose by 20%. The growth in Financial Services was mainly due to increased investments in debt portfolios and growth in book value for purchased debt. For the three months ended March 31, 2017, investments in purchased debt amounted to SEK 2,377 million compared to SEK 738 million for the three months ended March 31, 2016, which contributed to an increase in book value for purchased debt of 43% over the period. The increase in purchased debt was primarily attributable to the acquisition of 1st Credit in the UK, which accounted for SEK 1,334 million of the investments in purchased debt for the three months ended March 31, 2017. On a geographic basis, net revenue growth increased by 1% for the Northern Europe region, 30% for the Central Europe region and 13% for the Western Europe region in the three months ended March 31, 2017 compared to the three months ended March 31, 2016, excluding foreign currency effect and impact from revaluations of purchased debt.

The table below sets forth, for each of the periods indicated, Intrum Justitia's operating net revenue by service line, both in SEK and as a percentage of consolidated net revenue, and the percentage increase or decrease in operating net revenue by service line from period to period. For a discussion on Intrum Justitia's service line reporting, see "—*Results of Operations on a Service Line Basis.*"

	For the three months ended March 31,				
	2016		2017		Change 2017/2016
	(SEK in millions)	(in % of net revenue)	(SEK in millions)	(in % of net revenue)	(%)
CMS	1,024	73	1,160	72	13
Financial Services	640	45	783	48	22
Elimination of inter-service line net revenue	(256)	(18)	(334)	(20)	30
Total	**1,408**	**100**	**1,609**	**100**	**14**

The table below sets forth, for each of the periods indicated, Intrum Justitia's net revenue by region (based on the location of the service provided), in SEK, and the percentage increase or decrease in net revenue by region from period to period.

	For the three months ended March 31,				
	2016		2017		Change 2017/2016
	(SEK in millions)	(in % of net revenue)	(SEK in millions)	(in % of net revenue)	(%)
Northern Europe(1)	645	46	644	40	0
Central Europe(2)	432	38	565	35	31
Western Europe(3)	331	23	400	25	21
Total	**1,408**	**100**	**1,609**	**100**	**14**

(1) Northern Europe includes Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden. Intrum Justitia's business in Norway is a component of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Central Europe includes Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland.

(3) Western Europe includes Belgium, France, Ireland, Italy, Portugal, Spain and the UK.

Cost of Sales

Intrum Justitia's cost of sales for the three months ended March 31, 2017 was SEK 874 million, which represents a 14% increase compared to its cost of sales of SEK 770 million for the three months ended March 31, 2016. Excluding the effect of foreign currency translation, cost of sales increased by 11% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was mainly driven by a greater volume of demand, both organically and due to acquisitions, for Intrum Justitia's CMS, which has a direct corresponding impact on collections related costs, including employee-related costs, expensed legal outlays and sending letters. As a percentage of net revenue, cost of sales decreased from 55% for the three months ended March 31, 2016 to 54% for the three months ended March 31, 2017.

Sales and Marketing Expenses

Intrum Justitia's sales and marketing expenses for the three months ended March 31, 2017 were SEK 74 million, which represents a 25% increase compared to its sales and marketing expenses of SEK 59 million for the three months ended March 31, 2016. Excluding the effect of foreign currency translation, Intrum Justitia's sales and marketing expenses for the first three months of 2017 increased by 23% compared to the first three months of 2016. The increase was driven by increases in selling expenses associated with an increase in new clients, as well as advertising expenses. As a percentage of net revenue, sales and expenses increased from 4% in the three months ended March 31, 2016 to 5% in the three months ended March 31 2017.

Administrative Expenses

Intrum Justitia's administrative expenses for the three months ended March 31, 2017 were SEK 180 million, which represents a 20% increase compared to its administrative expenses of SEK 150 million for the three months ended March 31, 2016. Excluding the effect of foreign currency translation, Intrum Justitia's administrative expenses for the first three months of 2017 increased by 18% compared to the first three months of 2016. The increase was driven by costs relating to Merger and other acquisitions, as well as costs corresponding with increased volume of services being provided. As a percentage of net revenue, administrative expenses amounted to 11% for the three months ended March 31, 2017, the same ratio as for the three months ended March 31, 2016.

Participations in Future Earnings of Associated Companies and Joint Ventures

Intrum Justitia's income from participations in future earnings of associated companies and joint ventures for the three months ended March 31, 2017 was negative SEK 1 million, which is unchanged compared to its income from participations in future earnings of associated companies and joint ventures of negative SEK 1 million for the three months ended March 31, 2016.

Net Financial Items

Intrum Justitia's net financial items for the three months ended March 31, 2017 was negative SEK 46 million, which represents a 12% decrease compared to its net financial items of negative SEK 41 million for the three months ended March 31, 2016. Net interest expense increased by SEK 5 million mainly due to higher borrowing required to fund portfolio acquisitions including the 1st Credit acquisition. Other financial items increased by SEK 1 million. Exchange rate differences had an impact of negative SEK 2 million on net financial items for the three months ended March 31, 2017, compared to negative SEK 3 million for the three months ended March 31, 2016.

Tax Expense

Intrum Justitia's tax expense for the three months ended March 31, 2017 was SEK 87 million, which represents a 13% increase compared to its tax expense of SEK 77 million for the three months ended March 31, 2016. The tax expense increased correlated with the increase in profit before tax. Tax expense as a percentage of profit before tax was 20% for the three months ended March 31, 2017 as well as the three months ended March 31 2016.

Net Earnings for the Period

Intrum Justitia recognized a net earning of SEK 347 million in the three months ended March 31, 2017, which represents a 12% increase compared to net earnings of SEK 310 million for the three months ended March 31, 2016.

Consolidated Income Statement for the Year Ended December 31, 2016 Compared to Consolidated Income Statement for the Year Ended December 31, 2015

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

	For the year ended December 31,		
	2015	**Change in %**	**2016**
	(SEK in millions)		*(SEK in millions)*
Net revenue	5,628	8	6,088
Cost of sales	(3,087)	3	(3,194)
Gross earnings	**2,541**	**14**	**2,894**
Sales and marketing expenses	(252)	(9)	(230)
Administrative expenses	(661)	3	(678)
Participations in earnings of associated companies and joint ventures	(4)	(100)	(8)
Operating earnings (EBIT)	**1,624**	**22**	**1,978**
Financial income	11	0	11
Financial expenses	(178)	1	(179)
Net financial items	**(167)**	**(1)**	**(168)**
Earnings before tax	1,457	24	1,810
Tax expense	(285)	20	(342)
Net earnings for the period	**1,172**	**25**	**1,468**

Net revenue

Intrum Justitia's net revenue increased by SEK 460 million, or 8%, from SEK 5,628 million in the year ended December 31, 2015 to SEK 6,088 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, Intrum Justitia's net revenue increased by 8% in the year ended December 31, 2016 compared to the year ended December 31, 2015. Of the 8% increase, 1% came from acquisitions effects and 6% was organic growth. The increase in organic growth was due to increased net revenues from the Financial Services service line, where net revenues, excluding foreign currency effects, rose by 19%. The growth in Financial Services was, in turn, mainly due to increased investments and growth in book value for purchased debt. For the year ended December 31, 2016, investments in purchased debt amounted to SEK 3,100 million compared to SEK 2,428 million in the year ended December 31, 2015, which contributed to an increase in book value for purchased receivables of 24% over the period. The increase in purchased debt was primarily attributable to the €58 million investment made by Intrum Justitia in a secured portfolio in Hungary. On a geographic basis, net revenue growth increased by 9% for the Northern Europe region, 7% for the Central Europe region and 6% for the Western Europe region in the year ended December 31, 2016 compared to the year ended December 31, 2015, adjusted to give effect to limited foreign currency effect.

The table below sets forth, for each of the periods indicated, Intrum Justitia's operating net revenue by service line, both in SEK and as a percentage of consolidated net revenue, and the percentage increase or decrease in operating net revenue by service line from period to period. For a discussion on Intrum Justitia's service line reporting, see "—*Results of Operations on a Service Line Basis.*"

	For the year ended December 31,				Change
	2015		2016		2016/2015
	(SEK in millions)	*(in % of net revenue)*	*(SEK in millions)*	*(in % of net revenue)*	*(%)*
CMS	4,194	75	4,335	71	3
Financial Services	2,423	43	2,902	48	20
Elimination of inter-service line net revenue	(989)	(18)	(1,149)	(19)	16
Total	**5,628**	**100**	**6,088**	**100**	**8**

The table below sets forth, for each of the periods indicated, Intrum Justitia's net revenue from external clients by region (based on the location of the service provided), in SEK, and the percentage increase or decrease in net revenue by region from period to period.

	For the year ended December 31,				Change
	2015		2016		2016/2015
	(SEK in millions)	*(in % of net revenue)*	*(SEK in millions)*	*(in % of net revenue)*	*(%)*
Northern Europe(1)	2,573	46	2,813	46	9
Central Europe(2)	1,705	30	1,825	30	7
Western Europe(3)	1,350	24	1,450	24	7
Total	**5,628**	**100**	**6,088**	**100**	**8**

(1) Northern Europe includes Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden. Intrum Justitia's business in Norway is a component of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business*."

(2) Central Europe includes Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland.

(3) Western Europe includes Belgium, France, Ireland, Italy, Portugal, Spain and the UK.

Cost of Sales

Intrum Justitia's cost of sales increased by SEK 107 million, or 3%, from SEK 3,087 million in the year ended December 31, 2015 to SEK 3,194 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, cost of sales increased by 3% in the year ended December 31, 2016 as compared to the year ended December 31, 2015. The increase was mainly driven by a greater volume of demand for Intrum Justitia's CMS service line, primarily driven by servicing requirements for its own debt, which has a direct corresponding impact on collection-related costs, such as expensed legal outlays and sending letters. As a percentage of net revenue, cost of sales decreased from 55% in the year ended December 31, 2015 to 53% in the year ended December 31, 2016.

Sales and Marketing Expenses

Intrum Justitia's sales and marketing expenses decreased by SEK 22 million, or 9%, from SEK 252 million in the year ended December 31, 2015 to SEK 230 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, sales and marketing expense decreased by 9% in the year ended December 31, 2016 as compared to the year ended December 31, 2015. The decrease was mainly driven by a reduction in employee related costs and lower costs for bad debts. As a percentage of net revenue, sales and marketing expenses remained stable at 4% in the years ended December 31, 2015 and 2016.

Administrative Expenses

Intrum Justitia's administrative expenses increased by SEK 17 million, or 3%, from SEK 661 million in the year ended December 31, 2015 to SEK 678 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, administrative expenses increased by 2% in the year ended December 31, 2016 as compared to the year ended December 31, 2015. The increase was mainly due to higher costs for advisors, in particular costs associated with negotiating the Merger, partially offset by lower costs in 2016 than 2015 associated with the termination of certain senior executives during 2015. As a percentage of net revenue, administrative expenses decreased from 12% in the year ended December 31, 2015 to 11% in the year ended December 31, 2016.

Participations in Future Earnings of Associated Companies and Joint Ventures

Intrum Justitia's participations in future earnings of associated companies and joint ventures decreased by SEK 4 million, or 100%, from negative SEK 4 million in the year ended December 31, 2015 to negative SEK 8 million in the year ended December 31, 2016. The decrease was due to one-off investments made to support the ramp-up phase of Avarda AB.

Net Financial Items

Intrum Justitia's net financial items decreased by SEK 1 million, or 1%, from negative SEK 167 million in the year ended December 31, 2015 to negative SEK 168 million in the year ended December 31, 2016. Net interest expense increased by SEK 9 million mainly due to higher borrowing required to fund portfolio acquisitions. Other financial items decreased by SEK 11 million as the year ended December 31, 2015 included an item of SEK 13 million for the expensing of previously capitalized borrowing costs associated with the signing of a new loan facility. Exchange rate differences had an impact of negative SEK 7 million on net financial items for the year ended December 31, 2016, compared to negative SEK 5 million for the year ended December 31, 2015.

Tax Expense

Intrum Justitia's tax expense increased by SEK 57 million, or 20%, from SEK 285 million in the year ended December 31, 2015 to SEK 342 million in the year ended December 31, 2016. The tax expense increased mainly due to the increased profit before tax, whereas the tax expense as a percentage of profit before tax was relatively stable, at 19% for the year ended December 31, 2016, compared to 20% for the year ended December 31, 2015.

Net Earnings for the Period

Intrum Justitia recognized a net earning of SEK 1,468 million in the year ended December 31, 2016, which represents a 25% increase compared to net earnings of SEK 1,172 million in the year ended December 31, 2015.

Consolidated Income Statement for the Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

The table below sets forth Intrum Justitia's results of operations and the period on period percentage of change for the periods indicated.

	For the year ended December 31,		
	2014	**Change in %**	**2015**
	(SEK in millions)		*(SEK in millions)*
Net revenue	5,184	9	5,628
Cost of sales	(2,963)	4	(3,087)
Gross earnings	**2,221**	**14**	**2,541**
Sales and marketing expenses	(262)	(4)	(252)
Administrative expenses	(585)	13	(661)
Goodwill impairment	(111)	n.m	0
Reversal of liability for additional purchase consideration for shares in subsidiaries	164	n.m	0
Participations in earnings of associated companies and joint ventures	3	n.m	(4)
Operating earnings (EBIT)	**1,430**	**14**	**1,624**
Financial income	13	15	11
Financial expenses	(196)	(9)	(178)
Net financial items	**(183)**	**(9)**	**(167)**
Earnings before tax	1,247	17	1,457
Tax expense	(206)	38	(285)
Net earnings for the period	**1,041**	**13**	**1,172**

Net revenue

Intrum Justitia's net revenue increased by SEK 444 million, or 9%, from SEK 5,184 million in the year ended December 31, 2014 to SEK 5,628 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, Intrum Justitia's net revenue increased by 5% in the year ended December 31, 2016 compared to the year ended December 31, 2015. Of the 5% increase, 2% came from acquisitions effects and 3% was due to organic growth. The increase in organic growth was due to increased net revenues in the Financial Services service line, where net revenues, excluding foreign currency effects, rose by 7%. The growth in Financial Services was, in turn, mainly due to increased investments and growth in book value for purchased debt. During the year ended December 31, 2015, investments in purchased debt amounted to SEK 2,428 million compared to SEK 1,937 million in the year ended December 31 2014, which contributed to an increase in book value for purchased receivables of 13% by December 31, 2015 compared to December 31, 2014. On a geographic basis, net revenue growth increased by 1% for the Northern Europe region, 19% for the Central Europe region and 13% for the Western Europe region in the year ended December 31, 2014 compared to the year ended December 31, 2015. The growth in Central Europe and Western Europe was primarily due to greater investments in portfolios of loans and other overdue receivables, as well as the acquisition of several credit management companies in Western Europe.

The table below sets forth, for each of the periods indicated, Intrum Justitia's operating net revenue by service line, both in SEK and as a percentage of consolidated net revenue, and the percentage increase or decrease in operating net revenue by service line from period to period. For a discussion on Intrum Justitia's service line reporting, see "*—Results of Operations on a Service Line Basis*."

	For the year ended December 31,				Change
	2014		2015		2015/2014
	(SEK in millions)	*(in % of net revenue)*	*(SEK in millions)*	*(in % of net revenue)*	*(%)*
CMS	3,844	74	4,194	75	9
Financial Services	2,173	42	2,423	43	12
Elimination of inter-service line revenue	(833)	(16)	(989)	(18)	19
Total	**5,184**	**100**	**5,628**	**100**	**9**

The table below sets forth, for each of the periods indicated, Intrum Justitia's net revenue from external clients by region (based on the location of the service provided), in SEK, and the percentage increase or decrease in revenue by region from period to period.

	For the year ended December 31,				Change
	2014		2015		2015/2014
	(SEK in millions)	*(in % of net revenue)*	*(SEK in millions)*	*(in % of net revenue)*	*(%)*
Northern Europe[(1)]	2,556	49	2,573	46	1
Central Europe[(2)]	1,433	28	1,705	30	19
Western Europe[(3)]	1,195	23	1,350	24	13
Total	**5,184**	**100**	**5,628**	**100**	**9**

(1) Northern Europe includes Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden. Intrum Justitia's business in Norway is a component of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business*."

(2) Central Europe includes Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland.

(3) Western Europe includes Belgium, France, Ireland, Italy, Portugal, Spain and the UK.

Cost of Sales

Intrum Justitia's cost of sales increased by SEK 124 million, or 4%, from SEK 2,963 million in the year ended December 31, 2014 to SEK 3,087 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation cost of sales increased by 1% in the year ended December 31, 2015 as compared to the year ended December 31, 2014. The increase was mainly driven by a greater volume of demand for Intrum Justitia's CMS service line, primarily driven by servicing requirements for its own debt, which has a direct corresponding impact on collection-related costs, such as expensed legal outlays and sending letters. As a percentage of net revenue, cost of sales decreased from 57% in the year ended December 31, 2014 to 55% in the year ended December 31, 2015.

Sales and Marketing Expenses

Intrum Justitia's sales and marketing expenses decreased by SEK 10 million, or 4%, from SEK 262 million in the year ended December 31, 2015 to SEK 252 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, sales and marketing expense decreased by 7% in the year ended December 31, 2015 as compared to the year ended December 31, 2015. As a percentage of net revenue, sales and marketing expenses decreased from 5% in the year ended December 31, 2014 to 4% in the year ended December 31 2015. The decrease was mainly driven by lower costs for bad debts.

Administrative Expenses

Intrum Justitia's administrative expenses increased by SEK 76 million, or 13%, from SEK 585 million in the year ended December 31, 2014 to SEK 661 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, administrative expenses decreased by 10% in the year ended December 31, 2015 as compared to the year ended December 31, 2014. As a percentage of net revenue, administrative expenses increased from 11% in the year ended December 31, 2014 to 12% in the year ended December 31, 2015. The increase was mainly due to costs associated with the termination of certain senior executives during 2015.

Goodwill Impairment

Intrum Justitia's goodwill impairment decreased from SEK 111 million in the year ended December 31, 2014 to SEK 0 million in the year ended December 31, 2015. The year ended December 31 2014 included a goodwill impairment charge of SEK 111 million for a Dutch subsidiary.

Reversal of Liability for Additional Purchase Consideration for Shares in Subsidiaries

Intrum Justitia's reversal of liability for additional purchase consideration for shares in subsidiaries decreased from SEK 164 million in the year ended December 31, 2014 to SEK 0 million in the year ended December 31, 2015. The year ended December 31 2014 included a reversal of liability for additional purchase consideration for shares in the same Dutch subsidiary which carried out a goodwill impairment charge during this year.

Participations in Future Earnings of Associated Companies and Joint Ventures

Intrum Justitia's participations in future earnings of associated companies and joint ventures decreased by SEK 7 million, from positive SEK 3 million in the year ended December 31, 2014 to negative SEK 4 million in the year ended December 31, 2015. The decrease was mainly due to losses in Avarda AB.

Net Financial Items

Intrum Justitia's net financial items decreased by SEK 16 million, or 9%, from SEK 183 million in the year ended December 31, 2014 to SEK 167 million in the year ended December 31, 2015. Net interest expense decreased by SEK 31 million mainly due to lower market interest rates offsetting the impact of higher borrowing incurred to fund investments in debt portfolios. Other financial items increased by SEK 9 million as the year ended December 31, 2015 included an item of SEK 13 million for the expensing of previously capitalized borrowing costs associated with the signing of a new loan facility. Exchange rate differences had an impact of negative SEK 5 million on net financial items for the year ended December 31, 2015, compared to positive SEK 1 million for the year ended December 31, 2014.

Tax Expense

Intrum Justitia's tax expense increased by SEK 79 million, or 38%, from SEK 206 million in the year ended December 31, 2014 to SEK 285 million in the year ended December 31, 2015. The tax expense increased due to the increased profit before tax and due to an increased tax expense as a percentage of profit before tax, from 20% for the year ended December 31, 2015, compared to 17% for the year ended December 31, 2014. The lower tax expense as a percentage of profit before tax in 2014 was mainly due to certain non-recurring items.

Net Earnings for the Period

Intrum Justitia recognized a net earning of SEK 1,172 million in the year ended December 31, 2015 and a net earning of SEK 1,041 million in the year ended December 31, 2014.

Results of Operations on a Service Line Basis

Intrum Justitia's service offering is divided into two areas of operations: (a) CMS, which includes credit information and optimization services, payment services, and collection services; and (b) Financial Services, which includes factoring, payment solutions for e-commerce companies, purchased debt services and payment guarantees.

Consolidated Income Statement for the Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

The tables below set forth, for each of the periods indicated, Intrum Justitia's net revenue and operating earnings by service line.

	For the three months ended March 31, 2017		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	1,160	783	1,943
Elimination of inter-service line net revenue[1]	(334)	—	(334)
Total net revenue from external customers	**826**	**783**	**1,609**
Service line earnings	273	418	691
Common costs [2]			(211)
Total operating earnings			**480**
Service line earnings margin (%)	24	53	30

	For the three months ended March 31, 2016		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	1,024	640	1,664
Elimination of inter-service line net revenue[1]	(256)	—	(256)
Total net revenue from external customers	**768**	**640**	**1,408**
Service line earnings	241	364	605
Common costs[2]			(177)
Total operating earnings			**428**
Service line earnings margin (%)	24	57	30

(1) Inter-service line net revenue relates to payment on arm's-length terms for work carried out with CMS regarding handling and collection of Intrum Justitia's purchased debt. Payment is made in the form of a commission that is recognized as a cost within Financial Services.

(2) Common costs are costs that are not attributed to either of the service lines Credit Management Services or Financial Services, mainly consisting of shared expenses for sales, marketing and administration.

Service Line Net Revenue

An analysis of Intrum Justitia's net revenue by service line is set forth below:

CMS: The net revenue of Intrum Justitia's CMS service line increased by SEK 136 million, or 13%, from SEK 1,024 million for the three months ended March 31, 2016 to SEK 1,160 million for the three months ended March 31, 2017. The increase was mainly driven by higher volumes from servicing of Intrum Justitia's own purchased debt portfolios and increased net revenues from acquisitions, particularly DKS and Segestión (both acquired in October 2016). Excluding the effect of foreign currency translation, CMS net revenue from external customers increased by SEK 112 million, or 11%, for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase in CMS net revenue from external customers was due to the acquisitions mentioned above.

Financial Services: The net revenue of Intrum Justitia's Financial Services service line increased by SEK 143 million, or 22%, from SEK 640 million for the three months ended March 31, 2016 to SEK 783 million for the three months ended March 31, 2017. Excluding the effect of foreign currency translation, Financial Services net revenue increased by SEK 129 million, or 20%, for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was driven by higher investments in purchased debt, which contributed to an increase in purchased debt book value by 43% as of March 31, 2017 compared to March 31, 2016.

Service Line Earnings

An analysis of Intrum Justitia's operating earnings by service line is set forth below:

CMS: The operating earnings of Intrum Justitia's CMS service line increased by SEK 32 million, or 13%, from SEK 241 million for the three months ended March 31, 2016 to SEK 273 million for the three months ended March 31, 2017. Excluding the effect of foreign currency translation, CMS operating earnings increased by SEK 26 million, or 11%, for the three months ended March 31, 2017 compared to three months ended March 31, 2016. The increase in service line operating earnings was driven by net revenue growth, whereas operating margins remained unchanged.

Financial Services: The operating earnings of Intrum Justitia's Financial Services service line increased by SEK 54 million, or 15%, from SEK 364 million for the three months ended March 31, 2016 to SEK 418 million for the three months ended March 31, 2017. Excluding the effect of foreign currency translation, Financial Services operating earnings increased by SEK 48 million, or 13%, for the three months ended March 31, 2017 compared to three months ended March 31, 2016. The increase was driven by increased net revenues from a higher purchased debt book value whereas the higher prices resulted in a lower return on investment, which had a negative impact on service line operating earnings margin, decreasing from 57% in the three months ended March 31, 2016 to 53% for the three months ended March 31, 2016.

Consolidated Income Statement for the Year Ended December 31, 2016 Compared to the Consolidated Income Statement for the Year Ended December 31, 2015

The tables below set forth, for each of the periods indicated, Intrum Justitia's net revenue and operating earnings by service line.

	For the year ended December 31, 2016		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	4,335	2,902	7,237
Elimination of inter-service line net revenue[1]	(1,149)	—	(1,149)
Total net revenue from external customers	**3,186**	**2,902**	**6,088**
Service line earnings	1,134	1,635	2,769
Common costs[2]			(791)
Total operating earnings			**1,978**
Operating earnings margin (%)	26	56	32

	For the year ended December 31, 2015		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	4,194	2,423	6,617
Elimination of inter-service line net revenue[(1)]	(989)	—	(989)
Total net revenue from external customers	**3,205**	**2,423**	**5,628**
Service line operating earnings	1,049	1,345	2,394
Common costs[(2)]			(770)
Total operating earnings			**1,624**
Service line earnings margin (%)	25	56	29

(1) Inter-service line net revenue relates to payment on arm's-length terms for work carried out with CMS regarding handling and collection of Intrum Justitia's purchased debt. Payment is made in the form of a commission that is recognized as a cost within Financial Services.

(2) Common costs are costs that are not attributed to either of the service lines Credit Management Services or Financial Services, mainly consisting of shared expenses for sales, marketing and administration.

Service Line Net Revenue

An analysis of Intrum Justitia's net revenue by service line is set forth below:

CMS: The net revenue of Intrum Justitia's CMS service line increased by SEK 141 million, or 3%, from SEK 4,194 million in the year ended December 31, 2015 to SEK 4,335 million in the year ended December 31, 2016. The increase was mainly driven by higher volumes from servicing of Intrum Justitia's own purchased debt portfolios as well as increased net revenues from acquisitions, particularly Logicomer (acquired in September 2015), DKS and Segestión (both acquired in October 2016). Excluding the effect of foreign currency translation, CMS net revenue increased by SEK 119 million, or 3%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in CMS net revenue from external customers was primarily due to the acquisitions of Logicomer, DKS and Segestión.

Financial Services: The net revenue of Intrum Justitia's Financial Services service line increased by SEK 479 million, or 20%, from SEK 2,423 million in the year ended December 31, 2015 to SEK 2,902 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, Financial Services net revenue increased by SEK 471 million, or 19%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was driven by higher investments in purchased debt which contributed to an increase in purchased debt book value by 16% as of December 31, 2016 compared to December 31, 2015.

Service Line Operating Earnings

An analysis of Intrum Justitia's operating earnings by service line is set forth below:

CMS: The operating earnings of Intrum Justitia's CMS service line increased by SEK 85 million, or 8%, from SEK 1,049 million in the year ended December 31, 2015 to SEK 1,134 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, CMS operating earnings increased by SEK 78 million, or 7%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in service line earnings was mainly driven by net revenue growth at low marginal cost increases, due to scale benefits, ongoing operational efficiencies as a consequence of improved use of analytics and the leverage of Intrum Justitia's existing servicing capabilities when servicing its debt portfolios. The increase was also due to positive earnings impact from acquired units.

Financial Services: The operating earnings of Intrum Justitia's Financial Services service line increased by SEK 290 million, or 22%, from SEK 1,345 million in the year ended December 31, 2015 to SEK 1,635 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, Financial Services operating earnings increased by SEK 287 million, or 21%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was driven by increased operating net revenues from a higher purchased debt book value with a stable return on investment. In addition, service line earnings for the year ended December 31, 2016 included a positive effect of SEK 84 million relating to sales of purchased debt portfolios.

Consolidated Income Statement for the Year Ended December 31, 2015 Compared to the Year Ended Consolidated Income Statement for the Year Ended December 31, 2014

The tables below set forth, for each of the *periods* indicated, Intrum Justitia's net revenue and operating earnings by service line.

	For the year ended December 31, 2015		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	4,194	2,423	6,617
Elimination of inter-service line net revenue(1)	(989)	—	(989)
Net revenue from external customers	**3,205**	**2,423**	**5,628**
Service line earnings	1,049	1,345	2,394
Common costs(2)			(770)
Total operating earnings			**1,624**
Service line earnings margin (%)	25	56	29

	For the year ended December 31, 2014		
	CMS	**Financial Services**	**Total**
		(SEK in millions)	
Service line net revenue	3,844	2,173	6,017
Elimination of inter-service line net revenue(1)	(833)	—	(833)
Total net revenue from external customers	**3,011**	**2,173**	**5,184**
Service line earnings	912	1,159	2,071
Common costs(2)			(641)
Total operating earnings			**1,430**
Service line earnings margin (%)	24	53	28

(1) Inter-service line net revenue relates to payment on arm's-length terms for work carried out with CMS regarding handling and collection of Intrum Justitia's purchased debt. Payment is made in the form of a commission that is recognized as a cost within Financial Services.

(2) Common costs are costs that are not attributed to either of the service lines Credit Management Services or Financial Services, mainly consisting of shared expenses for sales, marketing and administration.

Service Line Net Revenue

An analysis of Intrum Justitia's net revenue by service line is set forth below:

CMS: The net revenue of Intrum Justitia's CMS service line increased by SEK 350 million, or 9%, from SEK 3,844 million in the year ended December 31, 2014 to SEK 4,194 million in the year ended December 31, 2015. The increase was mainly driven by increased volume from Intrum Justitia's own purchased debt portfolio as well as acquired units. Excluding the effect of foreign currency translation, CMS net revenue from external customers increased by SEK 199 million, or 5%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increased net revenue from external customers was primarily driven by the acquisitions of credit management companies, including Advis A/S in October 2014, Credita AG in February 2015, Logicomer in September 2015 and the acquisition of 90% of the shares in Cabinet PPN SAS in October 2015.

Financial Services: The net revenue of Intrum Justitia's Financial Services service line increased by SEK 250 million, or 12%, from SEK 2,173 million in the year ended December 31, 2014 to SEK 2,423 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, Financial Services net revenue from external customers increased by SEK 147 million, or 7%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by higher investments in purchased debt which contributed to an increase in purchased debt book value by 13% as of December 31, 2015 compared to December 31, 2014.

Service Line Earnings

An analysis of Intrum Justitia's operating earnings by service line is set forth below:

CMS: The operating earnings of Intrum Justitia's CMS service line increased by SEK 137 million, or 15%, from SEK 912 million in the year ended December 31, 2014 to SEK 1,049 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, CMS operating earnings increased by SEK 100 million, or 11%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase in service line earnings was mainly driven by net revenue growth at low marginal cost increases, due to scale benefits, ongoing operational efficiencies as a consequence of improved use of analytics and the leverage of Intrum Justitia's existing servicing capabilities when servicing its debt portfolios. The increase was also due to positive earnings impact from acquired units, which caused the service line margin to increase by 1% in 2015 compared to 2014.

Financial Services: The operating earnings of Intrum Justitia's Financial Services service line increased by SEK 186 million, or 16%, from SEK 1,159 million in the year ended December 31, 2014 to SEK 1,345 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, Financial Services operating earnings increased by SEK 134 million, or 12%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by increased net revenues from a higher purchased debt book value with a stable return on investment.

Liquidity and Capital Resources

Historically, Intrum Justitia's liquidity requirements primarily arose as a result of servicing debt, tax and funding its purchased portfolios, capital expenditure and working capital. Intrum Justitia's primary source of liquidity during the periods under review has been its net cash generation from operations and borrowings from banks, including the Intrum Justitia Existing Revolving Credit Facility, and capital markets, including both the Intrum Justitia Existing MTNs and the Intrum Justitia Existing Commercial Paper Program.

Intrum Justitia's collections have historically generated a stable and predictable cash flow throughout the year which is in contrast to the debt purchasing activities, which vary between quarters. This is driven by the supply, which Intrum Justitia does not control, of portfolios in the market and Intrum Justitia's willingness to invest in the particular asset at the prevailing price. This can lead to volatility in Intrum Justitia's free cash flow on a quarter by quarter basis. For example, in 2016 Intrum Justitia's net cash flow from investing activities varied between SEK 1.4 billion and SEK 0.5 billion for the quarters.

Following the completion of the Merger, Intrum Justitia's primary source of liquidity will be its net cash generation from operations and borrowings under the Revolving Credit Facility Agreement. Intrum Justitia's operating cash flow generation depends on its future operating performance, which in turn is, to some extent, dependent on, amongst other things, the general economic environment, competitive market and regulatory environment in which it operates, as well as other factors discussed in the section "*Risk Factors*."

Working Capital

Intrum Justitia believes that the working capital available to it is sufficient for the twelve months following the date hereof.

Cash Flows

The following table sets forth the principal components of Intrum Justitia's cash flows for the years ended December 31, 2016, 2015 and 2014 and the three months ended March 31, 2017 and 2016.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(SEK in millions)		
Net cash generated from operating activities	2,672	2,905	3,374	730	707
Net cash used in investing activities	(2,250)	(2,497)	(3,763)	1,142	2,156
Net cash from/(used in) financing activities	(501)	(399)	503	341	1,370
Net (decrease)/increase in cash and cash equivalents	(79)	9	114	(71)	(79)
Cash and cash equivalents at period end	**266**	**265**	**396**	**194**	**318**

Net cash generated from operating activities

Intrum Justitia's net cash generated from operating activities decreased by SEK 23 million, from SEK 730 million in the three months ended March 31, 2016 to SEK 707 million in the three months ended March 31, 2017. The decrease in net cash generated from operating activities was due to higher tax payments. Net cash from operating earnings, adjusted for revaluations and amortization developed positively with an increase of SEK 186 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, which was primarily driven by growth in Adjusted EBITDA from collection operations.

Intrum Justitia's net cash generated from operating activities increased by SEK 469 million from SEK 2,905 million in the year ended December 31, 2015 to SEK 3,374 million in the year ended December 31, 2016. This increase was primarily due to improved operating earnings excluding depreciation and amortization as well as lower cash outflow in interest payments, partially offset by a reduction in cash flow from working capital.

Intrum Justitia's net cash generated from operating activities increased by SEK 233 million from SEK 2,672 million in the year ended December 31, 2014 to SEK 2,905 million in the year ended December 31, 2015. This increase was mainly due to improved operating earnings excluding depreciation and amortization as well as improved cash flow from working capital, partially offset by increased negative cash flow from taxes paid.

Net cash used in investing activities

Intrum Justitia's net cash used in investing activities increased by SEK 1,014 million from SEK 1,142 million for the three months ended March 31, 2016 to SEK 2,156 million for the three months ended March 31, 2017. The increase was mainly due to increased disbursements for investments in purchased debt, which amounted to SEK 2,072 million for the three months ended March 31, 2017, compared to SEK 1,041 million for the three months ended March 31, 2016, which increase was primarily attributable to the 1st Credit Acquisition.

Intrum Justitia's net cash used in investing activities increased by SEK 1,266 million from SEK 2,497 million in the year ended December 31, 2015 to SEK 3,763 million in the year ended December 31, 2016. The increase was mainly due to increased disbursements for investments in purchased debt, which amounted to SEK 3,374 million for the year ended December 31, 2016, compared to SEK 2,186 million for the year ended December 31, 2015.

Intrum Justitia's net cash used in investing activities increased by SEK 247 million from SEK 2,250 million in the year ended December 31, 2014 to SEK 2,497 million in the year ended December 31, 2015. The increase was primarily due to increased disbursements for investments in purchased debt, which amounted to SEK 2,186 million for the year ended December 31, 2015, compared to SEK 1,950 million for the year ended December 31, 2014.

Net cash from/(used in) financing activities

Intrum Justitia's net cash from financing activities increased by SEK 1,029 million from SEK 341 million in the three months ended March 31, 2016 to SEK 1,370 million in the three months ended March 31, 2017. The increase in net cash from financing activities was primarily attributable to increased borrowing in connection with the 1st Credit Acquisition. Also, during the quarter, Intrum Justitia renegotiated the Intrum Justitia Existing Revolving Credit Facility to enhance financial flexibility.

Intrum Justitia's net cash from financing activities increased by SEK 902 million from net cash used in financing activities of negative SEK 399 million in the year ended December 31, 2015 to net cash from financing activities of positive SEK 503 million in the year ended December 31, 2016. The increase in net cash from financing activities was primarily related to increased borrowing related to a new loan from Svensk Exportkredit, netted against higher amortization of existing loans, as well as that no share buybacks were carried out in the year ended December 31, 2016, compared to share buybacks of SEK 400 million during the year ended December 31, 2015.

Intrum Justitia's net cash used in financing activities decreased by SEK 102 million from negative SEK 501 million in the year ended December 31, 2014 to negative SEK 399 million in the year ended December 31, 2015. The decrease in net cash used in financing activities was primarily due to reduced amortization of existing loans and lower share buybacks of SEK 400 million for the year ended December 31, 2015, compared to share buybacks of SEK 968 million for the year ended December 31, 2014, netted against reduced borrowing.

Capital Expenditure

Intrum Justitia's capital expenditure consists mainly of: IT, both software and capitalized development expenses (treated as intangible fixed assets) and hardware (treated as tangible fixed assets) plus investments in equipment and fixtures and fittings. Intrum Justitia's capital expenditure amounted to SEK 36 million in the three months ended March 31, 2017, unchanged compared to the capital expenditure for the three months ended March 31, 2016.

Intrum Justitia's capital expenditure increased by SEK 9 million, from SEK 135 million in the year ended December 31, 2015 to SEK 144 million in the year ended December 31, 2016, due primarily to investment in IT software and development. Intrum Justitia's capital expenditure decreased by SEK 7 million, from SEK 142 million in the year ended December 31, 2014 to SEK 135 million in the year ended December 31, 2015, due primarily to lower levels of investment in office equipment and fixtures.

Indebtedness

The table below sets forth the financial payments that Intrum Justitia will be obligated to make, including under its debt instruments, as of March 31, 2017, adjusted to give effect to the Refinancing Transactions.

	As of March 31, 2017, adjusted to give effect to the Refinancing Transactions				
	Due within less than three months	Due between three months and one year	Due between one year and two years	Due between two and five years	Due after five years
			(SEK in millions)		
Intrum Justitia Existing MTNs	0	0	1,000	1,000	0
Intrum Justitia Existing Private Placement Notes	0	0	0	0	1,527
Intrum Justitia Existing Commercial Paper Program	1,286	75	0	0	0
Lindorff Existing Loan Note Issuance Deed	0	0	0	0	305
Notes offered hereby	0	0	0	0	28,639
Revolving Credit Facility	0	0	0	890	0

Intrum Justitia uses operating assets through operating lease agreements, primarily leases for its premises in the countries in which it operates. The minimum remaining payments under such leases within the year ending December 31, 2017 total SEK 134 million, with SEK 277 million due on these leases in the following four years (January 1, 2018 through December 31, 2021) and SEK 110 million due on these leases thereafter. No single lease is of material significance to Intrum Justitia in terms of amount.

Other Financial Obligations: Pension Obligations

For a description of certain pension plans and obligations, see Note 21 to Intrum Justitia's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Off Balance Sheet Arrangements

Intrum Justitia reports pledged assets consisting of deposits (mainly with landlords) and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum Justitia were not to meet its contractual obligations, and contingent liabilities consisting of payment guarantees. Intrum Justitia offers payment guarantee services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Financial Services service line. For details, see Note 25 to Intrum Justitia's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Quantitative and Qualitative Disclosures about Financial Risk Management

See Note 34 to Intrum Justitia's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum for additional information on Intrum Justitia's exposure to market risk and the risk of loss that may result from the potential change in exchange rates, interest levels, refinancing and credit risks.

Market Risk

Market and Regulatory Environment

The main market risk is related to, but not limited to, general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets in which Intrum Justitia operates and which, in turn, affect the customers' ability to pay and Intrum Justitia's clients' ability and willingness to sell portfolios of loans and receivables and potential commission from third party collection. See "*Risk Factors*" for a discussion of these and other factors.

Foreign Exchange Risk

Intrum Justitia operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Swiss Franc compared to Intrum Justitia's reporting currency Swedish kronor. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Intrum Justitia's strategy is to manage and limit currency risk. Exchange rate risk can be divided into transaction exposure and translation exposure. Intrum Justitia has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of Intrum Justitia's foreign operations is, among other means, managed through borrowings denominated in relevant foreign currencies.

Transaction Exposure: In each country, revenue and operating expenses are mainly denominated in local currencies, and thus currency fluctuations have only a limited impact on Intrum Justitia's operating earnings in local currency. National operations rarely have receivables and liabilities in foreign currency. Revenue and expenses in national currency are thus hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected cash flow exposure is not hedged at present. At Intrum Justitia's group level financing, both the debt collection and the debt purchasing operations are funded in relevant currencies reflecting the underlying exposures.

Translation Exposure: Intrum Justitia operates in 21 countries. The results and financial position of its subsidiaries is reported in the relevant foreign currencies and later translated into SEK for inclusion in the company's consolidated financial statements. 85%, 85% and 84% of Intrum Justitia's revenue was generated in foreign currency for the years ended December 31, 2016, 2015 and 2014. Consequently, fluctuations in SEK exchange rates against these currencies affect Intrum Justitia's net revenue and earnings, as well as equity and other items in its financial statements. Intrum Justitia's net revenue is distributed by currency as follows:

	For the year ended December 31,		
	2014	**2015**	**2016**
		(SEK in millions)	
Swedish kronor	833	842	886
Euro	2,674	2,838	3,032
Swiss franc	597	759	718
Danish kroner	158	241	282
Hungarian forint	323	380	476
Other currencies	599	568	694
Total	**5,184**	**5,628**	**6,088**

If these currencies would have weakened/strengthened by 10% on average against the SEK, with all other variable held constant, net revenue would have increased/decreased by approximately SEK 520 million.

Liquidity Risk

Liquidity risk is the risk that Intrum Justitia incurs higher-than-expected costs to ensure its ability to fulfill its short and long-term payment obligations to external parties. The objective has historically been fulfilled via the Intrum Justitia Existing Revolving Credit Facility, debt capital market transactions and bilateral loan agreements and we expect to rely on the Revolving Credit Facility for these purposes in the future.

Interest Rate Risk

Interest rate risk is the risk of negative effects on interest income and expenses due to movements in interest rates. For Intrum Justitia interest rate risks relate primarily to the cost of interest-bearing debt, the debt rate is tied to the market rate and generally have a short duration. Intrum Justitia's strong cash flow generating business allows Intrum Justitia to repay its debt or invest in operations, and hence Intrum Justitia can manage debt size and consequently its total interest cost.

Credit risk

Credit risk is the risk that Intrum Justitia's counterparties are unable to fulfill their obligations to Intrum Justitia. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from assets, such as cash and cash equivalents, guarantees and derivative *financial* instruments and deposits with banks and financial institutions, as well as outstanding receivables, purchased debt and outlays on behalf of clients. For financial assets owned by us, very limited collateral or other credit reinforcements have been received. Therefore, the maximum credit exposure for each class of financial assets corresponds to the carrying amount. There is also a limited risk of loss linked to Intrum Justitia's debt collection services, however, this risk is primarily carried by Intrum Justitia's clients.

To minimize the risks related to purchase of portfolios, caution is exercised in purchase decisions. Purchases are usually made from clients with whom Intrum Justitia has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. Purchased debt is usually purchased at prices significantly below the nominal value of the receivables, and are not collateralized. Intrum Justitia retains the entire amount it collects, including interest and fees. For more information on Intrum Justitia's purchased debt, see "—*Purchased Debt*."

Significant Accounting Policies

See Note 2 to Intrum Justitia's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF LINDORFF

The following is a discussion and analysis of the results of operations and financial condition of Lindorff. The discussion and analysis of Lindorff is based on the unaudited interim consolidated financial statements of Lock Lower Holding and its subsidiaries as of and for the three months ended March 31, 2017 and 2016, the audited consolidated financial statements of Lock Lower Holding and its subsidiaries as of and for the years ended December 31, 2016 and 2015 and the audited consolidated financial statements of Lindorff AB and its subsidiaries as of and for the year ended December 31, 2014, in each case, prepared in accordance with IFRS. Except as expressly provided, this discussion and analysis of the results of operations and financial condition of Lindorff does not give effect to the potential impact of divesting the Carveout Business on Lindorff. See "Summary—Divestment of the Carveout Business."

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

Key Factors Affecting Lindorff's Results of Operations

Lindorff's business and results of operations, as well as the key operating metrics discussed below, have been, and are expected to continue to be, affected by certain key factors including, in particular, level of debt available for purchase and for third party collection, purchases of debt portfolios at the right price, competition and pricing, gross collection levels, collection costs and operational efficiency, cost saving measures, seasonality, acquisitions and geographic expansion, economic conditions, foreign currency effects and tax effects. Each of these factors is discussed in more detail below.

Level of Debt Available for Purchase and for Third Party Collection

Lindorff's results of operations are linked to the overall level of loans and other overdue receivables available for purchase and for third-party collection in the markets and industry sectors in which it operates. According to the Company Market Study, the level of sale and outsourcing of loans and other overdue receivables has increased in these markets, particularly in relation to NPLs originated by financial institutions, and we believe that this development will continue. This market growth opportunity is largely driven by three factors: a large build-up of NPLs by financial institutions, an increased propensity to sell NPLs as regulation has put pressure on financial institutions to delever and an increase in the number of financial institutions selling debt and outsourcing collection services as financial institutions have refocused their businesses by exiting non-core operations, such as in-house debt collection. During the periods under review, Lindorff benefitted from these industry trends and was able to expand its operations and increase its results of operations. Lindorff entered into new collection services contracts and successfully negotiated contract extensions with existing clients. Furthermore, notwithstanding the increase in market competition, Lindorff was able to price its purchases in such a way that we believe Lindorff has a competitive advantage when bidding, with the end result that Lindorff's overdue receivables and debt portfolios have increased appreciably. Lindorff has secured loan servicing capabilities in certain key markets, including Spain, Germany, the Netherlands, Poland and Baltics, and recently increased its focus on secured loans. Lindorff also recently entered into new business areas of RES. These developments were enhanced by the Aktua Acquisition in 2016 that included a number of long-term services contracts within secured loans and RES. Lindorff may also expand these operations into other jurisdictions. This has enlarged Lindorff's addressable market, as secured claims constitute the majority of the loans and other overdue receivables available for purchase and for third party collection.

During the global financial crisis (2008-2010), the credit management market was volatile. Customers' repayment profiles were extended, which led to longer estimated remaining collections ("**ERC**") horizons. In response to this development, Lindorff adopted a cautious approach and decreased its portfolio purchases. Instead, Lindorff shifted its focus to debt collection. Performing both debt collection and debt purchasing has helped Lindorff build a flexible and balanced business that we believe is well-suited to capture the increased overall level of use of credit management services across Europe. Regardless of whether a financial institution desires to manage its credit management requirements by selling loans and other overdue receivables or by outsourcing its debt collection function, Lindorff can offer these services and build a relationship with the client, enabling it to be the preferred choice if and when that client decides to shift or expand its usage of credit management services.

The global financial crisis accelerated the build-up of NPLs in the European banking system. Based on the Company Market Study, we believe that the European bank NPL stock amounted to approximately €1.1 trillion in 2015, representing more than 2.5x 2007 levels. While the stock is expected to remain stable, outsourcing of debt collection to specialized credit management companies is expected to continue as banks focus on core activities. Furthermore, according to the Company Market Study, increased regulatory pressure will continue to drive strong growth in NPL sales as stricter regulations and increased provisioning levels have incentivized banks to de-lever and sell NPLs.

Purchases of Debt Portfolios at the Right Price

Lindorff's ability to purchase debt portfolios at the right price has been a key driver of its results of operations in the periods under review and is expected to continue to be a key driver going forward. Purchased debt consists mainly of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on the debt and which are recognized at amortized cost. We expect Lindorff to achieve collections in excess of the portfolio purchase price, and as of March 31, 2017 Lindorff's ERC was 2.24 times its carrying value of purchased debt.

When purchasing portfolios, Lindorff engages in an extensive valuation of the portfolio in order to determine what price it should offer the client, see *"Business—Lindorff: Operations and Service Offerings—Debt Purchasing—Valuation and Due Diligence."* Lindorff's performance is dependent on its ability to purchase portfolios of loans and other overdue receivables that meet its investment criteria, including prices that generate an appropriate return on purchased debt. After purchasing a portfolio, Lindorff's performance is further dependent on its ability to generate gross collection levels at or in excess of its expectations for that portfolio. Lindorff has strong secured loan servicing capabilities and recently increased its focus on secured loans. These loans entail some additional complexity with respect to pricing and forecasting. For example, secured loans have different risk and collection profiles than the unsecured loans and receivables that have historically been Lindorff's main focus.

The global financial crisis reduced the propensity of debt originators to sell overdue receivables as prices decreased and also led to difficulties for debt purchasers with obtaining funding for purchases of portfolios in 2008 and 2009. During this period, collection levels on portfolios decreased, thus reducing overall portfolio performance. This impacted not only the pricing of new portfolios, but also existing portfolios that debt purchasers owned at the time and which were typically secured under existing funding arrangements. Consequently, the years surrounding the global financial crisis created challenges for debt purchasers to obtain funding. Lindorff was able to adapt quickly to these challenging market conditions. During this time, its portfolios were primarily sourced from financial institutions in the Nordic region, and Lindorff was able to mitigate the impact of the adverse market conditions by changing its collection strategies and adopting solution rates (*i.e.*, expected collection relative to the principal amount) with long-term repayment profiles. The lower purchase prices resulted in reduced propensity of debt originators to sell overdue receivables. Instead, they shifted focus to debt collection services. Due to Lindorff's full service business model, it was able to adapt its business mix and meet this client demand. Pure debt purchasers, who lacked in-house debt collection operations, were unable to react in this manner. Similarly, when the markets started to recover again in 2010, and pricing levels became increasingly attractive for sellers, Lindorff was able to respond rapidly by increasing portfolio purchases. We believe that Lindorff's balanced business model allows it to adapt to a changing market environment and the dynamics of supply and that this ability to adapt to shifts in the debt purchase and servicing markets will continue to mitigate the effect such shifts will have on its results of operation moving forward.

From January 1, 2014 to December 31, 2016, Lindorff invested €911 million to purchase portfolios of loans and other overdue receivables, including deliveries under forward flow agreements. 2015 was a significant year for Lindorff as it invested €395 million, which included the purchase of two major portfolios in the Nordics from Nordea and DNB, compared with an investment of €241 million in debt purchasing in 2016 (in addition to various acquisitions, including the Aktua Acquisition). As of December 31, 2016, 81% of the total collectible value on purchased debt of Lindorff's portfolios across its geographic markets consisted of NPLs originated by financial institutions, with the remaining approximately 19% representing overdue receivables from clients in other industries. As of December 31, 2016, 2015 and 2014 Lindorff had ERC of €2.6 billion, €2.4 billion and €2.0 billion, respectively, and, as of March 31, 2017, it had ERC of €2.6 billion. The resulting carrying value of purchased debt in Lindorff's IFRS consolidated statement of financial position was €1,176 million, €1,070 million and €809 million, respectively, as of December 31, 2016, 2015 and 2014, and €1,169 million and €1,061 million as of March 31, 2017 and 2016, respectively. The continuing increases in the carrying value of Lindorff's purchased debt was driven by Lindorff's ability to purchase greater volumes of debt portfolios, as appropriate, as well as the increased number of debt portfolios available for purchase. The decrease in carrying value of purchased debt as of March 31, 2017 compared to December 31, 2016 was driven by amortization exceeding new portfolio purchases in the three months ended March 31, 2017.

The table below presents information on the debt portfolios that Lindorff purchased during the periods under review. In any period, Lindorff purchases portfolios that can vary in age, type and ultimate collectability, which results in period-to-period variation in average prices paid and total collectible value on purchased debt.

	Lindorff AB	**Lock Lower Holding AS**	
	For the year ended December 31,	**For the year ended December 31,**	
	2014	**2015**	**2016**
Purchases of portfolios of loans and other overdue receivables: price paid (€ in millions)	275	395	241
Total price paid as % of total collectible value on purchased debt (%)	7.7	15.9	12.4

There are two principal models for purchasing portfolios of loans and other overdue receivables: one-off agreements and forward flow agreements, see "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Key Factors Affecting Intrum Justitia's Results of Operations—Purchases of Debt Portfolios at the Right Price*." As of December 31, 2016, 2015 and 2014, Lindorff had invested €57 million, €63 million and €66 million, respectively, in forward flow agreements and for the three months ended March 31, 2017 and 2016 it had invested €11 million and €14 million, respectively, in forward flow agreements. Forward flow agreements are typically not long-term contracts. Nevertheless, while the terms of Lindorff's current forward flow agreements provide no medium- to long-term assurance on purchasing levels, most of these contracts are with existing partners with whom Lindorff has established relationships, and we expect that many of these contracts will be renewed based on our experience with such contracts in the past.

Lindorff's full-service business model allows it to offer flexible pricing arrangements to its clients that are tailored for the specific circumstances of the client and the relevant portfolio. Lindorff is increasingly partnering and co-investing with financial investors that lack debt collection capabilities in the purchase of large debt portfolios, including secured loans. In such cases the co-investor typically retains the majority of the investment. Lindorff targets minority holdings in the range of 20-50% in co-investment structures, where it provides third-party debt collection services to its co-investor(s), servicing 100% of the portfolio. Co-investment is beneficial for a number of reasons: (1) such arrangements typically provide Lindorff with a large portfolio to perform debt collection through master servicing agreements, while Lindorff also generates debt purchasing gross collections equal to its share of the investment, (2) these arrangements enhance Lindorff's ability to purchase large portfolios, (3) they give Lindorff the opportunity to cooperate with external expertise and purchase diverse asset pools, (4) they enable Lindorff to diversify risk as Lindorff shares the risk with a partner and can purchase interests in several portfolios as opposed to a single one and (5) they facilitate Lindorff's entry into new markets and support building both purchase and collection capabilities early on in a new jurisdiction. If Lindorff invests an average of 25% in each of its co-investments (assuming it receives a servicing fee of 75% on the portfolio), we believe that Lindorff can generate an increase in its expected rate of return of 3% compared to if it would have purchased the entire portfolio without co-investors. Co-investments' impact on the revenue split between debt collection and debt purchasing depends on the size of Lindorff's minority holdings. For example, if Lindorff were to invest less than 35% of the capital in a co-investment, then the portfolio contributes a larger share to debt collection (assuming servicing 100% of the portfolio). Conversely, if Lindorff were to invest more than 35% of the capital, then debt purchasing revenue will be higher than debt collection revenue from that particular portfolio.

In the Baltics, we co-invested in a mixed portfolio in which our contribution to the total investment amount of approximately €110 million amounts to €21.6 million, where we collect on 100% of the portfolio. In Spain, we co-invested in a secured portfolio, with our contribution to the total investment amount of approximately €90 million amounts to €8 million, where we collect on 100% of the portfolio.

Lindorff's ability to purchase portfolios has historically depended on its internally generated funding resources and its access to financing at the time portfolios become available for purchase. For the periods under review, Lindorff funded its purchases of portfolios, working capital needs and other expenditures with cash generated from operating activities and borrowings under the Lindorff Existing Revolving Credit Facility. See "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Liquidity and Capital Resources*" for additional information on the capital resources we expect to be available after giving effect to the Transactions.

Competition and Pricing

Competition and pricing levels in the markets in which Lindorff operates affect its ability to successfully and profitably purchase portfolios of loans and other overdue receivables and carry out its debt collection services. The European credit management market is fragmented, consisting of several thousand companies with varied profiles. In recent years, we believe that there has been a trend towards increased concentration of the credit management industry with credit management companies, such as Intrum Justitia, Hoist Finance, Portfolio Recovery Associates (due to their acquisition of Aktiv Kapital) and Lindorff, expanding in scale as core clients, in particular financial institutions, are increasingly placing value on high-quality data assets acquired over an extended period of time, a robust compliance framework, a multi-national presence and long-term relationships with credit management companies. In addition, reputation and ethical behavior are important competitive advantages in order to maintain relationships with current and potential clients, especially financial institutions. The pricing element of debt collection services has become, and continues to be, increasingly competitive across all markets and resulted in decreased pricing levels for such services during the periods under review. By leveraging Lindorff's size, experience and portfolio acquisition model, we believe Lindorff has been able to succeed in this competitive environment across its various jurisdictions.

Portfolios of unsecured consumer NPLs, which is where Lindorff has historically focused its debt purchases, have become subject to increasingly competitive pricing as financial institutions have taken a strategic view to divest these types of portfolios. As these portfolios have grown in size and value, this has become an attractive sector and existing market participants, together with new market entrants, have intensified competition and pricing. Furthermore, the increased price levels are largely due, we believe, to the claims sold being "fresher," already paying or in the legal and enforcement stage of collection, as opposed to older, non-paying claims depending on voluntary payments, which is the pattern for portfolios in some of the markets Lindorff has entered more recently. The global financial crisis led to unattractive pricing levels for purchases of portfolios in 2008 and 2009, mainly as a result of reduced ability of customers to repay their debt, reduced propensity of debt originators to sell overdue receivables and difficulties for debt purchasers to obtain funding, but markets started to recover again in 2010 and pricing levels have been advantageous during the periods under review. Unlike companies that do not offer debt collection services, its balanced operations provide an efficient tool in this competitive landscape. Since Lindorff generates steady revenue and cash flow from its debt collection services, Lindorff can selectively choose which NPL portfolios to bid for and does not have to purchase portfolios we believe are priced too high simply to ensure sufficient cash flow into the operations. With respect to secured loans, an area in which Lindorff recently increased its focus, the portfolios are often of considerable size and the competitors are typically large portfolio investors, such as investment funds. Flexible pricing arrangements, such as partnering and co-investing with financial investors in the purchase of large debt portfolios, provides Lindorff with a competitive advantage in bidding processes. In this competitive landscape, its EBITDA margin has improved from 32% in the year ended December 31, 2014 to 39% in the year ended December 31, 2016. See "*Risk Factors—Risks Related to Our Industry and Business—We are active in competitive markets and may be unable to continue to successfully compete with businesses that may offer more attractive prices, benefit from less expensive funding or pursue lower return requirements than us*."

Gross Collection Levels

Lindorff primarily generates revenue from: (a) fees and commissions received from claims on which it perform debt collection services, pursuant to contracts that typically contain "no cure no pay" payment terms, which means that Lindorff is paid only if it is able to successfully collect on a claim; and (b) payments received from customers linked to claims in Lindorff's purchased debt portfolios. The ability and willingness of a customer to pay depends on several factors, such as his/her employment status, the availability of funds and asset ownership. We believe that Lindorff's business benefits from the quality of the data that it can build about a customer's circumstances and the analysis it can perform on such data in order to confirm the customer's employment status and/or asset ownership, for example, and assess his/her ability or willingness to pay, and ultimately determine the best collections strategy for individual customers.

Lindorff has a large and diverse collection of portfolios that have delivered consistent and stable revenue over time. As of December 31, 2016, Lindorff received approximately 8.9 million payments, and it had approximately 9.6 million claims in stock as of December 31, 2016.

Gross Collection Levels on Debt Collection Services

Since Lindorff's client contracts for debt collection services are typically entered into on a "no cure no pay" basis, its debt collection revenue is directly linked to its gross collection levels. The volume of loans and other overdue receivables outsourced to Lindorff by its third-party collection clients, and consequently its revenue from debt collection services, is linked to Lindorff's historic ability to collect on overdue debt and on its relationships with its debt collection clients, including Lindorff's ability to demonstrate strong gross collection levels. Different types of asset classes and different jurisdictions have different collection profiles and contract types. For example, RES on behalf of third-party clients is connected with and exposed to real estate prices and secured loans have different risk and collection profiles than the unsecured loans and receivables that have historically been Lindorff's main focus. In addition, RES contracts typically have a two-fold payment structure, with one payment component being linked to collection levels in line with the standard described above, while the other component is based on certain other criteria, such as certain actions carried out. By achieving strong collection levels, Lindorff can maximize the amount recovered by its clients, as well as the fees and commissions it receives on a particular claim. Lindorff's debt collection clients actively manage the outsourcing process by benchmarking its collections performance against that of its competitors on a regular basis. Depending on the outcome of such benchmarking, Lindorff's clients may release more claims to it or, conversely, if Lindorff has performed poorly compared to its peer group, reduce the number of claims that it services. Lindorff offers flexible pricing arrangements to its debt collection services clients that are tailored for the specific circumstances of the client and the relevant claims to be outsourced. We believe that the benefits of Lindorff's effective claims collection strategy are evident through its many long-standing client relationships where it is seen as a trusted, important and strategic business partner by entering into a master servicing agreement to provide collection services on the client's loans and other overdue receivables that Lindorff has not purchased. For more information about Lindorff's debt collection services, see "—*Key Operating Metrics for Debt Collection Services.*"

Gross Collection Levels on Purchased Debt

After Lindorff purchases a portfolio, it typically manages the portfolio in-house. Revenue generated from claims in connection with its purchased portfolios is impacted by the gross collection levels that Lindorff is able to achieve. As Lindorff keeps the entire amount it collects on purchased portfolios, it can strategically allocate additional resources and costs to optimize collection and increase collection levels on a specific portfolio, until it reaches the stage when the resources and costs required exceed the expected revenue. We believe that Lindorff's ability to convert non-paying claims into paying claims on its purchased portfolios illustrates the degree of accuracy of its analysis conducted through its data assets and analytical capabilities and the effectiveness of its scalable, multi-channel collections approach and we further believe that Lindorff operates its forecasts with an appropriate balance between prudent pricing and strong collection performance. From January 1, 2014 to March 31, 2017, Lindorff collected 105% of its cash flow forecasts. During 2009 and 2010, following the global financial crisis, Lindorff experienced a change in market dynamics where there was an increase in its collection costs, while customers were unable to pay back their loans on previous levels. This resulted in Lindorff's actual collections being lower than its projected collections (based on its pricing model at the time of purchase). In order to mitigate the effects of the prevailing conditions, Lindorff shifted its collection strategies from more costly methods, such as bailiffs, to less expensive alternatives, such as long-term payment plans. After adapting its collection strategies in this way, Lindorff managed to meet its collection estimates and, during the periods under review, actual collections on its owned portfolios have consistently exceeded projected collections based on its pricing model at the time of purchase.

Collection Costs and Operational Efficiency

Optimizing customer contact at each stage of the collection life cycle is the key to Lindorff's debt collection strategy. Its debt collection process is standardized and automated, with the goal of maximizing the total amount collected over the life of the debt through sustainable payment plans or affordable settlements achieved through an amicable and solution-oriented collection approach rather than exploiting short-term collection potential. Lindorff benefits when purchasing a portfolio since any effects resulting from allocating additional resources and cost to collect to such portfolio is attributed to Lindorff, whereas in debt collection the additional resources and cost merely produce a marginal increase in commissions and in many cases require Lindorff's client to accept a higher commission in order for Lindorff to benefit from the additional revenue generated. Debt purchasing does not require Lindorff's client to take this risk, but the client can anyway realize some of the benefit by receiving an attractive price level.

Costs representing 18% of Lindorff's net revenue for the year ended December 31, 2016 were variable, *i.e.*, attributable to phone, postage and packaging, print, temporary staff, legal fee cost, travel and consulting fees (compared to 17% for the year ended December 31, 2015 and 18% for the year ended December 31, 2014). The ratio of variable costs to revenue for the twelve months ended March 31, 2017 was 18% (compared to 17% for the twelve months ended March 31, 2016). The stability in variable costs as a percentage of revenue during the years ended December 31, 2014 to 2016 was due to a continued focus on cost control and operational excellence. For example, in June 2014, Lindorff established LBS, its in-house center of excellence that supports the Lindorff companies by providing back-office type services to improve efficiency, quality of services and market responsiveness and to utilize scale and skill advantages, consolidate functions and further develop knowledge sharing within the organization. Lindorff's fixed costs are limited almost entirely to office accommodation, permanent staff, data platform, compliance and IT infrastructure expenses, providing it with scalability with a low level of incremental overhead costs. Lindorff's fixed costs as a percentage of revenue decreased during the years ended December 31, 2014 to 2016 from 50% to 43% reflecting increased scalability and operational efficiency.

Certain of Lindorff's collection costs in a given period are largely variable because they are primarily driven by collection activity performed in such period. Such costs mainly comprise temporary staff, legal fees (including bailiffs), phone, postage and packaging, customer information services, travel and consulting fees and commissions to external debt collectors. Lindorff uses external debt collectors in cases where it has purchased debt portfolios that were already outsourced by the debt originator to the external debt collector, and thus it is more efficient in Lindorff's view to retain this relationship. The aggregate commissions Lindorff pays to external debt collectors vary period-on-period. Lindorff's collection cost ratio for debt collection services, calculated as its direct operating expense for its debt collection segment over the total operating revenue for its debt collection segment, decreased from 58% for the year ended December 31, 2014 to 49% for the year ended December 31, 2016, and from 59% for the three months ended March 31, 2016 to 52% for the three months ended March 31, 2017. The decrease in Lindorff's collection cost ratio for debt collection services was mainly driven by increased operational efficiency and increased scale as it managed to increase the number of third-party portfolios serviced while controlling its investment in collection resources. Lindorff's collection cost ratio for debt purchases, calculated as its direct operating expense for the debt purchasing segment over gross collections, decreased from 31% for the year ended December 31, 2014 to 29% for the year ended December 31, 2016. The decrease in this period was mainly due to lower average commission rates, which in turn was partly due to increased collection efficiency in Lindorff's debt collection department and partly due to a change in country mix towards countries with relatively cheaper collection services. The collection cost ratio for debt purchases increased from 28% for the three months ended March 31, 2016 to 29% for the three months ended March 31, 2017.

The table below sets forth Lindorff's collection costs and its collection cost ratios for the periods under review.

	Lindorff AB	Lock Lower Holding AS			
		For the year ended December 31,		For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(€ in millions, except %)				
Debt purchasing					
Gross collections	340	408	449	106	111
Cost to collect(1)	(105)	(127)	(131)	(30)	(32)
Gross collections less cost to collect	**235**	**281**	**317**	**75**	**79**
Collection cost ratio (%)(2)	31	31	29	28	29
Debt collection services					
Total operating revenue(3)	336	358	442	85	126
Cost to collect(1)	(196)	(206)	(218)	(50)	(65)
Total operating revenue less cost to collect	**139**	**151**	**224**	**35**	**61**
Collection cost ratio (%)(4)	58	58	49	59	52

(1) Direct operating expense for the debt purchasing segment and the debt collection segment, respectively.

(2) Cost to collect relative to gross collections.

(3) Includes intergroup commissions.

(4) Cost to collect relative to total operating revenue for the debt collection segment.

Year-on-year trends in Lindorff's collection cost ratio are not necessarily indicative of its operational efficiency and the return on capital it can achieve on purchased debt, as they are impacted by the varying characteristics of the portfolios it purchases in different years and differences in the timing of portfolio purchases during the year. Specifically, we believe that recent trends in Lindorff's collection cost ratio have been driven by: (i) significant improvements in the operational efficiency of Lindorff's collections team, primarily due to its implementation of more efficient collection methods, such as text messages and other automated processes, and a well-balanced level of operating expenses; and (ii) changes in the volume, mix and timing of portfolio purchases in each year.

Operational efficiency is key to Lindorff's business model and a main advantage of its business compared to competitors and financial institutions and other customer companies who handle their debt collection in-house. Lindorff begins the debt collection process by segmenting or scoring customers according to the predicted likelihood that they will pay, based on criteria such as past payment history, size and type of debt, customer's age and gender and whether the debt was incurred by a consumer or a business. Lindorff thereafter determines which collection method to use for the specific claim, such as calls, letters, text messages, emails and to some extent personal visits by agents, depending on various factors, including the geographical market, the claim size, the client Lindorff is acting on behalf of, the applicable laws and regulations and the individual customer. We believe that Lindorff is able to lower collection costs due to its large scale and automation of the debt collection process and Lindorff is able to increase recovery rates through its data assets and analytical capabilities to optimally tailor debt collection strategies based on past experiences. As a result, we believe that Lindorff can optimize collection efficiency over the lifetime of the claim.

Lindorff has systematically carried out projects that have had, and that we believe will continue to have, a positive effect on its operations. Lindorff has divested a number of non-core activities and smaller businesses during the periods under review. In addition, in June 2014, Lindorff established LBS in Vilnius, Lithuania. LBS is an in-house center of excellence that supports the Lindorff companies by providing back-office type services to improve efficiency, quality of services and market responsiveness and to utilize scale and skill advantages, consolidate functions and further develop knowledge sharing within the organization. LBS employs over 200 FTEs and has thus far primarily contributed to the operations in high-costs countries, such as the Nordics, but expansion across Lindorff's jurisdictions is planned. Lindorff is currently in the process of implementing various collection system models and evaluating opportunities to consolidate collection systems across the markets in which it operates. Lindorff established LBS IT Shared Service Center ("**SSC**") in Wroclaw, Poland in December, 2016. SSC supports Lindorff in its application of IT-related solutions and product development, it supports the near-shoring of existing IT services and it operates as a back-up facility for LBS. In addition, Lindorff has systematically worked to improve its basic IT infrastructure, and has moved from operating a unique IT platform in each local operation to having one IT infrastructure platform, operated by its IT outsourcing provider, which services most of its local operations. We believe that over time Lindorff will be able to realize savings in the consolidation of its IT infrastructure and designated SSC center.

Cost Saving Measures

Lindorff has improved, and plans to continue improving, its earnings and cash flow by reducing operating costs within its business through a number of measures, such as staff optimization and reducing employee costs, restructurings and site consolidations, IT optimization, procurement, outsourcing and other operational efficiency initiatives and reducing consultancy fees. For example, in June 2014, Lindorff established LBS in Vilnius, Lithuania, its in-house center of excellence. In addition, Lindorff has completed site consolidations of offices in Denmark, Germany, the Netherlands, Norway and Sweden. As a result of these and other cost saving measures, Lindorff's employee benefit expense, legal fee cost and phone, postage and packaging expense all decreased as a percentage of revenue in the three months ended March 31, 2017, compared to the three months ended March 31, 2016.

In connection with the development and implementation of these cost saving measures, Lindorff has incurred non-recurring cash expenses, in particular for capital expenditures, staff related expenses and consulting fees in an annual aggregate amount of €6 million in the year ended December 31, 2016 and €5 million in the year ended December 31, 2015. For the three months ended March 31, 2017 and 2016, Lindorff recorded non-recurring expenses relating to these cost saving measures in an aggregate amount of €1 million and €2 million, respectively. Lindorff plans to continue reviewing its operations at all levels to identify potential cost savings and expects to incur additional non-recurring cash expenses in connection therewith in future periods. See "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Cost Saving Measures*" for a discussion of cost saving measures in connection with the Merger.

Seasonality

The timing of Lindorff's purchases of portfolios of loans and other overdue receivables is likely to be uneven during a financial year and from year to year due to fluctuating supply and demand within the market, with a corresponding impact on leverage and earnings. Lindorff has generally purchased more portfolios, measured by purchase price, in the fourth quarter (when debt originators in general, and financial institutions in particular, often seek to sell assets) compared to each of the first three quarters. For example, in 2016 Lindorff purchased 59% of its portfolios in the fourth quarter. However, there may be exceptions in certain years where purchases of major individual portfolios are made in other parts of the year, such as in 2013 and 2014, when Lindorff purchased 39% and 34%, respectively, of its portfolios in the second quarter, and Lindorff's interim results for any given quarter may be impacted by the timing of the closing of a specific portfolio purchase. We believe that the fourth quarter will likely continue to be the most important quarter for financial institutions' management of their financial positions and thus when Lindorff's portfolio purchase levels will be highest. The ECB Asset Quality Review, various stress tests and the increased importance of quarterly reporting in the financial calendars of larger institutions, may result in a more even flow of sales throughout the year. Lindorff's interim results for a given quarter may also be impacted by seasonal factors, such as whether Easter occurs in the first or second quarter of the year. The seasonality described above impacts Lindorff's consolidated income statement as returns generated through debt collections on its purchased portfolios, and amortization of such portfolios, are recognized in its consolidated income statement as described in more detail in "*—Recognition of Purchased Portfolios, Revenue Recognition, Estimation of Cash Flow Forecasts and Revaluation of Purchased Portfolios.*"

Debt collection is also highly affected by seasonal factors related to customers, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Collections within portfolios tend to have high seasonal variances, while Lindorff's costs are more evenly spread out over the year, resulting in high variances of margins and profitability between quarters. Lindorff's margins are generally lower in the first quarter, whereas its collections will be seasonally higher in the second and fourth quarters of the year, due to customers' receipt of tax refunds, holiday bonus payments and other factors.

Acquisitions and Geographic Expansion

Lindorff has a strong track record of expanding into new markets and making strategic acquisitions and carve-out transactions. Lindorff has been able to successfully integrate new businesses into its existing operations, achieve its strategic plans and leverage its strong client relationships to acquire businesses and assets from some of the largest financial institutions in Europe. During the periods under review, Lindorff's expansion has consisted of acquisitions of other debt collection companies, as well as so-called carve-out transactions. A carve-out transaction means that Lindorff purchases a collection unit, typically from a financial institution, and that it thereby takes on the entire or parts of the collection function from such institution, including employees, IT and collection systems and portfolios of loans and other overdue receivables. In connection with carve-out transactions, Lindorff often also enter into a long-term service agreement to provide debt collection services to the financial institution doing the carve-out. These acquisitions and carve-outs have allowed Lindorff to enhance its business intelligence capabilities and local collection knowledge and generate steady streams of revenue. We also believe that carve-outs have the benefit that Lindorff can integrate the carved-out collection unit into its existing operations and with its collection knowledge, thereby achieving stronger collection returns than the selling financial institution for whom debt collection is a non-core business.

The value of the assets of the carve-out transaction is allocated to Lindorff's consolidated statement of financial position according to the purchase price analyses as identified tangible and intangible assets, and the residual purchase price is allocated as an intangible asset (client relationship) and amortized over the stipulated contract period. Acquisitions and carve-out transactions made during the periods under review were carried out to enter into new geographic markets or to further penetrate existing geographic markets, enter into long-term debt collection services agreements with specific financial institutions and complete a value chain, for example by establishing a local platform to better service a particular market. Expanding into a new geographic market may affect Lindorff's overall balance between debt collection services and debt purchasing, should the new market be particularly focused on one of these business areas. Geographic expansion may also serve to diversify its business and enhance its ability to manage the overall balance between debt collection services and debt purchasing.

Lindorff acquired businesses and completed carve-out transactions for a total purchase price of €379 million during the periods under review. Its recent acquisitions and carve-outs include five of significant scale:

- In December, 2014, Lindorff completed the 2014 Spanish Acquisition, in which it acquired a carved-out collection unit from Banco Sabadell in Spain. This acquisition was the then-largest in the history of Lindorff, with an acquisition price of €159 million. In connection with the acquisition, Lindorff entered into a long-term service agreement with Banco Sabadell to carry out part of its debt collection.

- In August, 2015, Lindorff acquired 100% of the ordinary share capital of Casus Finanse SA, a leading credit management company in Poland.

- In May 2016, Lindorff acquired the entire share capital of Cross Factor S.p.A., an Italian company operating in credit management services.

- As described in more detail below, in June 2016, Lindorff acquired 93.66% of the shares of Aktua for a consideration of €134 million, including deferred and contingent consideration. Lindorff subsequently sold a stake representing 8.66% of Aktua's share capital to the existing minority shareholder, increasing the minority shareholder's participation to 15% and reducing Lindorff's holding to the remaining 85%. Aktua is an independent multi-client debt collection service provider in Spain, with strong relationships and significant contracts with the largest Spanish financial institutions. Aktua offers servicing of secured loans, RES, fund management and related servicing and debt portfolio merger and acquisition and NPL/real estate management consulting services.

- In November 2016, Lindorff acquired HIT Hanseatische Inkasso-Treuhand GmbH ("**HIT**"), a debt collection company in Germany, and DMV Debitorenmanagement-und Verwaltungsgsesellschaft mbH ("**DMV**"), a company that provides services to HIT.

Aktua Acquisition

In addition to strengthening its position among credit management companies in Europe, the Aktua Acquisition significantly strengthened Lindorff's secured loans operations and marked its entrance into RES. Prior to the Aktua Acquisition, Aktua entered into a contract with Ibercaja Banco, S.A. on February 2, 2016, pursuant to which Aktua acquired a subsidiary of Ibercaja Banco, S.A. and agreed to manage certain real estate assets of Ibercaja Banco, S.A. and its subsidiaries for a period of 10 years. The new RES capabilities acquired as a result of the Aktua Acquisition involve servicing, maintenance and sale of real estate owned by Lindorff's clients (*i.e.*, not recorded on the balance sheet of Lindorff). RES is an adjacent service along the credit management value chain that we consider to be complementary to NPL servicing in Lindorff's focus on offering an integrated value proposition across the whole value chain. We believe there is significant potential to export and roll out both RES and secured loans capabilities to other geographic markets in which Lindorff is already present in order to complement its service offering to existing and potential clients.

For the twelve months ended March 31, 2017, Aktua contributed €62 million of Adjusted EBITDA (excluding NRIs) to Lindorff (as consolidated from June 1, 2016).

Economic Conditions

The economic and market conditions in the countries in which Lindorff operates can have various effects on its operations. For example, adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for Lindorff to purchase and positively impact its prospects of purchasing portfolios and complete carve-out transactions with attractive returns. Similarly, negative economic developments may increase the amount of loans and other overdue receivables possessed by Lindorff's debt collection clients, thereby potentially increasing the number of claims outsourced to Lindorff for collection. If adverse economic conditions materially reduce the ability of customers to repay their debts, Lindorff's revenue from both debt collection services and debt purchasing could decrease. Adverse economic conditions could also reduce debt originators' propensity to sell overdue receivables at the prices prevailing in the market, thereby decreasing the volume of portfolios of loans and other overdue receivables available for Lindorff to purchase and, thereafter, sales by debt originators could increase as debt originators seek to sell portfolios in order to free up capital, thereby increasing the volume of loans and other overdue receivables available for Lindorff to purchase. This trend has been evident in the last eight years; the global financial crisis in 2008 and 2009 led to dramatic slowdowns in purchases of portfolios across the markets in which Lindorff operates followed by a significant increase during the periods under review as debt originators sought to free up capital. Unfavorable economic conditions may also impact Lindorff's ability to obtain funding and thereby its ability to purchase portfolios.

Improved economic conditions are likely to lower default rates on loans, which could negatively impact the growth of the stock of portfolios available for Lindorff to purchase, as well as decrease the amount of loans and other overdue receivables possessed by its debt collection clients, which would negatively impact its debt collection services. Generally, gross collection levels improve in times of decreased levels of unemployment. As a result, positive economic conditions could also be beneficial as they would enable customers to increase repayments and enable customers who were previously unable to pay their debts to have new payment plans arranged, thus increasing Lindorff's revenue from both debt collection services and debt purchasing. Positive economic conditions may also increase the underlying credit stock, driven by higher private consumption and continued low interest rates, in turn driving the amounts of consumer credits.

In the markets in which Lindorff operated during the periods under review, Spain has seen large volumes of debt portfolios being sold and the market is expected to continue providing attractive bank carve-outs and NPL purchasing opportunities, particularly within the secured debt segment. Similarly, debt sales in Italy have experienced a significant increase. The positive development is expected to continue driven by, *inter alia*, conversion of semi-performing loans. In both Spain and Italy outsourcing ratios for consumer NPLs are expected to increase, in particular for secured consumer NPLs. In the Nordics, Sweden has also seen a positive development in debt sales volumes as banks increasingly prefer selling off debt to clean up their balance sheets. We expect this positive trend to continue, in particular for consumer unsecured NPLs, as both the NPL stock and debt sales are expected to grow supported by increased lending as economy grows and consumer confidence improves.

For information regarding the possible impact of the United Kingdom's decision to leave the EU, see "*Management Discussion and Analysis of Financial Condition and Results of Operation for Intrum Justitia—Key Factors Affecting Intrum Justitia's Results of Operations—Economic Conditions*."

Foreign Currency Effects

Lindorff currently has local operations in Denmark, Estonia, Finland, Germany, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Spain and Sweden. Lindorff liquidated its Russian operations in March 2017. Many of its subsidiaries transact business and report their financial results in currencies other than the euro, Lindorff's consolidated reporting currency. Accordingly, its results of operations were subject to currency effects, primarily currency translation exposure during the periods under review. Transaction-related exposure at Lindorff's subsidiaries was limited because revenue and costs were largely incurred in their respective operating currencies. In addition, funding of Lindorff's operations from the Lindorff Existing Revolving Credit Facility was converted from euro into local currencies and aligned with the portfolios purchased. For those countries with a reporting currency other than euro, profits and losses were translated into euro at average exchange rates, and assets and liabilities were translated into euro at closing exchange rates. Fluctuations in exchange rates against the euro resulted in period-on-period differences in Lindorff's results of operations and can obscure period-on-period comparisons, for example between the quarterly results of two different years. For the year ended December 31, 2016, 2015 and 2014, 38%, 42% and 48%, respectively, of Lindorff's revenue was reported by entities whose functional currencies were different than the euro, primarily Norwegian kroner, Swedish kronor and Danish kroner, which accounted for 23%, 9% and 3%, respectively, of its revenue in 2016, 26%, 11% and 4%, respectively, of its revenue in 2015 and 30%, 12% and 5%, respectively, of its revenue in 2014. For the three months ended March 31, 2017 and 2016, 35% and 41%, respectively, of Lindorff's revenue was reported by entities whose functional currencies were different than the euro, primarily Norwegian kroner, Swedish kronor and Danish kroner, which accounted for 23%, 6% and 3%, respectively, of its revenue in the three months ended March 31, 2017 and 24%, 10% and 4%, respectively, of its revenue in the three months ended March 31, 2016. As a significant portion of Lindorff's revenue and results of operations in Norway is linked to debt collection, fluctuations in the exchange rate between Norwegian kroner and euro can have a disproportionate effect on Lindorff's debt collection revenue. Lindorff is expanding its operations in existing markets, as well as considering growth opportunities in new markets, mainly where euro is the operating currency and thus we expect the impact of foreign currency translation to be moderate as Lindorff grows further.

Tax Effects

The statutory corporate tax rate in Sweden for each of 2016, 2015 and 2014 was 22%. Lindorff's effective tax rate in 2016 was 263%. The high effective tax rate, adjusted for issues relating to certain ongoing tax cases, was mainly due to net financing costs including unrealized currency losses in Sweden for which Lindorff had not recognized a deferred tax asset. Lindorff's effective tax rate in 2015 and 2014 was 28% and 34.6%, respectively, primarily due to varying income tax rates in the jurisdictions in which it operates, ranging from 15% in Lithuania to 31% in Germany, as well as the non-deductibility of certain expenses. In addition, Lindorff had certain tax losses in 2014 for which no deferred income tax asset was recognized. For additional information on income tax expense, see Note 9 to the audited consolidated financial statements of Lock Lower Holding as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Factors Affecting the Comparability of Lindorff's Financial Condition and Results of Operations

As further described under "*Presentation of Financial and Other Information*," Lock Lower Holding was established on May 22, 2014, and its only assets consist of its indirect interest through Lock AS in the share capital of Lindorff AB, which it acquired on October 6, 2014, upon completion of the Prior Lindorff Acquisition, and intercompany loans to Lock AS. The consolidated financial statements of Lock Lower Holding and its consolidated subsidiaries as of and for the year ended December 31, 2014, accordingly, only reflect Lindorff's results of operations from October 6, 2014 to December 31, 2014. As a result, for the year ended on or prior to December 31, 2014, we have included and primarily discussed in this Offering Memorandum the consolidated financial statements of Lindorff AB rather than those of Lock Lower Holding. For historical periods commencing on or after January 1, 2015, we have included and primarily discussed in this Offering Memorandum the consolidated financial statements of Lock Lower Holding rather than those of Lindorff AB.

Due to the factors discussed above, the comparability of the consolidated financial statements of Lindorff AB and the consolidated financial statements of Lock Lower Holding may be limited. The bullet points below set forth the impact of the Prior Lindorff Acquisition on certain line items of the consolidated income statements and statement of financial position of Lindorff AB and the combined income statement and statement of the financial position of Lock Lower Holding that effect their comparability.

Items of the Consolidated Income Statement

- *Total Income:* For the year ended December 31, 2015, Lock Lower Holding had total income of €534 million, which was €6 million less than Lindorff AB and related to internal services provided to Lindorff from Lindorff AB to Lock AS and Lock Lower Holding for the year ended December 31, 2015.

- *Employee benefit expense:* For the year ended December 31, 2015, the employee benefit expense of Lock Lower Holding was €187 million, which included employee costs of €1 million that were not included in the employee benefit expense of Lindorff AB for the year ended December 31, 2015.

- *Other operating costs:* For the year ended December 31, 2015, the other operating costs of Lock Lower Holding was €100 million, which included consultancy fees of €3 million that were not included in the other operating costs of Lindorff AB for the year ended December 31, 2015.

- *Net finance costs:* On October 6, 2014, upon completion of the Prior Lindorff Acquisition, €1,119 million of the funding package was on lent to Lindorff AB with a portion of the proceeds from the sale of the applicable Lindorff Existing Notes. See Note 23 to Lindorff AB's audited combined financial statements as of and for the year ended December 31, 2014 included elsewhere in this Offering Memorandum. Only a portion of the debt incurred by Lock Lower Holding in connection with the Prior Lindorff Acquisition was on-lent to Lindorff AB. Accordingly, the amount of expenses and finance costs reflected in the consolidated financial statements of Lock Lower Holding differ from those reflected in the combined financial statements of Lindorff AB. As a result of this, and foreign currency exchange effects related to the Notes, the net finance costs of Lock Lower Holding for the year ended December 31, 2015 were €172 million, which were €97 million more than the net finance costs of Lindorff AB for the year ended December 31, 2015.

- *Profit and loss before tax:* As a result of the differences highlighted in bullet points 1-4 above, the profit and loss before tax of Lock Lower Holding for the year ended December 31, 2015 was a loss of €23 million, which was a €99 million difference to the profit before tax of Lindorff AB for the year ended December 31, 2015.

- *Income tax expense:* As a result of the differences highlighted in bullet points 1-4 above, the income tax expense of Lock Lower Holding for the year ended December 31, 2015 was positive €6 million, which was €10 million less than the negative income tax expense of Lindorff AB for the year ended December 31, 2015.

- *Profit and loss for the year:* As a result of the differences highlighted in bullet points 1-4 above, the profit and loss for the year of Lock Lower Holding for the year ended December 31, 2015 was a loss of €16 million, which was an €88 million difference to the profit of Lindorff AB for the year ended December 31, 2015.

Items of the Consolidated Statement of Financial Position

- *Intangible assets:* As of December 31, 2015, Lock Lower Holding recorded intangible assets of €327 million and goodwill of €1,384 million, of which €83 million and €607 million, respectively, were not recorded on the statement of financial position of Lindorff AB, which was due to the Prior Lindorff Acquisition.

- *Deferred income tax assets:* As of December 31, 2015, Lock Lower Holding recorded deferred income tax assets of €71 million, of which €17 million were not recorded on the statement of financial position of Lindorff AB, which was due to losses carried forward at Lock AS.

- *Other long-term assets:* As of December 31, 2015, Lock Lower Holding recorded other long-term assets of €12 million, which was €15.4 million less than were recorded on the statement of financial position of Lindorff AB, which was due to an intercompany loan from Lindorff Group AB to Lock AS in the amount of €15.4 million.

- *Bonds:* As of December 31, 2015, Lock Lower Holding recorded bonds of €1,860 million issued in connection with the Prior Lindorff Acquisition that were not recorded on the statement of financial position of Lindorff AB.

- *Shareholder loans:* As of December 31, 2015, Lock Lower Holding recorded shareholder loans of €0 million, while Lindorff AB recorded shareholder loans of €1,478 million on its statement of financial position, which relate to an intercompany proceeds loan of €1,119 million granted to Lindorff AB with a portion of the proceeds from the sale of the applicable Lindorff Existing Notes in the Prior Lindorff Acquisition, subsequent intercompany loans related to portfolio purchases and debt restructuring in Lindorff AB, and interest accumulated to the principal in the period.

- *Deferred income tax liabilities:* As of December 31, 2015, Lock Lower Holding recorded deferred income tax liabilities of €47 million, of which €21 million were not recorded on the statement of financial position of Lindorff AB, which was due to deferred tax liability on brand name recorded in connection with the Prior Lindorff Acquisition.

- *Short-term loans:* As of December 31, 2015, Lock Lower Holding recorded short-term loans of €242 million, of which €241 million were not recorded on the statement of financial position of Lindorff AB, which was due to the incurrence of €206.5 million under the Existing Lindorff Revolving Credit Facility at Lock AS and accrued interest on secured bonds in Lock AS for a total amount of €34.5 million.

- *Short-term liabilities:* As of December 31, 2015, Lock Lower Holding recorded other short-term liabilities of €58 million, which was €54 million less than were recorded on the statement of financial position of Lindorff AB, which was due to contribution from Lindorff AB to Lock AS and Indif AB for a total amount of €52.7 million and intercompany liabilities from Lindorff Group AB to Indif AB.

Items of the Consolidated Statement of Cash Flow

- *Results from operating activities:* For the year ended December 31, 2015, the results from operating activities of Lock Lower Holding was €150 million, which included employee costs of €1 million that were not included in the results from operating activities of Lindorff AB for the year ended December 31, 2015.

- *Interest paid:* Only a portion of the debt incurred by Lock Lower Holding in connection with the Prior Lindorff Acquisition was on-lent to Lindorff AB. Accordingly, the amount of expenses and finance costs reflected in the consolidated financial statements of Lock Lower Holding differ from those reflected in the combined financial statements of Lindorff AB. As a result of this, the interest paid of Lock Lower Holding for the year ended December 31, 2015 was €152 million, which was €49 million more than the interest paid of Lindorff AB for the year ended December 31, 2015.

- *Decrease/increase in other receivables:* For the year ended December 31, 2015, the decrease in other receivables of Lock Lower Holding was negative €4 million, which was a €7 million difference to the increase in other receivables of Lindorff AB for the year ended December 31, 2015, which was due to ordinary course operating activity intercompany balances derived from the level below Lock Lower Holding and which are settled on the level of Lock Lower Holding.

- *Decrease/increase in accounts payable:* For the year ended December 31, 2015, the decrease in other payables of Lock Lower Holding was negative €2 million, which was a €6 million difference to the increase in accounts payable of Lindorff AB for the year ended December 31, 2015, which was due to ordinary course operating activity intercompany balances derived from the level below Lock Lower Holding and which are settled on the level of Lock Lower Holding.

- *Increase in long-term liabilities:* For the year ended December 31, 2015, the increase in long-term liabilities of Lock Lower Holding was €671 million, which was a €364 million difference to the increase in long-term liabilities of Lindorff AB for the year ended December 31, 2015, which was due to only a portion of the debt incurred by Lock Lower Holding in connection with the Prior Lindorff Acquisition being on-lent to Lindorff AB, as described above.

- *Retirement of debt:* For the year ended December 31, 2015, the retirement of debt of Lock Lower Holding was €327 million due to repayment of the previous credit facility, which was not included in the statement of cash flow of Lindorff AB for the year ended December 31, 2015.

- *Other financial expenses:* For the year ended December 31, 2015, the other financial expenses of Lock Lower Holding was €8 million due to certain consultancy fees, which were not included in the statement of cash flow of Lindorff AB for the year ended December 31, 2015.

Recognition of Purchased Portfolios, Revenue Recognition, Estimation of Cash Flow Forecasts and Revaluation of Purchased Portfolios

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

Recognition of Purchased Portfolios

Purchased debt consists mainly of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on purchased debt and which are recognized according to IAS 39 (or, for any annual periods beginning on or after January 2018, according to IFRS 9) for loans and receivables, *i.e.*, at amortized cost using the effective interest method. According to the effective interest method, the carrying value of each portfolio corresponds to the present value of estimated gross future cash flows discounted by an EIR determined on the date the portfolio was purchased. The initial EIR is based on the relation between purchase cost and the projected future cash flows on the purchase date.

With the projection of future gross cash flows and the purchase price including transaction costs as a basis, each portfolio is assigned an initial EIR that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at the time of purchase of the portfolio based upon estimated debt collections over the next 180 months that is then used to discount expected cash flows through the life of the portfolio. Portfolios with higher decay are estimated to have collections close to zero over the last few years of the life of the portfolio. If appropriate, the EIR is reassessed and adjusted up to 12 months after the purchase of the portfolio to reflect refinements made to our estimates of future cash flows based on enhanced data and analysis considered during that time period. This adjustment has historically not resulted in any material impact on Lindorff's income from purchased portfolios.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and agreements reached with customers on instalment plans. Cash flow projections are made at portfolio level. If the cash flow estimates are revised, the carrying amount is recalculated to reflect revised estimated cash flows by computing the present value of estimated future cash flows using the initial effective interest rate. An adjustment in the carrying amount is recognized in net revenue.

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, *i.e.*, both increases and decreases in forecast flows affect the portfolios' book value and, as a result, net revenue. The value of a portfolio is gradually amortized during the course of the expected life of the portfolio, leaving a carrying value of €0 at the end of the rolling ERC investment horizon.

From time to time, Lindorff also purchases portfolios on a forward flow basis. In a forward flow agreement, Lindorff agrees to buy claims at a pre-defined price or price range for a given volume and quality from a client on an ongoing basis. Claims under forward flow agreements can be delivered on weekly, monthly or quarterly basis and the EIR of these claims is calculated per contract and used for each delivery of claims. If experience indicates a change in the attributes of claims under a specific agreement, Lindorff may decide to apply a new EIR for future claims. Each delivery under a forward flow agreement is treated as an individual portfolio purchase, using its own purchase cost and the pre-determined EIR. For reporting purposes, all individual deliveries under a forward flow agreement are added to the overall portfolio as an incremental purchase. These claims can therefore be assessed both by delivery and by portfolio. The ability to assess claims by delivery has the advantage that Lindorff can monitor performance more closely and react with corrective actions more quickly than would be the case if Lindorff could only assess claims by portfolio, in which case Lindorff would have to wait until any indication of non-performance would have an impact on the portfolio as a whole.

Lindorff is increasingly partnering and co-investing with financial investors that lack debt collection capabilities in the purchase of large debt portfolios. In such cases the co-investor typically retains the majority of the investment and, as a result, only Lindorff's proportionate share of such portfolios is recorded in Lindorff's consolidated statement of financial position and Lindorff's proportionate share of revenues and earnings of such portfolios are recorded in Lindorff's consolidated income statement. Lindorff's aggregate ERC includes ERC contributions from each of the portfolios of loans and other overdue receivables purchased through co-investment agreements with the amount of ERC contributed by each such portfolio proportionate to Lindorff's investment in the relevant portfolio.

Recognition of Revenue from Purchased Portfolios

Revenue on portfolios of loans and other overdue receivables is accrued monthly based on each portfolio's EIR. Monthly cash flows that are greater than the cash flow forecast for the same period are recorded as an increase in revenue in the period. Conversely, monthly cash flows that are lower than the cash flow forecast for the same period are recorded as a reduction of revenue in the period. Compensation received from debt originators due to price adjustments made to purchased portfolios are recorded as an adjustment to the book value.

The table below sets forth an illustrative example of portfolio revenue recognition and changes in carrying value of purchased debt under the EIR methodology under IFRS.

Illustrative example of IFRS EIR methodology monthly accounting (€ in millions unless otherwise indicated)	**At purchase**	**Month 1**
Estimated gross return on purchased debt 180 months (%)[1]	37.3	—
Effective Interest Rate (%)[2]	37.3	—
Effects on consolidated income statement		
Gross collections on purchased debt[3]		5.3
Amortization of purchased debt [4]	—	(2.6)
Income from purchased debt[5]	—	2.7
Effects on consolidated statement of financial position		
Beginning of period	**—**	**100**
Income from purchased debt [5]	0	2.7
Collections on purchased debt[3]	—	(5.3)
Purchased debt[6]	100	—
End of period	100	97.4

(1) Gross cash receipts estimate equivalent to 2.6 times cash multiple over 180 months.

(2) Equivalent to 180-Month gross return on purchased debt.

(3) Cash actually received in the month.

(4) Difference between collections and income from purchased debt.

(5) Yield computed as ((1+EIR)^(1/12)-1) multiplied by purchased portfolios at the beginning of the month.

(6) Purchased debt is recorded at purchase cost.

If actual collections on purchased portfolios of loans and receivables differ from forecasted collections, the difference is added to the computed income from purchased portfolios. This means that in cases where collection performance on a purchased portfolio exceeds forecast, the level of amortization will remain unchanged while such collection performance will have a positive effect on income from purchased portfolios and therefore on net revenue.

The following table sets forth a reconciliation of Cash Collections from purchased debt portfolios to total income.

	Lindorff AB	**Lock Lower Holding AS**			
	For the year ended December 31,	**For the year ended December 31,**		**For the three months ended March 31,**	
	2014	**2015**	**2016**	**2016**	**2017**
			(€ in millions)		
Collections and other revenue on purchased debt	343	411	449	106	110
Amortization and revaluation of purchased debt	(123)	(144)	(160)	(36)	(37)
Net revenue from purchased debt	**220**	**267**	**289**	**70**	**73**
Net revenue from debt collection and other services	255	267	357	65	106
Total Income	**475**	**534**	**647**	**135**	**179**

Estimation of Cash Flow Forecasts from Purchased Debt

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

Revaluation of Purchased Debt

At the end of each reporting period, currently every quarter, Lindorff evaluates portfolio forecasts to assess whether there is objective evidence that a portfolio should be subject to revaluation. Indications of negative revaluation may include a group of customers experiencing significant financial difficulty, default of interest or principal payments, the probability that customers will enter bankruptcy or other financial reorganization, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Conversely, there can also be positive revaluation in the event that a portfolio displays objective evidence of expected cash flows above the current forecast.

Lindorff revalues the portfolios based on the rolling ERC at the revaluation date. The local management in the countries where Lindorff has operations regularly review and follow up on the portfolios. Lindorff group management carries out quarterly reviews of all portfolios with actual debt collection deviating more than 25% and €100,000 from forecasts during the last six months (cumulative). Lindorff management will also review portfolios that do not meet these thresholds, but that have been nominated for formal review by local management based on their regular review of portfolios. Revaluation may also occur, with respect to new portfolios, where the EIR is to be recalculated based on new forecasts within 12 months from the date of acquisition or, with respect to forward flow agreements, where there has been over- or under-performance. This structure aims to ensure that portfolios performing significantly outside of forecast will be reviewed by management. A formal review meeting is required prior to adjusting forecasts. The outcome of the review meeting may be: (i) adjustment of the forecast, which will influence the carrying value of purchased debt in Lindorff's statement of financial position and the revenue in its income statement; and/or (ii) in cases of underperforming portfolios, a decision to implement actions or measures to increase the performance of the portfolio and to review the portfolio again at the next review meeting.

Key Operating Metrics for Purchased Debt

During the periods under review, Lindorff has experienced significant growth in its asset base and cash flow generation, which it believes is the result of: (i) the growing volume of portfolios Lindorff has been able to purchase; (ii) its pricing discipline; (iii) the efficiency and sophistication of its debt collection operations; and (iv) carve-out transactions.

The table below sets forth an overview of Lindorff's total holdings of purchased debt as of and for the periods indicated.

	Lindorff AB	Lock Lower Holding AS			
		For the year ended December 31,		For the three months ended March 31,	
	2014	2015	2016	2016	2017
Number of claims in stock (in thousands)	5,194	5,942	5,234	5,973	5,386
Total collectible value of purchased debt (€ in millions)	16,355	18,334	18,782	18,139	19,103
ERC (€ in millions)	1,971	2,442	2,641	2,412	2,621
Carrying value of purchased debt (€ in millions)	809	1,070	1,176	1,061	1,169
Purchased debt (€ in millions)	275	395	241	24	23
Average collection of forecasts (%)	102	107	106	104	103
Return on purchased debt (%)[(1)]	15	15	14	16	14

(1) Presented for the twelve months ended March 31, 2017 and 2016, in order to exclude the effect of seasonality, see "*—Key Factors Affecting Lindorff's Results of Operations—Seasonality.*"

Portfolios of Purchased Debt

The table below sets forth Lindorff's ERC by region as a percentage of the total ERC of its purchased debt as of the dates indicated.

	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
Region	*(€ in millions)*	*(% of total)*	*(€ in millions)*	*(% of total)*
Northern Europe[(1)]	1,551	59	1,558	59
Central Europe[(2)]	589	22	569	22
Southern Europe[(3)]	502	19	494	19
Total	**2,641**	**100**	**2,621**	**100**

(1) Northern Europe consists of Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden. This region previously included Russia however Lindorff liquidated its operations in Russia in March 2017. Lindorff's operations in Denmark, Estonia, Finland and Sweden are components of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Central Europe consists of Germany.

(3) Southern Europe consists of Italy and Spain.

The table below sets forth Lindorff's carrying value of purchased debt per sector in euro and as a percentage of Lindorff's total carrying value of purchased debt as of and for the periods indicated.

	Lock Lower Holding AS			
	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
Sector	*(€ in millions)*	*(%)*	*(€ in millions)*	*(%)*
Financial institutions (including both banks and insurance companies)	1,025	87	1,012	86
Retail	26	2	25	2
Telecom	55	5	57	5
Other	70	6	76	6
Total	**1,176**	**100**	**1,169**	**100**

For an overview of Lindorff's carrying value of purchased debt by region and per sector as of December 31, 2015 and 2014, see Note 4 to Lindorff's audited consolidated financial statements included elsewhere in this Offering Memorandum.

The table below sets forth Lindorff's ERC per sector as a percentage of the total ERC of its purchased portfolios as of the periods indicated.

	Lock Lower Holding AS			
	As of the year ended December 31, 2016		As of the three months ended March 31, 2017	
Sector	*(€ in millions)*	*(%)*	*(€ in millions)*	*(%)*
Financial institutions (including both banks and insurance companies)	2,238	85	2,204	84
Retail	74	3	72	3
Telecom	134	5	135	5
Other	196	7	210	8
Total	**2,641**	**100**	**2,621**	**100**

The table below sets forth the movement in Lindorff's carrying value of purchased debt for the periods indicated.

	Lindorff AB	Lock Lower Holding AS			
		As of and for the year ended December 31,		As of and for the three months ended March 31,	
	2014	2015	2016	2016	2017
			(€ in millions)		
Carrying value of purchased debt at the beginning of the period	**675**	**809**	**1,070**	**1,070**	**1,176**
Purchases of portfolios of loans and other overdue receivables through subsidiaries(1)	—	21	22	0	9
Purchases of portfolios of loans and other overdue receivables during the period	275	395	241	24	23
Divestments and disposals	(1)	(1)	(1)	(1)	(3)
Amortization	(126)	(149)	(167)	(38)	(40)
Revaluation	3	5	7	2	3
Translation differences	(16)	(9)	4	4	0
Carrying value of purchased debt at the end of the period	**809**	**1,070**	**1,176**	**1,061**	**1,169**

(1) Refers to portfolios that were purchased as part of a business acquisition involving a separate entity. For example, this item includes portfolios as part of the acquisition of Casus Finanse SA in 2015.

As described under "*—Revenue Recognition, Revaluation of Purchased Debt and Estimation of Cash Flow Forecasts*," the IFRS consolidated statement of financial position carrying value of purchased debt is based on our latest ERC forecast for Lindorff's owned portfolios. As a result, we believe it is important to assess Lindorff's purchased portfolios by analyzing the development of its ERC.

The tables below set forth Lindorff's ERC by vintage and by year as of March 31, 2017.

ERC by Portfolio Vintage

Vintage(1)	ERC
	(€ in thousands)
<2000	1,193
2000	3,797
2001	1,355
2002	24,895
2003	3,783
2004	18,207
2005	109,380
2006	19,787
2007	14,374
2008	52,203
2009	30,182
2010	228,112
2011	109,818
2012	259,678
2013	183,036
2014	382,156
2015	638,380
2016	499,614
March 31, 2017	41,289
Total	**2,621,238**

ERC by Year

Year	ERC
	(€ in thousands)
March 31, 2017	2,621,238
2018	2,215,562
2019	1,874,923
2020	1,583,830
2021	1,333,458
2022	1,116,091
2023	927,062
2024	762,760
2025	619,990
2026	495,596
2027	386,456
2028	289,471
2029	202,608
2030	125,418
2031	58,144

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

ERC growth over time is primarily due to portfolio purchases; as Lindorff collects on existing portfolios, the ERC on these portfolios will decline. During the periods under review, there have not been any material changes in forecast expectations at the overall portfolio level. Lindorff's ERC on purchased portfolios grew from €1,971 million as of December 31, 2014 to €2,621 million as of March 31, 2017. The table below sets forth ERC on purchased portfolios as of the periods indicated.

	Lindorff AB	Lock Lower Holding AS			
	As of December 31,			As of March 31,	
	2014	2015	2016	2016	2017
			(€ in millions)		
ERC	1,971	2,442	2,641	2,412	2,621

Based on Lindorff's models, as of March 31, 2017, it estimates that the aggregate total collectible value of purchased portfolios of €19 billion would generate approximately €2,621 million in gross collections over the next 180 months. Lindorff expects to receive 15% of these collections during the period from April 1, 2017 to March 31, 2018 and 28% of these collections during the period from April 1, 2017 to March 31, 2019. These expectations are based on historical data as well as assumptions about future collection rates. There can be no assurances that Lindorff will achieve such collections within the specified time periods, if at all.

Returns on Purchased Debt

While returns achieved on an individual portfolio can vary, Lindorff has a consistent record of unlevered returns on its aggregate purchased debt. Lindorff has experienced increased gross cash-on-cash multiples as portfolios mature. The table below sets forth certain data related to Lindorff's purchased debt by vintage, such as purchase price, collections, ERC and gross cash-on-cash multiple as of March 31, 2017. It demonstrates Lindorff's ability to continue to extract value from its purchased debt over a long period of time.

Vintage[1]	Purchase Price[2]	Collections to Date	ERC	Total Estimated Collection[3]	Gross Cash-on-Cash Multiple[4]
	(€ in millions, unless otherwise indicated)				
<2000	11	47	1	48	4.51
2000	11	63	4	67	5.90
2001	20	36	1	38	1.88
2002	59	153	25	178	3.01
2003	45	178	4	182	4.04
2004	41	118	18	136	3.35
2005	173	421	109	531	3.06
2006	69	168	20	188	2.73
2007	49	117	14	131	2.69
2008	88	179	52	232	2.64
2009	61	123	30	153	2.50
2010	221	397	228	626	2.83
2011	117	230	110	340	2.90
2012	235	367	260	627	2.66
2013	155	177	183	360	2.32
2014	275	239	382	622	2.26
2015	395	186	638	824	2.09
2016	263	63	500	563	2.14
March 31, 2017	23	2	41	43	1.86
Total	**2,311**	**3,266**	**2,621**	**5,887**	**2.55**

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

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

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

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

While the Gross-Cash-on-Cash Multiple typically increases overtime as portfolios mature, the Gross-Cash-on-Cash Multiple can vary between vintages due to the timing of portfolio purchases and the resulting carrying value of purchased debt in a specific vintage. The aggregate return Lindorff achieves on all of its vintages can be calculated as follows:

$$\left(\frac{\text{Segment earnings for debt purchasing}}{\dfrac{\text{(Carrying value at the beginning of the period + Carrying value at the end of the period)}}{2}}\right) = \text{Return on purchased debt}$$

The table below sets forth Lindorff's return on purchased debt as of and for the periods indicated:

	Lindorff AB	Lock Lower Holding AS			
	As of and for the year ended December 31,			As of and for the twelve months ended March 31,	
	2014	2015	2016	2016	2017
	(€ in millions, unless otherwise indicated)				
Segment earnings for debt purchasing[1]	115	140	158	147	160
Carrying value at the beginning of the period	675	809	1,070	826	1,061
Carrying value at the end of the period	809	1,070	1,176	1,061	1,169
Return on purchased debt(%)[2]	**15**	**15**	**14**	**16**	**14**

(1) Calculated as the total operating revenue of the debt purchasing segment less the direct operating expenses attributable to the debt purchasing segment.

(2) Presented for the twelve months ended March 31, 2017 and 2016, in order to exclude the effect of seasonality.

Key Operating Metrics for Debt Collection Services

The table below sets forth the total volume of Lindorff's third-party debt collection services as of the periods indicated.

	Lock Lower Holding AS		
	As of December 31,	As of March 31,	
	2016	2016	2017
Number of debt collection claims in stock at end of period (thousands)[1]	4,304	3,967	4,823
Total collectible value on third-party debt at the end of period (€ in billions)	19	13	20

(1) Does not include claims in connection with the long-term service agreement with Banco Sabadell, entered into in connection with the 2014 Spanish Acquisition.

The table below sets forth certain key operating metrics in RES as of and for the nine months ended March 31, 2017 (numbers reflect Aktua, that was acquired on June 1, 2016, for the entire period).

	Lock Lower Holding AS
	As of and for the period from June 1, 2016 – March 31, 2017
Number of RES units under management at end of period (thousands)	45
Value of RES stock under management at the end of period (€ in billions)	4
Value of RES units sold (€ in millions)	445
Number of RES units sold	5,140
Average price of RES units sold (€ in thousands)	87
FTEs employed in operations working with RES	193

Description of Principal Consolidated Statement of Financial Position Line Items

The following is a discussion of Lindorff's key consolidated statement of financial position line items.

Purchased Debt

Purchased debt consists mainly of portfolios of loans and other overdue receivables purchased at prices significantly below the nominal total collectible value on purchased debt and which are recognized at amortized cost using the effective interest method. The carrying value of each portfolio corresponds to the present value of estimated gross future cash flows discounted by an EIR. The initial EIR is based on the relation between purchase cost and the projected future cash flows on the date of purchase.

Description of Principal Income Statement Line Items

The following is a discussion of Lindorff's key income statement line items.

Net revenue

Net revenue consists mainly of fees from customers, fees and commissions from clients relating to third-party debt collection services and revenue on purchased debt accrued monthly based on each portfolio's EIR. Changes in collection estimates resulting in a change in the carrying value of purchased debt and cash collections in the period in excess of, or below, the forecast for the period are also included here. The effects of the last two elements have been low historically.

Purchases of portfolios increase Lindorff's collections, although there may be a time lag between the date of purchase of the portfolio and the increase in collections resulting from the purchase of such portfolio, thus resulting in turnover being realized in a period subsequent to that of the portfolio purchase. Collections on existing portfolios tend to decrease as the portfolios age.

Employee Benefit Expense

Employee benefit expense includes salary and other employee related expenses, such as vacation accruals, social security taxes and pension costs.

Legal Fee Cost

Lindorff incurs outlays for bailiff/court fees, summons, legal representation and enforcement authorities, which generally can be charged to and collected from customers. Such outlays are expensed when incurred (even though collections are generated in subsequent periods), except in certain cases where Lindorff has agreements with its clients that any expenses that cannot be collected from the customer are instead refunded by the client. In these cases, the amount that is expected to be recovered from the client is recognized as an asset in the statement of financial position.

Phone, Postage and Packaging

Phone, postage and packaging includes costs related to sending collection letters, text messages and other communications in connection with establishing contact with customers in the collection process.

Other Operating Costs

Other operating costs consist primarily of costs related to premises, external IT services, customer information services, commissions to external debt collectors, travel and consulting fees.

Depreciation and Amortization

Depreciation and amortization includes the depreciation of tangible fixed assets and amortization of intangible assets for the relevant period, based on the expected economic useful life of the assets.

Finance Income

Finance income includes interest on bank accounts.

Finance Costs

Finance costs consist of interest on loans from financial institutions, fair value gains and losses on financial derivatives (interest swaps), in the case of Lindorff AB prior to the completion of the Prior Lindorff Acquisition, interest expense on certain subordinated loans or, following the completion of the Prior Lindorff Acquisition, the intercompany proceeds loans received from affiliates, and, in the case of Lock Lower Holding, interest expense on the Lindorff Existing Senior Notes, the Lindorff Existing Senior Secured Notes and the Lindorff Existing Revolving Credit Facility, the Aktua Facility Agreements, the Lindorff and GS Bilateral Facility Agreement and the Lindorff and Nordea Bilateral Facility Agreement, as applicable, net financial exchange gains/(losses) on financing activities, write down of investments in associated companies and other financial expenses.

Income Tax Expense

The tax expense comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where Lindorff operates and generate taxable income. Tax positions are periodically evaluated and positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Results of Operations

Consolidated Income Statement for the Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

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

	Lock Lower Holding AS		
	For the three months ended March 31,		For the three months ended March 31,
	2016	Change in %	2017
	(€ in millions)		*(€ in millions)*
Net revenue	135	33	179
Total income	**135**	**33**	**179**
Employee benefit expense	(50)	19	(60)
Legal fee cost	(11)	20	(13)
Phone, postage and packaging	(5)	0	(5)
Other operating costs	(23)	70	(39)
Depreciation and amortization	(10)	44	(14)
Results from operating activities (EBIT)	**36**	**32**	**48**
Finance income	0	—	5
Finance costs	(32)	(72)	(55)
Net finance costs	**(32)**	**(57)**	**(50)**
Profit/(loss) before tax	**5**	**(133)**	**(2)**
Income tax expense	(5)	0	(5)
Profit/(loss) for the period	**0**	**—**	**(7)**

Net Revenue

Lindorff's net revenue increased by €44 million, or 33%, from €135 million in the three months ended March 31, 2016 to €179 million in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, Lindorff's net revenue increased by €43 million, or 31%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was driven by mainly driven by the acquisition of Aktua and two bolt-on acquisitions in Germany in 2016. Organic growth of 9% in third-party debt collection net revenue was driven by a mix of improved efficiency and new volumes.

The table below sets forth, for each of the periods indicated, Lindorff's operating revenue by segment, both in euro and as a percentage of consolidated revenue, and the percentage increase or decrease in operating revenue by segment from period to period. For a discussion of Lindorff's revenue by segment, see "—*Results of Operations on a Segment Basis*."

	Lock Lower Holding AS				
	For the three months ended March 31,				Change 2017/2016
	2016		2017		
	(unaudited) (€ in millions)	(in % of net revenue)	(unaudited) (€ in millions)	(in % of net revenue)	(%)
Debt collection	85	63	126	70	47
Debt purchasing	70	52	73	41	4
Other services	6	4	7	4	17
Eliminations[(1)]	(26)	(19)	(27)	(15)	(4)
Total	**135**	**100**	**179**	**100**	**33**

(1) Eliminations include the inter-segment revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios Lindorff purchases.

The table below sets forth, for each of the periods indicated, Lindorff's net revenue by region, in euro and the percentage increase or decrease in net revenue by region from period to period.

	Lock Lower Holding AS				
	For the three months ended March 31,				Change 2017/2016
	2016		2017		
	(unaudited) (€ in millions)	(in % of net revenue)	(unaudited) (€ in millions)	(in % of net revenue)	(%)
Northern Europe[(1)]	88	65	93	52	6
Central Europe[(2)]	17	13	21	12	24
Southern Europe[(3)]	30	22	65	36	117
Total	**135**	**100**	**179**	**100**	**33**

(1) Northern Europe consists of Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands. Norway, Poland and Sweden. This region previously included Russia however Lindorff liquidated its operations in Russia in March 2017. Lindorff's operations in Denmark, Estonia, Finland and Sweden are components of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Central Europe consists of Germany.

(3) Southern Europe consists of Italy and Spain.

Employee Benefit Expense

Lindorff's employee benefit expense increased by €10 million, or 19%, from €50 million in the three months ended March 31, 2016 to €60 million in the three months ended March 31, 2017. As a percentage of net revenue, employee benefit expense decreased from 37% in the three months ended March 31, 2016 to 34% in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, employee benefit expense increased by €9 million, or 16%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was mainly due to the increased number of FTEs resulting from acquisition of Aktua and growth of operations in Spain.

Legal Fee Cost

Lindorff's legal fee cost increased by €2 million, or 20%, from €11 million in the three months ended March 31, 2016 to €13 million in the three months ended March 31, 2017. As a percentage of net revenue, legal fee cost decreased from 8% in the three months ended March 31, 2016 to 7% in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, legal fee cost increased by €3 million, or 18%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was driven by higher collection activities which are expected to secure additional future revenue.

Phone, Postage and Packaging

Lindorff's phone, postage and packaging expense remained stable at €5 million for the three months ended March 31, 2016 and 2017. As a percentage of net revenue, phone, postage and packaging expense decreased from 4% in the three months ended March 31, 2016 to 3% in the three months ended March 31, 2017. The decrease as a percentage of net revenue is due to increased efficiency and growing use of electronic means of communication with customers.

Other Operating Costs

Lindorff's other operating costs increased by €16 million, or 70%, from €23 million in the three months ended March 31, 2016 to €39 million in the three months ended March 31, 2017. As a percentage of net revenue, other operating costs increased from 17% in the three months ended March 31, 2016 to 22% in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, other operating costs increased by €16 million, or 66%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. Excluding Aktua, other operating costs increased by €9 million in the three months ended March 31, 2016 compared to the three months ended March 31, 2017. This increase was mainly due to consulting fees incurred in relation to planned Merger, as well as one-off expenses related to preparations for a potential listing in 2016.

Depreciation and Amortization

Depreciation and amortization increased by €4 million, or 44%, from €10 million in the three months ended March 31, 2016 to €14 million in the three months ended March 31, 2017. As a percentage of net revenue, depreciation and amortization increased from 7% in the three months ended March 31, 2016 to 8% in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, depreciation and amortization increased by €5 million, or 43%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was due to amortization of Aktua client contracts.

Net Finance Costs

Lindorff's net finance costs increased by €18 million, or 57%, from €32 million in the three months ended March 31, 2016 to €50 million in the three months ended March 31, 2017. The main reasons for the increase were higher net interest bearing debt, a net foreign exchange loss in the three months ended March 31, 2017 as opposed to a gain in the three months ended March 31, 2016 and costs related to the additional funding secured through the Lindorff Bilateral Facility Agreements in October 2016.

Income Tax Expense

Lindorff's income tax expense remained stable at €5 million for the three months ended March 31, 2016 and 2017.

Net Profit/(Loss) for the Period

Lindorff recognized a net loss of €7 million in the three months ended March 31, 2017 and a net result of €0 million in the three months ended March 31, 2016.

Consolidated Income Statement for the Year Ended December 31, 2016 Compared to Consolidated Income Statement for the Year Ended December 31, 2015

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

	Lock Lower Holding AS		
	For the year ended December 31, 2015	**Change in %**	**For the year ended December 31, 2016**
	(€ in millions)		*(€ in millions)*
Net revenue	534	21	647
Total income	**534**	**21**	**647**
Employee benefit expense	(187)	11	(208)
Legal fee cost	(43)	11	(47)
Phone, postage and packaging	(18)	6	(19)
Other operating costs	(100)	20	(120)
Depreciation and amortization	(37)	132	(85)
Results from operating activities (EBIT)	**150**	**12**	**167**
Finance income	1	—	1
Finance costs(1)	(173)	(9)	(157)
Net finance costs	**(172)**	**(9)**	**(156)**
Profit/(loss) before tax	**(23)**	**150**	**11**
Income tax expense	6	569	(30)
Profit/(loss) for the period	**(16)**	**(12)**	**(18)**

Revenue

Lindorff's revenue increased by €113 million, or 21%, from €534 million in the year ended December 31, 2015 to €647 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, Lindorff's revenue increased by €121 million, or 22%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was primarily driven by the Aktua Acquisition and good collection performance on both clients' and Lindorff's own debt. Excluding Aktua, net revenue increased by 8% over the period.

The table below sets forth, for each of the periods indicated, Lindorff's operating revenue by segment, both in euro and as a percentage of consolidated revenue, and the percentage increase or decrease in operating revenue by segment from period to period. For a discussion of operating revenue by segment, see "—*Results of Operations on a Segment Basis.*"

	Lock Lower Holding AS				
	For the year ended December 31,				Change 2016/2015
	2015		2016		
	(€ in millions)	(in % of operating revenue)	(€ in millions)	(in % of operating revenue)	(%)
Debt collection	358	67	442	68	23
Debt purchasing	267	50	289	45	9
Other services	9	4	27	4	42
Eliminations[(1)]	(110)	(21)	(112)	(17)	2
Total	**534**	**100**	**647**	**100**	**21**

(1) Eliminations include the inter-segment operating revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios it purchases.

The table below sets forth, for each of the periods indicated, Lindorff's net revenue by region, in euro and the percentage increase or decrease in net revenue by region from period to period.

	Lock Lower Holding AS				
	For the year ended December 31,				Change 2016/2015
	2015		2016		
	(unaudirted) (€ in millions)	(in % of operating revenue)	(unaudirted) (€ in millions)	(in % of operating revenue)	(%)
Northern Europe[(1)]	353	66	378	58	7
Central Europe[(2)]	68	13	69	11	1
Southern Europe[(3)]	114	21	200	31	75
Total	**534**	**100**	**647**	**100**	**21**

(1) Northern Europe consists of Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands. Norway, Poland and Sweden. This region previously included Russia however Lindorff liquidated its operations in Russia in March 2017. Lindorff's operations in Denmark, Estonia, Finland and Sweden are components of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Central Europe consists of Germany.

(3) Southern Europe consists of Italy and Spain.

Employee Benefit Expense

Lindorff's employee benefit expense increased by €21 million, or 11%, from €187 million in the year ended December 31, 2015 to €208 million in the year ended December 31, 2016. As a percentage of net revenue, employee benefit expense decreased from 35% in the year ended December 31, 2015 to 32% in the year ended December 31, 2016. Excluding the effect of foreign currency translation, employee benefit expense increased by €23 million, or 12%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was mainly due to higher number of FTEs resulting from the Aktua Acquisition in the second quarter of 2016 and the full year effect of the acquisition of Casus Finanse SA in the third quarter of 2015.

Legal Fee Cost

Lindorff's legal fee cost increased by €4 million, or by 11%, from €43 million in the year ended December 31, 2015 to €47 million in the year ended December 31, 2016. As a percentage of net revenue, legal fee cost decreased from 8% in the year ended December 31, 2015 to 7% in the year ended December 31, 2016. Excluding the effect of foreign currency translation, legal fee cost increased by €5 million, or 13%, in the year ended December 31, 2016 compared to the year ended

December 31, 2015. The increase was mainly due to the acquisitions of Aktua, Cross Factor S.p.A. and Casus Finanse SA, as well as increases in regulatory fees in Norway.

Phone, Postage and Packaging

Lindorff's phone, postage and packaging expense increased by €1 million, or by 6%, from €18 million in the year ended December 31, 2015 to €19 million in the year ended December 31, 2016. As a percentage of net revenue, phone, postage and packaging expense remained stable at 3% of net revenue for the years ended December 31, 2015 and 2016. Excluding the effect of foreign currency translation, phone, postage and packaging expense increased by €1 million, or 7%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The relative stability despite the high number of acquisitions is due to higher use of electronic communication, including the use of a self-service portal and text messages, in communicating with debtors as electronic communication involves lower costs than other means of communication.

Other Operating Costs

Lindorff's other operating costs increased by €20 million, or 20%, from €100 million in the year ended December 31, 2015 to €120 million in the year ended December 31, 2016. As a percentage of net revenue, other operating costs remained stable at 19% of net revenue for the years ended December 31, 2015 and 2016. Excluding the effect of foreign currency translation, other operating costs increased by €22 million, or 21%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was driven by the Aktua Acquisition.

Depreciation and Amortization

Depreciation and amortization increased by €48 million, or 132%, from €37 million in the year ended December 31, 2015 to €85 million in the year ended December 31, 2016. As a percentage of net revenue, depreciation and amortization increased from 7% in the year ended December 31, 2015 to 13% in the year ended December 31, 2016. Excluding the effect of foreign currency translation, depreciation and amortization increased by €49 million, or 132%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was mainly a result of impairments of a collection contract in Spain (€30 million), IT software (€4 million) and amortization in Aktua (€10 million).

Net Finance Costs

Lindorff's net finance costs decreased by €16 million, or 9%, from €172 million in the year ended December 31, 2015 to €156 million in the year ended December 31, 2016. The decrease was primarily attributable to a net financial exchange gain in 2016.

Income Tax Expense

Lindorff's income tax expense increased by €36 million, from a credit of €6 million in the year ended December 31, 2015 to an expense of €30 million in the year ended December 31, 2016. The increase in income tax expense was partially attributable to certain ongoing tax cases concerning deductibility of interest on group internal loans in Finland and Norway.

Net Profit/(Loss) for the Period

Lindorff recognized a net loss of €18 million in the year ended December 31, 2016 and a net loss of €16 million in the year ended December 31, 2015.

Consolidated Income Statement for the Year Ended December 31, 2015 Compared to Consolidated Income Statement for the Year Ended December 31, 2014

The table below sets forth the results of operations for Lock Lower Holding and Lindorff AB and the period on period percentage of change for the periods indicated. The comparability of the results of operations of Lock Lower Holding and Lindorff AB is limited. For further information regarding the consolidated financial statements of Lindorff AB and the consolidated financial statements of Lock Lower Holding and their comparability, see "*Presentation of Financial and Other Information.*"

	Lindorff AB		Lock Lower Holding AS
	For the year ended December 31, 2014	Change in %	For the year ended December 31, 2015
	(€ in millions)		*(€ in millions)*
Net revenue	475	12	534
Total income	**475**	**12**	**534**
Employee benefit expense	(178)	6	(187)
Legal fee cost	(35)	24	(43)
Phone, postage and packaging	(19)	(5)	(18)
Other operating costs	(93)	8	(100)
Depreciation and amortization	(16)	134	(37)
Results from operating activities (EBIT)	**136**	**10**	**150**
Finance income	1	0	1
Finance costs(1)	(108)	60	(173)
Net finance costs	**(108)**	**60**	**(172)**
Profit/(loss) before tax	**28**	**(181)**	**(23)**
Income tax expense	(10)	(165)	6
Profit/(loss) for the period	**18**	**(189)**	**(16)**

Net revenue

Lindorff's net revenue increased by €59 million, or 12%, from €475 million in the year ended December 31, 2014 to €534 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, Lindorff's net revenue increased by €71 million, or 15%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by investments in portfolios of loans and other overdue receivables, particularly two major portfolios in the Nordics from Nordea and DNB, respectively, which resulted in strong net revenue growth in the debt purchasing segment. The increase in net revenue was also driven by the full-year effect of the 2014 Spanish Acquisition. This acquisition was the then largest in the history of Lindorff. In connection with the 2014 Spanish Acquisition, Lindorff entered into a long term service agreement with Banco Sabadell to carry out part of its debt collection. The increase in net revenue was also partly driven by the acquisition of Casus Finanse SA in Poland in the third quarter of 2015.

The table below sets forth, for each of the periods indicated, Lindorff's operating revenue by segment, both in euro and as a percentage of consolidated operating revenue, and the percentage increase or decrease in operating revenue by segment from period to period. For a discussion on Lindorff's operating revenue by segment, see "*—Results of Operations on a Segment Basis.*"

	Lindorff AB		Lock Lower Holding AS		
	For the year ended December 31,				Change
	2014		2015		2016/2015
	(€ in millions)	*(in % of operating revenue)*	*(€ in millions)*	*(in % of operating revenue)*	*(%)*
Debt collection	336	71	358	67	7
Debt purchasing	220	46	267	50	21
Other services	17	4	19	4	12
Eliminations[(1)]	(98)	(21)	(110)	(21)	12
Total	**475**	**100**	**534**	**100**	**12**

(1) Eliminations include the inter-segment operating revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios Lindorff purchases.

The table below sets forth, for each of the periods indicated, Lindorff's net revenue by region, in euro and the percentage increase or decrease in net revenue by region from period to period.

	Lindorff AB		Lock Lower Holding AS		
	For the year ended December 31,				Change
	2014		2015		2016/2015
	(unaudited) (€ in millions)	*(in % of operating revenue)*	*(unaudited) (€ in millions)*	*(in % of operating revenue)*	*(%)*
Northern Europe[(1)]	343	72	352	66	3
Central Europe[(2)]	58	12	68	13	17
Southern Europe[(3)]	74	16	114	21	54
Total	**475**	**100**	**534**	**100**	**12**

(1) Northern Europe consists of Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands. Norway, Poland and Sweden. This region previously included Russia however Lindorff liquidated its operations in Russia in March 2017. Lindorff's operations in Denmark, Estonia, Finland and Sweden are components of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Central Europe consists of Germany.

(3) Southern Europe consists of Italy and Spain.

Employee Benefit Expense

Lindorff's employee benefit expense increased by €9 million, or 6%, from €178 million in the year ended December 31, 2014 to €187 million in the year ended December 31, 2015. Excluding €1 million of employee benefit expense related to Lock Lower Holding that was not included in the employee benefit expense of Lindorff AB, employee benefit expense increased by €8 million, or 4%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. As a percentage of net revenue, employee benefit expense decreased from 37% in the year ended December 31, 2014 to 35% in the year ended December 31, 2015. Excluding the effect of foreign currency translation, employee benefit expense increased by €15 million, or 8%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by an increased number of FTEs resulting from the 2014 Spanish Acquisition in the fourth quarter of 2014 involving a collection unit in Spain and the acquisition of Casus Finanse SA in Poland in the third quarter of 2015. The increase was also due to severance payments paid out to Lindorff's previous chief executive officer and other key management positions. In addition, the increase in employee benefit expense was due to certain measures, such as hiring employees to set up LBS in Vilnius, Lithuania, that we believe will have a cost-reducing effect going forward.

Legal Fee Cost

Lindorff's legal fee cost increased by €8 million, or by 24%, from €35 million in the year ended December 31, 2014 to €43 million in the year ended December 31, 2015. As a percentage of net revenue, legal fee cost increased from 7% in the year ended December 31, 2014 to 8% in the year ended December 31, 2015. Excluding the effect of foreign currency translation, legal fee cost increased by €9 million, or 27%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by increased legal fees in Spain as a result of Lindorff's growing activity in Spain due to the 2014 Spanish Acquisition, and increased collection activity automatically results in increased legal fee cost. The increase in legal fee cost was also the result of an accounting effect in the Netherlands, where legal fee cost was moved from before net revenue down to the expense line, which had a neutral effect on Lindorff's profitability.

Phone, Postage and Packaging

Lindorff's phone, postage and packaging expense decreased by €1 million, or by 5%, from €19 million in the year ended December 31, 2014 to €18 million in the year ended December 31, 2015. As a percentage of net revenue, phone, postage and packaging expense decreased from 4% in the year ended December 31, 2014 to 3% in the year ended December 31, 2015. Excluding the effect of foreign currency translation, phone, postage and packaging expense decreased by €1 million, or 5%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The decrease was driven by growing use of electronic means of communication with customers (such as Lindorff 24 and text messages), which carry lower costs than traditional means of communication. The decrease in phone, postage and packaging expense was also due to increased efficiency, as automation, accurate scoring and other methods to optimize the collection process reduce the number of interactions required with customers before successful collection.

Other Operating Costs

Lindorff's other operating costs increased by €7 million, or 8%, from €93 million in the year ended December 31, 2014 to €100 million in the year ended December 31, 2015. Excluding €3 million of consultancy fees related to Lock Lower Holding that were not included in the other operating costs of Lindorff AB, other operating costs increased by €4 million, or 4%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. As a percentage of net revenue, other operating costs decreased from 20% in the year ended December 31, 2014 to 19% in the year ended December 31, 2015. Excluding the effect of foreign currency translation, other operating costs increased by €10 million, or 11%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by consultancy and other costs related to the issuance of Lindorff's Notes and the acquisition of Casus Finanse SA in August 2015, as well as costs relating to certain measures that we believe will have a cost-reducing effect going forward, such as site consolidation of two offices in Denmark and start-up costs related to LBS, which include IT, lease of premises and furniture.

Depreciation and Amortization

Depreciation and amortization increased by €21 million, or 134%, from €16 million in the year ended December 31, 2014 to €37 million in the year ended December 31, 2015. As a percentage of net revenue, depreciation and amortization increased from 3% in the year ended December 31, 2014 to 7% in the year ended December 31, 2015. Excluding the effect of foreign currency translation, depreciation and amortization increased by €21 million, or 136%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was primarily due to amortization related to the 2014 Spanish Acquisition in December, 2014, as well as amortization of software related assets.

Net Finance Costs

Lindorff's net finance costs increased by €64 million, or 60%, from €108 million in the year ended December 31, 2014 to €172 million in the year ended December 31, 2015. Excluding €97 million of interest expense for the Lindorff Existing Notes and the Lindorff Existing Revolving Credit Facility and other finance costs related to Lock Lower Holding that were not included in the finance costs of Lindorff AB, net finance costs decreased by €33 million, or 31%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was primarily attributable to interest expense on the Lindorff Existing Notes and foreign currency exchange effects related to the Lindorff Existing Notes, as most of the Lindorff Existing Notes are denominated in SEK and EUR, while the accounting currency of Lock Lower Holding is NOK. The increase in net finance costs was offset by expenses recorded by Lindorff AB in 2014 related to Lindorff's previous credit facility, which was refinanced in 2014, thereby eliminating such expenses in 2015.

Income Tax Expense

Lindorff's income tax expense decreased by €16 million, from negative €10 million in the year ended December 31, 2014 to positive €6 million in the year ended December 31, 2015. Excluding €10 million of positive income tax expense related to Lock Lower Holding, income tax expense decreased by €6 million, or 60%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The decrease in income tax expense was primarily a result of recognition of substantial tax losses carried forward related to shareholder loans in place prior to the Prior Lindorff Acquisition. The decrease in income tax expense was offset by €27 million paid to tax authorities in Norway and Finland related to contested tax claims, as described in "*Business—Lindorff: Legal and Administrative Proceedings*" and €5 million paid as advance current tax in Finland.

Net Profit/(Loss) for the Period

Lindorff recognized a net loss of €16 million in the year ended December 31, 2015 and a net profit of €18 million in the year ended December 31, 2014. Excluding €92 million of losses related to Lock Lower Holding, Lindorff recognized a net profit of €76 million in the year ended December 31, 2015.

Results of Operations on a Segment Basis

Lindorff determined its operating segments based on the information it reviews for purposes of allocating its resources and assessing its performance. Net revenue from external parties reported to Lindorff's management is measured in a consistent manner in the income statement. Lindorff assesses the performance of the operating segments based on a measure of "segment earnings," which Lindorff defines as total operating revenue of the segments less direct operating expenses of the segments, which include all direct costs related to the execution of collection processes and exclude costs related to IT and selling, general and administrative expense. Sales between segments are carried out at arm's length. For a reconciliation of segment earnings on a segment basis to Lindorff's profit and loss before tax, see Note 5 to Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Lindorff's inter-segment collection of debt is organized and allocated according to a blueprint model in one operational entity. Costs are allocated either to debt purchasing or to debt collection according to actual resource consumption ("ABC costing") or based on another relevant allocation base. Lindorff's debt collection department services the portfolios it purchases. These services are charged based on actual resource consumption as if they were carried out between third parties, generating a reasonable profit for the debt collection segment. There are a number of IT projects and services that are organized as a shared function. These costs are charged to the segments in each country on an arm's length basis, applying segment or total net revenue as allocation key. Costs for employees in Lindorff's debt purchasing department are booked in the debt purchasing segment.

Consolidated Income Statement for the Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

The tables below set forth, for each of the periods indicated, Lindorff's net revenue by segment and a reconciliation of the segments' main captions from profit and loss to segment earnings.

	Lock Lower Holding AS				
	For the three months ended March 31, 2016				
	Debt collection	Debt purchasing	Other	Eliminations and unallocated items	Total
	(€ in millions)				
Net revenue from external customers	59	68	6	—	133
Inter-segment net revenue(1)	26	—	—	(26)	—
Revaluation of loans and receivables	—	2	—	—	2
Total operating revenue	**85**	**70**	**6**	**(26)**	**135**
Direct operating expense(2)	(50)	(30)	(5)	26	(59)
Segment earnings	**35**	**39**	**1**	**—**	**76**
Segment earnings margin (%)	41	56	17	—	56

	Lock Lower Holding AS				
	For the three months ended March 31, 2017				
	Debt collection	Debt purchasing	Other	Eliminations and unallocated items	Total
	(€ in millions)				
Net revenue from external customers	99	70	7	—	176
Inter-segment net revenue(1)	27	—	—	(27)	—
Revaluation of loans and receivables	—	3	—	—	3
Total operating revenue	**126**	**73**	**7**	**(27)**	**179**
Direct operating expense(2)	(64)	(32)	(6)	27	(76)
Segment earnings	**61**	**41**	**1**	**—**	**103**
Segment earnings margin (%)	48	56	14	—	58

(1) Inter-segment net revenue includes the net revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios Lindorff purchases. The cost for this commission is recorded as a direct operating expense for Lindorff's debt purchasing department, together with certain other costs. These items are eliminated from the respective segments and recorded under eliminations and unallocated items.

(2) Direct operating expense includes all direct costs related to the execution of collection processes and excludes costs related to IT and selling, general and administrative expense.

Total Operating Revenue

An analysis of Lindorff's operating revenue by segment is set forth below:

Debt collection: The operating revenue of Lindorff's debt collection segment increased by €41 million, or 48%, from €85 million in the three months ended March 31, 2016 to €126 million in the three months ended March 31, 2017. Excluding the effect of foreign currency translation and inter-segment operating revenue, debt collection operating revenue from external customers increased by €39 million, or 63%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was mainly driven by the Aktua Acquisition.

Debt purchasing: The operating revenue of Lindorff's debt purchasing segment increased by €3 million, or 4%, from €70 million in the three months ended March 31, 2016 to €73 million in the three months ended March 31, 2017. Excluding the effect of foreign currency translation and revaluation of loans and receivables, debt purchasing operating revenue from external customers increased by €1 million, or 1%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was driven mainly by strong collection performance.

Other services: Operating revenue from other services increased by €1 million, or 17%, from €6 million in the three months ended March 31, 2016 to €7 million in the three months ended March 31, 2017. Excluding the effect of foreign currency translation, operating revenue from other services increased by €2 million, or 33%, in the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was driven by growth in payment products.

Segment earnings

An analysis of Lindorff's Segment Earnings by segment is set forth below:

Debt collection: Lindorff's segment earnings for debt collection increased by €26 million, or 74%, from €35 million in the three months ended March 31, 2016 to €61 million in the three months ended March 31, 2017. The increase was driven by the Aktua Acquisition, as well as improved efficiency in the third-party debt collection business. Lindorff's segment earnings margin for debt collection increased from 41% in the three months ended March 31, 2016 to 48% in the three months ended March 31, 2017.

Debt purchasing: Lindorff's segment earnings for debt purchasing increased by €2 million, or 5%, from €39 million in the three months ended March 31, 2016 to €41 million in the three months ended March 31, 2017. Lindorff's segment earnings margin for debt purchasing remained stable at 56% for the three months ended March 31, 2016 and 2017.

Other services: Lindorff's segment earnings for other services remained stable at €1 million for three months ended March 31, 2016 and 2017.

Consolidated Income Statement for the Year Ended December 31, 2016 Compared to the Consolidated Income Statement for the Year Ended December 31, 2015

The tables below set forth, for each of the periods indicated, Lindorff's net revenue by segment and a reconciliation of the segments' main captions from profit and loss to segment earnings.

	Lock Lower Holding AS				
	For the year ended December 31, 2015				
	Debt collection	**Debt purchasing**	**Other**	**Eliminations and unallocated items**	**Total**
	(€ in millions, unless otherwise indicated)				
Net revenue from external customers	248	262	19		529
Inter-segment net revenue[1]	110			(110)	—
Revaluation of loans and receivables		5			5
Total operating revenue	**358**	**267**	**19**	**(110)**	**534**
Direct operating expense[2]	(206)	(127)	(13)	110	(237)
Segment earnings	**151**	**140**	**6**	**—**	**297**
Segment earnings margin (%)	42	52	30	—	56

	Lock Lower Holding AS				
	For the year ended December 31, 2016				
	Debt collection	Debt purchasing	Other	Eliminations and unallocated uitems	Total
	(€ in millions, unless otherwise indicated)				
Net revenue from external customers	330	283	27		640
Inter-segment net revenue[(1)]	112			(112)	—
Revaluation of loans and receivables		7			7
Total operating revenue	**442**	**289**	**27**	**(112)**	**647**
Direct operating expense[(2)]	(218)	(131)	(20)	112	(257)
Segment earnings	**224**	**158**	**7**	**—**	**390**
Segment earnings margin (%)	51	55	27	—	60

(1) Inter-segment net revenue includes the net revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios Lindorff purchases. The cost for this commission is recorded as a direct operating expense for Lindorff's debt purchasing department, together with certain other costs. These items are eliminated from the respective segments and recorded under eliminations and unallocated items.

(2) Direct operating expense includes all direct costs related to the execution of collection processes and excludes costs related to IT and selling, general and administrative expense.

Total Operating Revenue

An analysis of Lindorff's operating revenue by segment is set forth below:

Debt collection: The operating revenue of Lindorff's debt collection segment increased by €84 million, or 23%, from €358 million in the year ended December 31, 2015 to €442 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation and inter-segment operating revenue, debt collection operating revenue from external customers increased by €86 million, or 34%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was mainly driven by the Aktua Acquisition.

Debt purchasing: The operating revenue of Lindorff's debt purchasing segment increased by €22 million, or 8%, from €267 million in the year ended December 31, 2015 to €289 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation and revaluation of loans and receivables, debt purchasing operating revenue from external customers increased by €25 million, or 9%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was driven by significant portfolio acquisitions in the Nordics at the end of 2015.

Other services: Operating revenue from other services increased by €8 million, or 42%, from €19 million in the year ended December 31, 2015 to €27 million in the year ended December 31, 2016. Excluding the effect of foreign currency translation, Lindorff's operating revenue from other services increased by €8 million, or 42%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was mainly driven by growth in payment products.

Segment earnings

An analysis of Lindorff's segment earnings by segment is set forth below:

Debt collection: Lindorff's segment earnings for debt collection increased by €73 million, or 48%, from €151 million in the year ended December 31, 2015 to €224 million in the year ended December 31, 2016. The increase was driven by contribution from Aktua, which has high margins. Lindorff's segment earnings margin for debt collection increased from 42% in the year ended December 31, 2015 to 51% in the year ended December 31, 2016.

Debt purchasing: Lindorff's segment earnings for debt purchasing increased by €18 million, or 13%, from €140 million in the year ended December 31, 2015 to €158 million in the year ended

December 31, 2016. The increase was driven primarily by acquisitions in the Nordics towards the end of 2015. Lindorff's segment earnings margin for debt purchasing increased from 52% in the year ended December 31, 2015 to 55% in the year ended December 31, 2016. The increased segment earnings were mainly driven by continued high collection efficiency. The strong collection performance also enabled Lindorff to write up the average carrying value of loans and receivables.

Other services: Lindorff's segment earnings for other services increased by €1 million, or 17%, from €6 million in the year ended December 31, 2015 to €7 million in the year ended December 31, 2016. The increase was driven by growth in payment products.

Consolidated Income Statement for the Year Ended December 31, 2015 Compared to the Consolidated Income Statement for the Year Ended December 31, 2014

The tables below set forth, for each of the periods indicated, Lindorff's net revenue by segment and a reconciliation of the segments' main captions from profit and loss to segment earnings.

	Lindorff AB				
	For the year ended December 31, 2014				
	Debt collection	Debt purchasing	Other	Eliminations and unallocated items	Total
	(€ in millions, unless otherwise indicated)				
Net revenue from external customers	238	217	17	—	472
Inter-segment net revenue(1)	98	—	—	(98)	—
Revaluation of loans and receivables	—	3	—	—	3
Total operating revenue	**336**	**220**	**17**	**(98)**	**475**
Direct operating expense(2)	(196)	(105)	(13)	98	(217)
Segment earnings	**139**	**115**	**4**	**0**	**258**
Segment earnings margin (%)	41	52	24	—	54

	Lock Lower Holding AS				
	For the year ended December 31, 2015				
	Debt collection	Debt purchasing	Other	Eliminations and unallocated items	Total
	(€ in millions, unless otherwise indicated)				
Net revenue from external customers	248	262	19		529
Inter-segment net revenue(1)	110			(110)	—
Revaluation of loans and receivables		5			5
Total operating revenue	**358**	**267**	**19**	**(110)**	**534**
Direct operating expense(2)	(206)	(127)	(13)	110	(237)
Segment earnings	**151**	**140**	**6**	**—**	**297**
Segment earnings margin (%)	42	52	30	—	56

(1) Inter-segment net revenue includes the net revenue generated by Lindorff's debt collection department from commission charged on debt collection services carried out on portfolios Lindorff purchases. The cost for this commission is recorded as a direct operating expense for Lindorff's debt purchasing department, together with certain other costs. These items are eliminated from the respective segments and recorded under eliminations and unallocated items.

(2) Direct operating expense includes all direct costs related to the execution of collection processes and excludes costs related to IT and selling, general and administrative expense.

Total Operating Revenue

An analysis of Lindorff's operating revenue by segment is set forth below:

Debt collection: The operating revenue of Lindorff's debt collection segment increased by €22 million, or 7%, from €336 million in the year ended December 31, 2014 to €358 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation and inter-segment operating revenue, debt collection operating revenue from external customers increased by €17 million, or 7%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was mainly driven by the full-year effect of the 2014 Spanish Acquisition. This acquisition was the then largest in the history of Lindorff. In connection with the 2014 Spanish Acquisition, Lindorff entered into a long term service agreement with Banco Sabadell to carry out part of its debt collection.

Debt purchasing: The operating revenue of Lindorff's debt purchasing segment increased by €47 million, or 21%, from €220 million in the year ended December 31, 2014 to €267 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation and revaluation of loans and receivables, debt purchasing operating revenue from external customers increased by €48 million, or 22%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was driven by investments in portfolios of loans and other overdue receivables, particularly two major portfolios in the Nordics from Nordea and DNB, respectively.

Other services: Operating revenue from other services increased by €2 million, or 12%, from €17 million in the year ended December 31, 2014 to €19 million in the year ended December 31, 2015. Excluding the effect of foreign currency translation, Lindorff's operating revenue from other services increased by €3 million, or 18%, in the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was mainly driven by the launch of Lindorff Payment.

Segment earnings

An analysis of Lindorff's segment earnings by segment is set forth below:

Debt collection: Lindorff's segment earnings for debt collection increased by €12 million, or 9%, from €139 million in the year ended December 31, 2014 to €151 million in the year ended December 31, 2015. The increase was driven by growing use of electronic means of communication with customers (such as Lindorff 24 and text messages), which carry lower costs than traditional means of communication. The increase in segment earnings was also due to increased efficiency, as automation, accurate scoring and other methods to optimize the collection process reduce the number of interactions required with customers before successful collection. Lindorff's segment earnings margin for debt collection increased from 41% in the year ended December 31, 2014 to 42% in the year ended December 31, 2015.

Debt purchasing: Lindorff's segment earnings for debt purchasing increased by €25 million, or 22%, from €115 million in the year ended December 31, 2014 to €140 million in the year ended December 31, 2015. The increase was driven primarily by investments in portfolios of loans and overdue receivables. Lindorff's segment earnings margin for debt purchasing remained stable at 52% in the year ended December 31, 2015 compared to the year ended December 31, 2014.

Other services: Lindorff's segment earnings for other services increased by €2 million, or 50%, from €4 million in the year ended December 31, 2014 to €6 million in the year ended December 31, 2015. The increase was driven by the launch of Lindorff Payment, for which the foundation was established in 2014 and therefore could generate profitable growth in 2015.

Liquidity and Capital Resources

Lindorff's liquidity requirements have historically consisted mainly of debt and tax servicing requirements and funding of its purchases of portfolios, capital expenditure and working capital. Lindorff's principal sources of liquidity during the periods under review have been its net cash generated from operating activities (before portfolio purchases) and borrowings under the Lindorff Existing Revolving Credit Facility as well as bank and capital markets debt.

While Lindorff's collections have historically been predictable throughout the year, its debt purchasing activity can vary greatly from one quarter to the next. This is driven by the timing of one-off debt sales by vendors during the year, the timing of which Lindorff does not control, along with Lindorff's own desire to purchase a portfolio at a given point in time. This could lead to volatility in Lindorff's cash balances quarter on quarter. For example, for the year ended December 31, 2015, Lindorff invested €395 million in portfolio purchases, of which €230 million, or 58%, was purchased in the fourth quarter of 2015. Similarly, for the year ended December 31, 2016, Lindorff invested €241 million in portfolio purchases, of which €141 million, or 59%, was purchased in the fourth quarter of 2016.

Lindorff's ability to generate cash from its operations depends on its future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section titled "*Risk Factors*."

Working Capital

We believe that the working capital available to Lindorff is sufficient for the twelve months following the date hereof.

Cash Flows

The following table sets forth the principal components of Lindorff's cash flows for the years ended December 31, 2016, 2015 and 2014 and the three months ended March 31, 2017 and 2016.

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31,	For the year ended December 31,		For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(audited)	(audited)		(unaudited)	
		(€ in millions)			
Net cash generated from operating activities	195	90	239	18	35
Net cash used in investing activities	(464)	(472)	(334)	(28)	(60)
Net cash from/(used in) financing activities	296	334	102	5	39
Net (decrease)/increase in cash and cash equivalents	**27**	**(48)**	**6**	**(6)**	**14**
Cash and cash equivalents at period end	**79**	**53**	**59**	**51**	**73**

Net cash generated from operating activities

Lindorff's net cash generated from operating activities increased by €17 million from net cash generated from operating activities of €18 million in the three months ended March 31, 2016 to €35 million in the three months ended March 31, 2017. The increase in net cash generated from operating activities was due to the contribution of Aktua.

Lindorff's net cash generated from operating activities increased by €149 million from net cash generated from operating activities of €90 million in the year ended December 31, 2015 to €239 million in the year ended December 31, 2016. This increase was primarily attributable to the contribution of Aktua and lower investment in payment product receivables in 2016 compared with 2015.

Lindorff's net cash generated from operating activities decreased by €105 million from net cash generated from operating activities of €195 million in the year ended December 31, 2014 to €90 million in the year ended December 31, 2015. This decrease was primarily due to an increase in interest expense due to an increase in debt following the Prior Lindorff Acquisition and increased working capital activity connected to increased operations in Spain and ramp-up of Lindorff Payment. The decrease was offset by strong net revenue growth in 2015.

Net cash used in investing activities

Lindorff's net cash used in investing activities increased by €32 million from net cash used in investing activities of €28 million in the three months ended March 31, 2016 to €60 million in the three months ended March 31, 2017. The increase in net cash used in investing activities was due primarily to a greater amount of cash being paid (as opposed to deferred payments) in acquisitions of portfolios in the first quarter of 2017 compared with the first quarter of 2016.

Lindorff's net cash used in investing activities decreased by €138 million from net cash used in investing activities of €472 million in the year ended December 31, 2015 to €334 million in the year ended December 31, 2016. The decrease in net cash used in investing activities was due primarily to lower levels of investment in portfolios in 2016 compared with 2015.

Lindorff's net cash used in investing activities increased by €8 million from net cash used in investing activities of €464 million in the year ended December 31, 2014 to €472 million in the year ended December 31, 2015. The increase in net cash used in investing activities was due primarily to investments in portfolios of loans and other overdue receivables and the full-year effect of the 2014 Spanish Acquisition completed in the fourth quarter of 2014.

Net cash from/(used in) financing activities

Lindorff's net cash from financing activities increased by €34 million from net cash from financing activities of €5 million in the three months ended March 31, 2016 to €39 million in the three months ended March 31, 2017. The increase in net cash from financing activities in the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to higher proceeds from borrowings under the Lindorff Existing Revolving Credit Facility in three months ended March 31, 2017 compared to the three months ended March 31, 2016.

Lindorff's net cash from financing activities decreased by €232 million from net cash from financing activities of €334 million in the year ended December 31, 2015 to €102 million in the year ended December 31, 2016. The decrease in net cash from financing activities was primarily related to the effect of the receipt of proceeds from bonds issued in 2015.

Lindorff's net cash from financing activities increased by €38 million from net cash from financing activities of €296 million in the year ended December 31, 2014 to €334 million in the year ended December 31, 2015. The increase in net cash from financing activities was primarily related to drawdowns under the Lindorff Existing Revolving Credit Facility.

Capital Expenditure

Historically, Lindorff's capital expenditure consisted mainly of: (i) IT hardware; (ii) IT software and development; and (iii) carve-out transactions, for which the part of the purchase price that exceeds the book value of the acquired assets was allocated as an intangible asset (client relationship) and amortized over the stipulated contract period.

Lindorff's capital expenditure increased by €1 million, from €5 million in the three months ended March 31, 2016 to €6 million in the three months ended March 31, 2017, in line with usual business fluctuations.

Lindorff's capital expenditure decreased by €23 million, from €44 million in the year ended December 31, 2015 to €21 million in the year ended December 31, 2016, due primarily to the extension to Lindorff's existing carve-out from Banco Mare Nostrum, acquired in 2015.

Lindorff's capital expenditure decreased by €146 million, from €191 million in the year ended December 31, 2014 to €44 million in the year ended December 31, 2015, due primarily to the large capital expenditure in 2014 related to the 2014 Spanish Acquisition offset by increased investments in IT in 2015.

Indebtedness and Certain Other Contractual Obligations

With the exception of the Lindorff Existing Loan Note Issuance Deed, all of the outstanding indebtedness of Lindorff will be repaid as part of the Transactions. See "*The Transactions*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Liquidity and Capital Resources—Indebtedness*" for further information regarding our expected indebtedness after giving effect to the Transactions.

Lindorff uses operating assets through operating lease agreements, including leases for Lindorff's headquarters and other offices. The minimum remaining payments under such leases within the year ended December 31, 2017 total €10 million with €26 million due on these leases in the following four years (January 1, 2018 through December 31, 2021) and €9 million due on these leases thereafter.

Other Financial Obligations: Pension Obligations

For a description of certain pension plans and obligations of Lindorff, see Note 26 to Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Off Balance Sheet Arrangements

Lindorff purchases portfolios of loans and other overdue receivables by way of forward flow agreements whereby it purchases non-performing debt based upon contracts that require Lindorff to make multiple purchases from a vendor at a fixed price. Lindorff typically enters into forward flow agreements with financial institutions. Lindorff invested €57 million, €63 million and €66 million, respectively, in forward flow agreements in the years ended December 31, 2016, 2015 and 2014. Lindorff invested €11 million and €14 million, respectively, in forward flow agreements in the three months ended March 31, 2017 and 2016. See "*Risk Factors—Risks Related to Our Business and Industry—Failure to renew existing debt collection contracts or win new debt collection contracts may adversely affect our revenue*" and "*Business—Lindorff: Operations and Service Offerings—Debt Purchasing—Debt Purchasing Commercial Process.*"

Lindorff is not party to any other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Quantitative and Qualitative Disclosures about Financial Risk Management

See Note 4 to Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum for additional information on Lindorff's exposure to market risk and the risk of loss that may result from the potential change in exchange rates, interest levels, refinancing and credit risks.

Market Risk

Market and Regulatory Environment

The main market risk is related to general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets in which Lindorff operates and which, in turn, affect the customers' ability to pay and Lindorff's clients' ability and willingness to sell portfolios of loans and receivables and potential commission from third party collection.

Foreign Exchange Risk

Lindorff operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner and Swedish kronor compared to its reporting currency, the euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Lindorff's strategy is to manage and limit currency risk. Exchange rate risk can be divided into transaction exposure and translation exposure. Lindorff has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of Lindorff's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Transaction Exposure: In each country, revenue and operating expenses are mainly denominated in local currencies, and thus currency fluctuations have only a limited impact on Lindorff's operating earnings in local currency. National operations rarely have receivables and liabilities in foreign currency. Revenue and expenses in national currency are thus hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected cash flow exposure is not hedged at present. At Lindorff group level financing, both the debt collection and the debt purchasing operations are funded in the relevant currencies reflecting the underlying expected cash flow.

Translation Exposure: Lindorff currently operates in 12 countries. The results and financial position of its subsidiaries are reported in the relevant foreign currencies and later translated into euro for inclusion in Lindorff's consolidated financial statements. 38% of Lindorff's net revenue was generated in foreign currency for the year ended December 31, 2016. Consequently, fluctuations in euro exchange rates against these currencies affect Lindorff's revenue and earnings, as well as equity and other items in its financial statements. Lindorff's net revenue is distributed by currency as follows:

	Lindorff International AB	**Lock Lower Holding AS**	
	For the year ended December 31,		
	2014	**2015**	**2016**
	(€ in millions)		
Euro	248	308	404
Danish kroner	21	23	22
Norwegian kroner	142	138	152
Swedish kronor	59	57	59
Other currencies	4	7	9
Total	**475**	**534**	**647**

If these currencies would have weakened/strengthened by 10% on average against the euro for the year ended December 31, 2016, with all other variable held constant, net revenue would have increased/decreased by approximately €24 million.

Credit risk

Credit risk is the risk that Lindorff's counterparties are unable to fulfil their obligations to it. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from assets, such as cash and cash equivalents, guarantees and derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables, purchased loans and receivables and outlays on behalf of clients. For financial assets owned by Lindorff, very limited collateral or other credit reinforcements have been received. Therefore, the maximum credit exposure for each class of financial assets corresponds to the carrying amount. There is also a limited risk of loss linked to Lindorff's debt collection services, however, this risk is primarily carried by its clients.

To minimize the risks related to purchase of portfolios, caution is exercised in purchase decisions. Purchases are usually made from clients with whom Lindorff has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. Purchased loans and receivables are usually purchased at prices significantly below the nominal value of the receivables, and are not collateralized. Lindorff retains the entire amount it collects, including interest and fees. For more information about Lindorff's purchased debt, see "—*Purchased Debt.*"

Significant Accounting Policies

See Note 2 to Lock Lower Holding's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in this Offering Memorandum.

Certain information set forth in this section has been derived from external sources, including industry publications and surveys, industry reports prepared by consultants, internal surveys, third-party reports commissioned by the Company and customer feedback. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that these industry publications, surveys and forecasts are reliable, we have not independently verified them and cannot guarantee their accuracy or completeness. Certain information in this section has also been based on internal management analysis and in some cases combined with the aforementioned external sources. See "Presentation of Industry and Market Data."

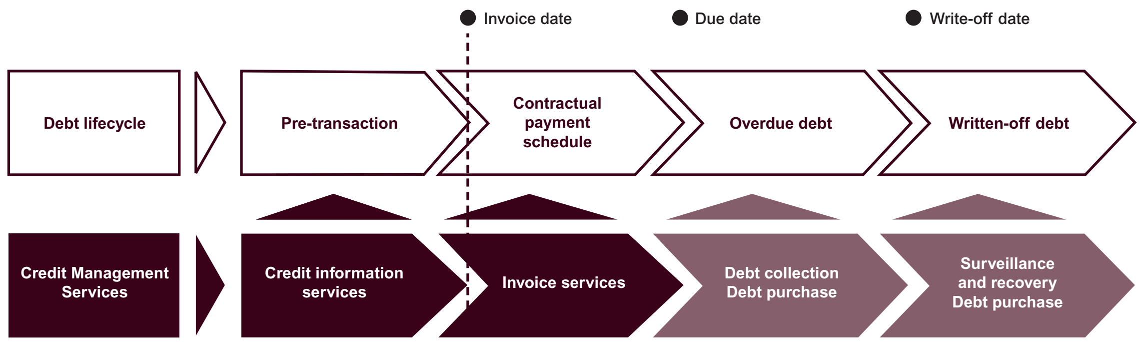
The market projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements." Unless otherwise indicated, information in this section is based on our analysis of multiple sources, including the Company Market Study that Lindorff commissioned from the Market Consultancy Firm. See "Market Segments." References to "Europe" or "European" refer to the 28 European Union member states and Norway.

Introduction

Debt is created when a debt originator extends credit to a person, or a legal entity, who in turn becomes a customer. Such arrangements occur routinely and include financial institutions extending loans or trade sector companies (including, *inter alia*, telecommunications and utilities companies) issuing invoices for services rendered. When a debtor does not repay the debt according to the terms on which it was extended, the debt becomes overdue. Overdue debt is a structural component of the credit industry, as debt originators typically expect a certain percentage of customers to default, and price credit accordingly. Overdue debt is either collected by the originator itself or by a credit management company, such as us.

Overview of the European Credit Management Services and Debt Purchasing Industry

There are a number of stages in the debt lifecycle and credit management companies offer several services to clients throughout the cycle. A number of credit management services are exemplified in the following illustration and described in the text below.



The Credit Management Services (CMS) industry can be divided into the following two sub-segments:

Payment, information and invoice services

Before debt originators extend credit to debtors, credit management companies provide credit scoring and other forms of credit information services such as data extraction and modelling. Credit management companies also provide payment processing services including invoice administration, subsidiary ledger accounting, invoice printing, payment reminders and invoice purchasing. These services are provided before debt is overdue.

Debt collection

Credit management companies provide debt collection services to debt originators for overdue debt. The debt collection process consists of three phases: pre-legal, legal and enforcement and surveillance. The pre-legal phase is the first stage in debt recovery and is where the collector seeks to find a voluntary solution with the debtor, for example through a payment plan. If it is unlikely that the debtor will pay voluntarily even if that person could afford to pay and/or was aware of the claim, the case is moved to the legal and enforcement phase where the court system is used to find a solution, for example through garnishment of wages or sale of collateral. If the debtor is insolvent and the claim is uncollectable the case moves to the surveillance phase. During this phase, debtors are monitored for any changes in personal circumstances, such as employment status, that may allow debtors to commence payment.

Debt purchasing

Debt originators will often sell overdue debt to credit management companies through either: (i) a one-off sale of an entire NPL portfolio; or (ii) a forward flow agreement where debt claims are sold at a pre-defined price for a given volume from a client on an ongoing basis. One-off agreements entail buying a portfolio of claims that are received in one transaction upon payment. Forward flow agreements entail buying a given volume of claims at a pre-defined price or price range from a client on an ongoing basis.

Selling overdue debt helps debt originators increase their liquidity, strengthen their balance sheets, release resources to focus on early-stage delinquencies and reduce operational risks, reporting requirements and regulatory demands. How overdue debt is sold is dependent on the debt originators needs and balance sheet strategy. In the immediate aftermath of the financial crisis there was a pressing need for financial institutions to quickly de-lever balance sheets and therefore NPL sales focused on larger one-off transactions. Over the last years, we have observed a less immediate but continuous need for banks to improve their capitalization, and as a result we see an increasing trend towards forward-flow contracts as an additional measure for banks to manage NPL portfolios on an ongoing basis. The decision to sell overdue debt can occur at one of several stages throughout the debt collection cycle, depending on the type of debt, pricing and time since default. Typically, debt is sold after more than one year in default and following the performance of various non-legal and legal measures. As discussed below, the volume of debt sold by European debt originators has grown significantly in recent years.

Market Segments

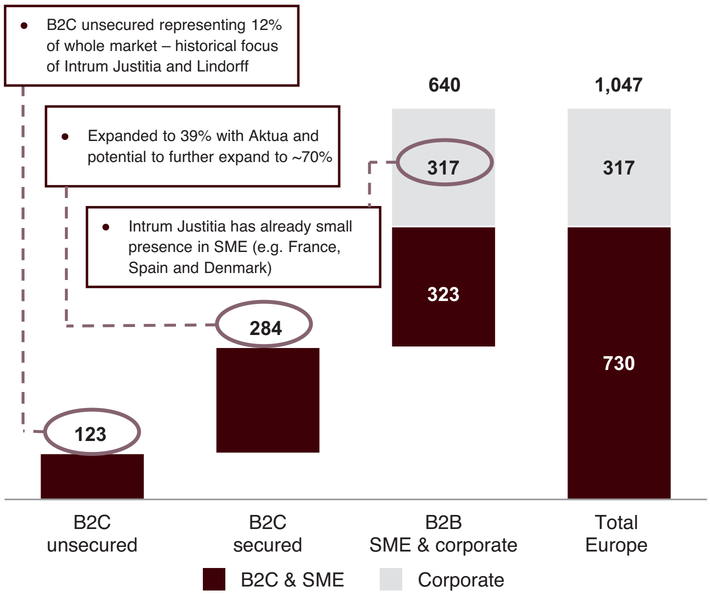
The markets for CMS and debt purchasing are typically generated from two sources: financial institutions and trade. Debt can also be broken down by client type, *i.e.*, consumer ("**B2C**") and corporate ("**B2B**") debt.

Financial institution generated debt

Consumer debt originated by financial institutions primarily consists of bank loans and typically includes mortgages, credit card loans, car loans, overdrafts and consumer loans. When such loans become more than 90 days overdue, they are categorized as NPLs. These are typically characterized by a relatively high average value and long collection times. Typically bank loans are further divided into unsecured (*e.g.*, credit card) and secured (*e.g.*, mortgage) loans. We view the credit management services market for debt originated by the financial institutions sector as highly sophisticated.

Historically, we have focused on unsecured consumer debt originated by financial institutions. Both organizations have also been active in the secured consumer debt market segment. Lindorff further expanded its footprint and capabilities in this market segment with the acquisition of Aktua in Spain. Consequently, we define all consumer debt originated by financial institutions as our core addressable market (the "**Core Addressable Market**"). According to the Company Market Study, the stock of NPLs in our Core Addressable Market amounted to €410 billion in 2015, representing approximately 4% annual growth over the last five years, with the secured and unsecured consumer debt segments growing at an average of 5% and 3% annually, respectively, from 2010 to 2015. In addition to our Core Addressable Market we also address the market for B2B debt originated by financial institutions to small and medium-sized enterprises ("**SMEs**"), and opportunistically cover the large corporates segment, and therefore include the total European B2B market for debt originated by financial institutions in our total addressable market (the "**Addressable Market**"). In geographical terms, our Core Addressable Market and Addressable Market comprise EU28 countries and Norway. According to the Company Market Study, the total size of the NPL stock in our Addressable Market amounted to €1,058 billion in 2015, representing approximately 3% annual growth over the last five years, with the SME and large corporate debt segments growing at an annual average rate of 2% and 3%, respectively.

The illustration below provides a segmental overview of the estimated NPL stock (€ in billions) in our Addressable Market for the year ended December 31, 2016.



Source: Company Market Study

Trade

Overdue trade receivables ("**OTR**") mainly consist of overdue invoices from corporations. A number of industries are included in the sector, such as telecommunication, public sector, retail and utility companies. Compared to the financial institutions sector, debt portfolios originating from the trade sector that are serviced or purchased by credit management companies typically consist of a larger number of debt claims with a lower average value and relatively short collection times.

According to the Company Market Study, based on OTR annual generation, we estimate that the flows of B2C bad debt for the trade segment in 2015 were approximately €70 billion, with telecom companies and utilities representing approximately 50% of the market size. The market outlook for overdue debt in the trade sector is expected to remain stable over the coming years.

Key Drivers of the Credit Management Industry

We expect that growth in the credit management services industry will continue in the near term as positive macroeconomic developments improve debt collection rates and debt collection outsourcing continues to increase due to an increased focus by clients on their core businesses.

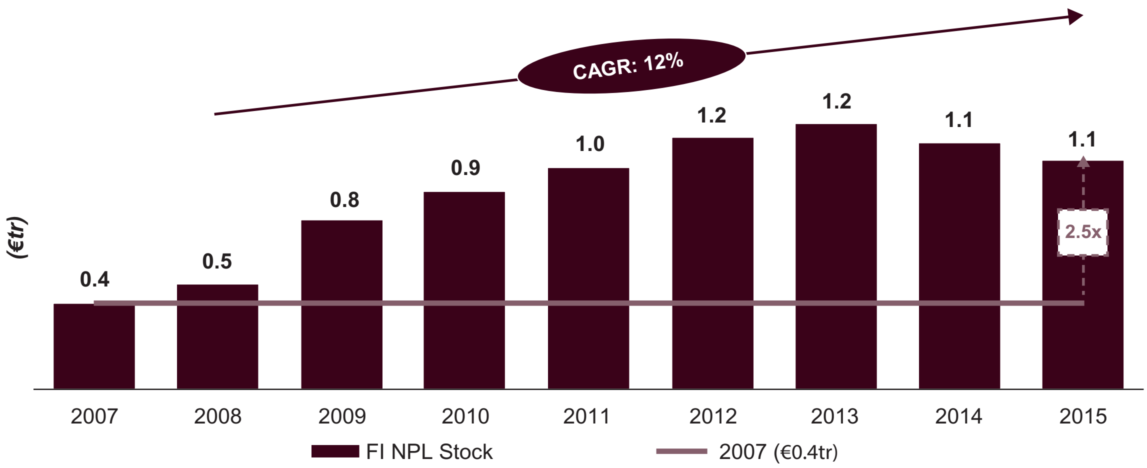
We have identified three main market trends that we believe are particularly important to the further development of the credit management services industry, and in particular the financial institutions sector:

- banks' large build-up of NPLs in recent years;
- high sales volumes of NPLs as banks are under pressure to de-lever;
- continued creation of new NPLs leading to flat overall NPL stock; and
- clear industry value proposition resulting in increased volume of outsourcing.

Banks' large build-up of NPLs in recent years

One of the key drivers of the European credit management market, in particular for companies with large exposure to financial institutions, is the level of NPLs on banks' balance sheets, and ultimately banks' inclination to divest or outsource collection on such debt. The global financial crisis (2008-2010) accelerated the build-up of NPLs in the European banking system driven by, *inter alia*, increased default rates coupled with limited NPL sales activity. Based on the Company Market Study, we believe that the current European bank NPL stock amounted to approximately €1.1 trillion in 2015, representing more than 2.5x 2007 levels. Based on the Company Market Study, we believe NPL ratios have increased since pre-crisis levels, from an average of 3% in the period 2000-2008 to 5% in the period 2009-15. To revert to pre-crisis levels, European banks would need to sell-off approximately €0.5 trillion of the estimated 2015 stock of NPLs.

The graph below shows the development in the total European NPL stock originated from financial institutions from 2008 to 2015.



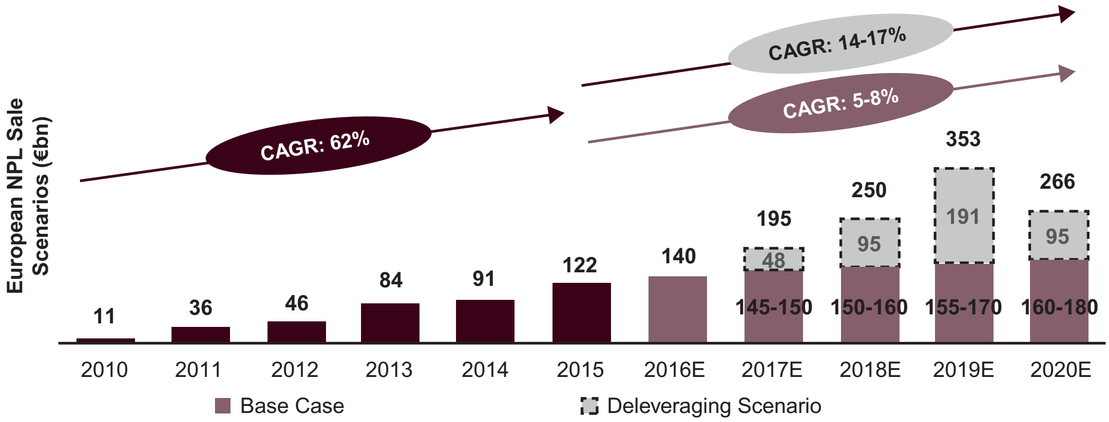
Source: Company Market Study

High sales volumes of NPLs as banks are under pressure to de-lever

Annual total bank NPL sales volumes (at face value) increased from approximately €11 billion in 2010 to approximately €122 billion in 2015, corresponding to an average annual growth rate of 62%, or a growth multiplier of 11x. There are a number of underlying factors for the increase in NPL sales volumes. In addition to the back-log of NPLs on banks' balance sheets, stricter regulations and increased provisioning levels have incentivized banks to de-lever and sell NPLs. Selling NPLs often provides banks with immediate benefits to liquidity and to the profit and loss statements as the overdue NPLs sold has been substantially written down or written off.

Increased regulatory pressure and supervision (through, *inter alia,* continuation of annual European Banking Authority stress-tests and stronger supervisory mechanisms, such as Single Supervisory Mechanism, Single Resolution Board and European Systemic Risk Board) and higher capital requirements for financial institutions as a result of Revised Basel III coupled with the implementation of the new accounting standard IFRS 9 (effective for annual periods beginning on or after January 1, 2018), is expected to further drive banks to strengthen their balance sheets and increase NPL sales. In light of the aforementioned market drivers, we expect, as a base case scenario (the "**Base Case Deleveraging Scenario**"), that total NPL sales volumes originated from financial institutions will increase by 5-8% per year between 2015-2020. In addition to such a base case scenario we believe, according to the Company Market Study, that there may be an alternative scenario according to which there is an acceleration of banks' deleveraging leading to significantly higher annual NPL volumes over the coming years as the over-hang stock in the market (up to 50% of recognized NPLs or approximately €477 billion) is sold down. In such a scenario (the "**Accelerated Deleveraging Scenario**") the forecast of average annual growth in NPL sales volumes could be up to 14-17% for the period 2015 to 2020.

The graph below shows the development in European bank NPL sales volumes from 2010 to 2020.



Source: Company Market Study

As part of banks' deleveraging efforts, unsecured NPLs are typically sold off before secured NPLs due to, *inter alia*: (i) higher relative risk weight; (ii) higher provisioning levels; and (iii) lower transaction complexity. While the unsecured consumer NPL stock remains significant in Europe, we expect relatively stable but sizable unsecured consumer NPL sales volumes over the coming five years. Based on the Company Market Study, the total European unsecured NPL sales in 2020 is expected to be €33- 37 billion, compared to €36 billion in 2015 and €13 billion in 2010. In the countries where Lindorff has material presence, between 2017 and 2020, total unsecured NPL sales volumes are expected to amount to €21 billion on average per year, which is well above the annual average of €13 billion for the period 2010-2015. In terms of unsecured consumer NPL sales volumes, the Company Market Study, also identifies a potential upside scenario, which, *inter alia*, entails a further market shift towards forward flow arrangements. In that event, based on the Company Market Study, average annual unsecured consumer NPL sales between 2017 and 2020 are expected to be €23 billion, in the countries where Lindorff has a material presence.

Over the coming five years, as a result of the significant unsecured consumer NPL volumes observed in recent years, we expect stronger growth in NPL sales volumes within the secured NPL segment. We have established platforms, in particular given the acquisition of Aktua, enabling us to capture the growth in the secured segments.

Continued creation of new NPLs leading to flat overall NPL stock to be managed

Over the coming five years, according to the Company Market Study, we expect the European bank NPL stock to remain stable at approximately €1 trillion. This is driven by an overall increase in debt levels of 1% per year and a decline in the NPL ratio of 0.6 percentage points over the period due to improving macroeconomic environment and debt sales counterbalanced by additional inflow from the semi-non performing stock in Southern Europe and new NPL production from the growing underlying loan portfolio. Excluding NPL-sales, the NPL stock would grow at c. 10% p.a. to 2020.

Clear industry value proposition resulting in increased volume of outsourcing

We have seen a trend of banks turning away from non-core activities and being unwilling to spend resources on internal debt collection capabilities. At the same time, mature credit management providers have emerged and added value to banks through their proven track record of improving recoveries and scale benefits. Debt collection requires a substantial amount of resources and know-how, and we believe this is performed most efficiently by specialists. Consequently, credit management providers have become an integral part of the credit industry and are frequently viewed as trusted partners to their clients. We believe that this relationship will continue to grow in the coming years, especially in markets with lower outsourcing ratios, such as Germany and Italy. In a survey among leading European banks and debt collection experts conducted in connection with the Company Market Study, approximately 80% of the respondents indicated that they expect higher NPL outsourcing levels over the next 5 years, compared to approximately 70% who expected increased debt sales. According to the Company Market Study, we expect outsourced NPL volumes to grow by an average annual growth rate of 1% in the countries where Lindorff has a material presence within our historical core market, unsecured consumer debt originated from financial institutions.

In addition to the overall increase in outsourcing of debt collection, we also see a trend where clients increasingly demand outsourcing solutions from credit management companies at a regional or pan-European level. As a leading European credit management company, we believe that we are well-positioned to benefit from this trend.

Competitive landscape

The European credit management services industry is a fragmented market consisting of several thousand companies with varied profiles. When viewing the competitive landscape, three factors should be considered:

- *Product offering*: Companies either offer a full-service business model and operate in all stages of the credit management value chain, or they focus on particular areas, such as debt collection or debt purchasing.
- *Geographic presence*: Smaller participants tend to only operate in local markets. Medium and large companies typically have broader geographical footprints while only a few firms, including us, have operations across several European countries.
- *Scale*: The majority of firms are small or mid-sized and have a limited geographic presence, scale, skills, experience and information. In contrast, larger firms have the necessary scale to provide a full-service offering.

Based on these considerations, the industry can be grouped into three categories of participants:

Integrated pan-European credit management companies

We are one of the few large credit management companies in Europe, which we define as being present in more than five markets with an integrated offering throughout the credit management value chain. These companies typically have operations in several countries and a broad service offering, including both debt collection and debt purchasing. The large companies have experienced strong growth and high profitability in recent years by capitalizing on scale in skills, experience, information and origination sources.

The large integrated pan-European credit management companies generally have different focuses and service offerings. We believe our full-service offering in combination with our focus on the financial institutions sector is attractive to potential clients and will enable us to capture anticipated growth opportunities across a variety of markets in the future.

Regional credit management companies

Most European credit management companies are SMEs active only in a few local markets, and have varying scale and business focuses. While these companies have a presence in their domestic markets, they have a limited or non-existing international presence. This segment also consists of several thousand participants without sizable operations who tend to focus on debt collection, as it has lower scale requirements. In addition to smaller credit management companies focusing on debt collection, there are a number of larger scale monoline players, which we define as having a presence in less than five geographic markets and/or who predominantly focus on debt purchasing.

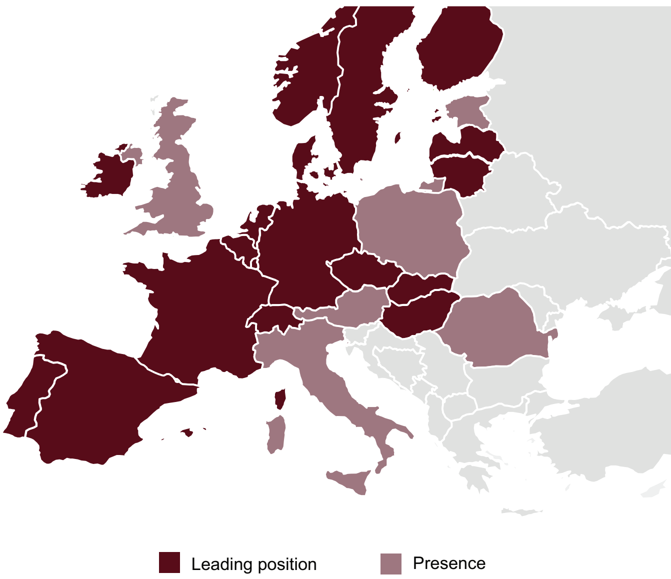
Portfolio investors

The third group of participants in the credit management industry comprises international investors specializing in acquisitions of portfolios with distressed assets, such as Cerberus Capital Management, Lone Star Funds and Fortress Investment Group. The core competency of portfolio investors is the evaluation of portfolios and the raising of capital. Portfolio investors compete with other credit management companies in the debt purchasing segment; however they can also be strategic partners since they typically outsource debt collection. In recent years, we have created a co-investment vehicle and acted as a co-investor together with portfolio investors to acquire portfolios and have handled the debt collection process relating to the portfolios acquired.

Our place in the industry

The combination of Intrum Justitia and Lindorff creates the largest European credit management provider by revenue and carrying value of purchased debt, with a leading position in several European countries and business model focusing on financial institutions clients and a full-service offering and a balanced business mix between third party debt collection and purchased loans and receivables. Monoline and regional credit management companies (defined as companies present in less than five geographical markets and/or focusing on debt purchasing), such as PRA Group, Cabot, Arrow, Hoist and Kruk, are mainly active in debt purchasing with varying focus on either the trade or financial institutions sector in only one or few jurisdictions. We believe that our full service offering offers tangible benefits to our clients, provides diversification and allows us to extract operational and financial synergies between debt collection and debt purchasing.

We enjoy strong market positions across the countries in which we operate. The illustration below provides an overview of our geographical presence.



Source: Company information. Illustrative market position based on best of Intrum Justitia and Lindorff.

Structural considerations: benefits for incumbents

We believe that a number of structural factors operating within the European credit management industry offer potential advantages for incumbent operators:

- *Client relationships:* Debt originators, in particular financial institutions, are highly sophisticated and sensitive to reputational risk and are hence reluctant to switch credit management partners, in particular to a new entrant that does not yet have an established track record and reputation.

- *Scale advantages:* credit management is a scalable business with clear operational, strategic and financial scale benefits that provide a competitive advantage.

- *Data and pricing capabilities:* A large database built over many years combined with strong data enhancement capabilities is valuable both for pricing portfolios and for developing collection strategies.

BUSINESS

Except as expressly provided, this summary of the business of Intrum Justitia and Lindorff does not give effect to the potential impact of divesting the Carveout Business on Intrum Justitia or Lindorff, as applicable. See "Summary—Divestment of Carveout Business."

Overview

Upon completion of the Merger, we will be the leading credit management provider in Europe by revenue, EBITDA and carrying value of purchased debt, with operations in 23 European countries and a leading position in a majority of those countries. Intrum Justitia and Lindorff each provide a balanced and integrated mix of services across the entire credit management value chain, including financial services, and each company has a longstanding commitment to fair collection. Following the Merger, we will benefit from greater scale of our operations and complementary sector expertise in debt originated by the trade sector and the financial institutions sector, respectively. Using the existing expertise of Intrum Justitia and Lindorff, we will provide:

- ***Credit Management Services ("CMS")***. We employ tailored debt collection strategies and solutions to maximize cash flow streams from loans and other overdue receivables for clients who have decided to outsource their debt collection function. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 6,922 million (€728 million equivalent) from CMS, excluding revenue generated from portfolios of loans and other overdue receivables that we own. As part of our CMS services, Lindorff has leading capabilities in alternative solutions, such as carve-outs, which involves taking over the in-house collection platform of financial institutions clients and conducting debt collection on behalf of the financial institutions under a long-term contract. Lindorff also provides real estate servicing ("**RES**"), which involves servicing of loans related to properties and other services related to the security/property owned by its clients in Spain.

  In addition to, and generally in combination with, collection services, we provide clients with a wide range of value-added services, prior to loans and receivables becoming overdue, including customer and credit information and analysis on individuals and companies across Europe to help our clients assess their potential customers' payment capacity, data extraction and modelling, selection and scoring of potential customers, and a full suite of services relating to accounts receivable, including invoicing, reminders and account ledger services.

- ***Financial Services.*** We offer a range of financial services. In particular, we purchase portfolios of secured and unsecured loans and other overdue receivables from our clients for a portion of the nominal value, which we then service using our in-house debt collection function, with a few exceptions. Following the purchase of the defaulted receivables, our long-term debt collection measures commence, aimed at helping consumers become debt-free as we help them reduce their debt in a respectful manner, for example through installment plans that take account of each consumer's payment capacity. On a *pro forma* combined basis for the twelve months ended March 31, 2017, we would have generated net revenue of SEK 5,934 million (€624 million equivalent) from Financial Services and, on a combined basis as of March 31, 2017, the ERC of our portfolios of loans and overdue receivables would have been SEK 46,704 million (€4,892 million equivalent), with a total collectible value on purchased debt of SEK 405,190 million (€42,444 million equivalent). As part of our Financial Services offering, we also provide factoring, payment guarantees and e-commerce services.

We believe that the combination of debt collection and purchasing has been and will be key to Intrum Justitia's and Lindorff's, and our continued, success. The range of services helps attract and retain clients and increases the breadth and depth of collectible data, in turn supporting the creation of tailored collection strategies and development of analytical capabilities to enable more accurate pricing of portfolios. Operating across Europe and with a balanced business model also gives us investment optionality as we can allocate resources across our platform and jurisdictions to the opportunities that we find most attractive. For the twelve months ended March 31, 2017, our *pro forma* net revenue and *Pro Forma* Further Adjusted EBITDA was SEK 12,856 million and SEK 9,254 million, respectively (€1,352 million and €973 million equivalent, respectively). See "*Summary Consolidated Pro Forma Financial and Other Data of the Company—Pro Forma and Other Information of the Company*" and "*Unaudited Pro Forma Financial Information of the Company.*"

To address competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. See "*—Divestment of the Carveout Business.*"

Our Strengths

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

Europe's leading credit management company

The largest European credit management company.

We will be the largest European credit management company by revenue, EBITDA and carrying value of purchased debt and will be significantly larger than the second largest credit management company in Europe. Our EBITDA on a *pro forma* combined basis for the twelve months ended March 31, 2017 would have been SEK 4,787 million (€503 million equivalent). We believe our combined size will give us several benefits. In particular, our combined experience will favorably impact our ability to competitively price portfolios in our debt purchasing activities and develop optimal collection strategies, which we believe will have a positive impact on our revenue and efficiency. Additionally, we believe the increase in size of the Company should allow us to better absorb fixed costs, including those related to regulatory and legal compliance and IT, which should further benefit our margins.

Market leading position in several European countries.

We will be present in 23 European countries, which we believe is more than any of our European competitors. Based on our internal estimates, we believe we will hold a leading position in the majority of countries in which we operate. We believe our expanded geographic footprint combined with strong local market positions is a competitive advantage which will further enhance our ability to follow our clients across markets and deepen client relationships.

Leading position in the European financial institutions segment for debt purchasing.

Based on the Company Market Study, we believe that we will hold a leading position among credit management providers with respect to debt purchasing from financial institution clients in Europe. We believe that the financial institutions segment in Europe represents one of the most attractive segments of the credit management market. Financial institutions are the largest originator of debt and we believe European bank NPL stock amounted to approximately €1.1 trillion in 2015, according to the Company Market Study. The financial institutions segment also offers attractive economics with long durations and earnings visibility. We have a long track record of collecting on NPLs and have built long-term relationships with European financial institutions. During the three years ended December 31, 2016, Intrum Justitia and Lindorff would have acquired NPLs with a total collectible value on purchased debt of SEK 65 billion and €7.4 billion, respectively, from European financial institutions. These portfolio purchases have been complemented by three strategic M&A transactions in the last three years, all of which involved target companies focused on the financial institutions segment. For the year ended December 31, 2016, 66% of our net revenue on a *pro forma* combined basis in our Financial Services service line was generated by debt purchased from financial institutions.

Leading position in the European trade segment for CMS and debt purchasing.

We believe, based on the Company Market Study, that we will hold a leading position among credit management providers in the trade segment in Europe. We believe that the trade segment is an attractive segment of the credit management market and that our position in both this segment and the financial institutions segment helps support and sustain our overall stability. European overdue trade receivables ("**OTR**") stock amounted to approximately €70 billion in 2015, according to the

Company Market Study. The trade segment compliments the financial institutions segment, as it offers a relatively stable and high volume of stock with short duration. In many of the markets in which we will operate, we believe OTR flow will remain at high levels in the short-term, driven by increased household spending, a structural shift towards a higher proportion of invoice payments and increased outsourcing of CMS operations. During the three years ended December 31, 2016, Intrum Justitia and Lindorff acquired non-financial institution stock with a total collectible value on purchased debt of SEK 20 billion and €557 million, respectively, from European telecommunications, utilities and other trade companies.

Europe's most diversified credit management company

Complete service offering.

In addition to having the widest European geographic footprint, we will have the market's broadest service offerings across the credit management value chain, including financial services, enabling us to operate as a "one-stop shop" for our clients. Our predominant activities are in debt collection and debt purchasing. Additionally, within our CMS service line, we offer value-added services before loans and receivables become overdue, including information, invoice and payment services, which are an important source of origination for the debt purchasing and debt collection businesses and for data collection. Our broad product and service offering will be complemented by our ability to offer flexible solutions to our clients, including by leveraging Lindorff's market-leading capabilities in the carve-outs of financial institutions' in-house collection units, co-investment structures and, more recently, provision of RES.

Ability to acquire and service several types of loans.

Historically, Intrum Justitia and Lindorff have focused on unsecured consumer debt originated by financial institutions and overdue trade receivables originated by the trade sector. Both companies have also increased their activities in the secured consumer debt market segment. Lindorff further expanded its footprint and capabilities in this market segment through the Aktua Acquisition during 2016, which also marked its entry into the Spanish RES segment.

Strategic balance between highly complementary CMS and Financial Services businesses

Data analytics.

Our broad service offering allows us to collect data through the credit management value chain and extract data synergies to continuously strengthen our data analytics capabilities. We consider data analytics and business intelligence to be important in driving optimized collection strategies and accurately and competitively pricing portfolios that we bid for. For example, over time, Intrum Justitia has collected depersonalized data on over 177 million claims across both debt collection, within its CMS service line, and debt purchasing, within its Financial Services service line, and estimates that it has a data warehouse consisting of over one billion events, such as payments and actions taken, associated with those claims.

Operational synergies.

The combined scale we achieve through the breadth of our service offering as well as our pan-European footprint provides us with economies of skill and scale. As an example of our scale, for the year ended December 31, 2016, on a combined basis, we had approximately SEK 5,333 million (€563 million equivalent) in average monthly collections (with approximately 87% in our CMS service line). Operational synergies are important drivers of efficient operations through standardized processes given the scalable nature of our business model. For example, Intrum Justitia's and Lindorff's EBITDA margins have increased by 2 percentage points and 7 percentage points, respectively, from the year ended December 31, 2014 to the year ended December 31, 2016.

Financial complementarity.

With our integrated and balanced business model, we also benefit from the financial complementarity between our two service lines, whereby capital-light earnings from the CMS service line (SEK 2,012 million (€212 million equivalent) on a *pro forma* combined basis for the year ended December 31, 2016) generate cash which can be utilized for portfolio purchases and deleveraging.

Diversified origination platform

Debt collection supports the tendering process in the debt purchasing component of our business.

When bidding for portfolios from our existing CMS clients, we are able to leverage our existing business relationship, accurately and competitively price portfolios that we find attractive, and offer an attractive value proposition to clients, informed by our knowledge of, and provision of other services to, the client.

Long-term relationships with our CMS clients.

Intrum Justitia and Lindorff both have a track record of maintaining long-term relationships with their largest clients and have also historically achieved high levels of repeat purchases from existing customers, which we believe evidences the strength of our product and service offerings. For Intrum Justitia, out of its five largest clients in the CMS service line, four have had a relationship with Intrum Justitia of more than 10 years, three have had a relationship of more than 15 years and the relationship with Intrum Justitia's largest client extends beyond 25 years. In the Nordic region, some of Lindorff's largest revenue contributors and longest relationships were established in the 1980s and, with respect to Lindorff's top 10 clients in each market, the average length of each client relationship in third-party debt collection services is over nine years.

Carve-outs with long-term contracts.

In recent years, Lindorff has completed several carve-out transactions, typically with financial institutions, with respect to clients' in-house collection units, including entering into long-term servicing agreements with the financial institution. For instance, the average remaining contract life from the recent carve-outs of Banco Sabadell (in 2014) and Banco Mare Nostrum (entered into in 2013 and expanded in 2015), the two largest carve-out transactions entered into by Lindorff, stretches over seven years.

Large number of repeat and small purchases.

For the twelve months ended March 31, 2017, on a *pro forma* combined basis, we would have had SEK 1,055 million (€111 million equivalent) of purchases of loans and other overdue receivables under forward flow contracts, providing visibility on new business origination. Additionally, over the same period, Intrum Justitia had SEK 467 million of small purchases, with each portfolio less than €2 million in size, and Lindorff had €82 million of small purchases, with each portfolio less than €5 million in size. On a combined basis, the Company's average purchased debt claim size would have been approximately SEK 23,600 as of March 31, 2017.

Significant supply of NPLs in the market.

Based on the Company Market Study, we believe that the European bank NPL stock amounted to approximately €1.1 trillion in 2015, representing more than 2.5x the 2007 levels. Coupled with increased regulatory pressure, based on the Company Market Study, we expect that NPL sales, as a base case scenario, will increase by 5-8% per year between 2015-2020 and that this could increase further should banks decide to accelerate deleveraging of their balance sheets. At the same time, based on the Company Market Study, we expect the European bank NPL stock to remain stable at approximately €1 trillion over the next three years, as a base case, due to increases in lending and continued new NPL formation. See "*Industry Overview—Financial institution generated debt.*"

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

Our pan-European presence, with operations in 23 countries, will enable us to efficiently allocate capital to opportunities with the best risk/reward profiles. We have capabilities with respect to financial institutions as well as across multiple trade sectors, including utilities, telecommunications and retail, which allows flexible capital deployment in debt purchasing and enhances our ability to identify and take advantage of trends in various sectors in the CMS service line. Furthermore, we will benefit from Lindorff's co-investment structure. During the course of 2015 and 2016, Lindorff participated in co-investments in the Baltics and Spain and entered into a co-investment partnership with CarVal and AlbaCore to allow it to swiftly capitalize on market opportunities. Pursuant to Lindorff's co-investment agreement with CarVal and AlbaCore, CarVal and AlbaCore, as co-investment partners, announced an intention to deploy up to a total of €350 million in aggregate and Lindorff announced an intention to deploy a variable amount determined on a case-by-case basis towards the acquisition of unsecured NPL portfolios in Europe. These co-investment arrangements will provide us with the ability to acquire larger, mixed portfolios due to risk sharing with co-investment partners and also increase the breadth of our origination platform by leveraging the network of our co-investment partners. We expect to target minority holdings in the range of 20-50% in debt purchasing co-investment structures, while also providing third-party debt collection services for 100% of the portfolio. As a result, in addition to debt purchasing revenues, such co-investment arrangements act as a capital-light growth accelerator of third-party debt collection with a lower level of upfront capital investment.

Track record of continuous operational excellence, innovation and efficiency improvements

We will benefit from Intrum Justitia and Lindorff's shared culture, focused on innovation and operational improvement to drive financial performance. Intrum Justitia and Lindorff have each undertaken a range of initiatives that historically have improved their respective collection and margins, and that we believe will further improve the performance of our business. These include, among other things:

- standardization: consolidated infrastructure among subsidiaries and reduced the number of physical collection sites, virtual collection systems and IT systems;
- data management: centralized data pools and implemented data cleansing techniques and analytical tools which support enhanced decision-making;
- digitalization: invested in self-service consumer and client portals, facilitating timely and transparent communication and proactive management of credit management services;
- automation: deployed sales-based robotics with advanced software, capable of replicating human activities, exploring the application of artificial intelligence to operational processes; and
- shared services: consolidated and near-shored shared services and continue to evaluate expansion to additional service centers.

In addition, we expect to benefit from significant cost synergies following the Merger. For further details, see "*—Our Strategy—Continue to drive profitability through operational excellence and realization of operational synergies.*"

Strong embedded risk culture

Intrum Justitia and Lindorff benefit from well-defined and multi-layered risk management frameworks and a rigorous approach to maintaining pricing discipline that we believe will support profitability through active and effective management of pricing, reputational and regulatory risks throughout our investment decision-making process. Given the breadth of Intrum Justitia's and Lindorff's experience throughout the credit management value chain, we will have access to comprehensive databases of purchased and serviced debt. Combined with data analysis capabilities, we will be able to take a centralized approach to forecasting and pricing that is supported by specialist local input, ensuring strong cross-organizational evaluation of portfolio pricing. Our data capabilities will also facilitate more efficient debt collection strategies through data analytics and cross-learning. In addition, the three-tiered risk management approach of Intrum Justitia and Lindorff will help ensure that this sophisticated pricing information is used in an investment decision-making context that focuses on compliance and maintaining strong internal controls. A focus on risk management and compliance are woven into the structure of Intrum Justitia and Lindorff from the local level (where each of Intrum Justitia and Lindorff has its first line of defense) to the internal and independent external risk control and auditing functions carried out at the executive and board levels.

We believe this focus on pricing discipline and risk management has historically enabled Intrum Justitia and Lindorff to consistently outperform their respective forecasted collections. Neither Intrum Justitia nor Lindorff have had any negative net revaluations of their respective portfolios in the past three years. Additionally, Intrum Justitia and Lindorff collected 106-113% and 98-113%, respectively, of forecasted cash flows for each quarter from debt purchasing from January 1, 2014 through March 31, 2017.

Resilient financial performance with strong cash generation

Long track record of stable revenue growth and expanding margins.

Intrum Justitia and Lindorff have each shown a stable trend of revenue growth and margin expansion. For example, Intrum Justitia's net revenue grew 8% per annum between December 31, 2014 through December 31, 2016 and its EBITDA margin improved by 2 percentage points, from 33% in the year ended December 31, 2014 to 35% in the year ended December 31, 2016. Over the same period, Lindorff's net revenue grew 17% per annum and its EBITDA margin improved by 7 percentage points, from 32% to 39%. We believe there is potential for further top-line growth based on favorable market supply dynamics and our capital deployment flexibility. Additionally, we believe our *pro forma* EBITDA margin will be positively impacted by our operating leverage, ongoing cost savings initiatives and realization of synergies associated with the Merger, including anticipated cost synergies from the Merger estimated at SEK 560 million (€59 million equivalent) per annum after full implementation and giving effect to the disposal of the Carveout Business and additional revenue synergies.

Stable cash flows in CMS, with capital-light investment.

Intrum Justitia's and Lindorff's third-party debt collection services, which require relatively limited investment, generate stable cash flows, supported by long-term client relationships. As of March 31, 2017, we manage, on a combined basis, third-party debt with a combined total collectible value on third-party debt of SEK 344 billion (€36 billion equivalent). Furthermore, in connection with Lindorff's recent entry into several carve-out transactions, typically with financial institutions, Lindorff has entered into long-term servicing agreements. Overall, we tend to experience strong client loyalty and limited attrition, in part due to system integrations with clients, which can make it unattractive for clients to switch credit management company.

Significant cash flows embedded in portfolios of purchased debt.

As of March 31, 2017, our ERC on a combined basis would have been SEK 46,704 million (€4,892 million equivalent). Intrum Justitia and Lindorff have a long track record of outperforming their initial collection forecasts and extending collection periods beyond 15 years. Furthermore, we strive to maintain an accurate valuation of the portfolios on our balance sheet and neither Intrum Justitia nor Lindorff have had any negative net write downs of their respective portfolios in the last three years.

Strong cash generation with efficient conversion of profit into cash flow.

For the years ended December 31, 2016, 2015 and 2014, Intrum Justitia used SEK 143 million, SEK 135 million and SEK 142 million, respectively, of its Adjusted EBITDA (representing 4%, 4% and 5%, respectively, of its Adjusted EBITDA) on capital expenditures other than capital expenditures related to the purchase of debt portfolios. Over the same period and excluding the 2014 Spanish Acquisition, Lindorff used €21 million, €45 million and €32 million, respectively, of its Adjusted EBITDA (representing 5%, 14% and 12% respectively, of its Adjusted EBITDA) on capital expenditures other than capital expenditures related to the purchase of debt portfolios. For the twelve months ended

March 31, 2017, total investments in purchased debt by the Company on a *pro forma* combined basis would have been SEK 7,026 million (€739 million equivalent). For additional information on our cash conversion rates, see "*Management Discussion and Analysis of Financial Condition and Results of Operations of Intrum Justitia—Overview*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Overview.*"

Proven management team with a clear strategic agenda

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

We are managed by a strong executive team comprising individuals with many years of relevant experience and providing leadership across all functional areas of the business. For example, Intrum Justitia's CEO and the named CEO of the Company, Mikael Ericson, was formerly Head of International Banking at Danske Bank A/S, one of the leading banks in the Nordic region, and CEO of Carnegie Investment Bank AB. In addition, Intrum Justitia's CFO and the named CFO of the Company, Erik Forsberg, has been CFO of Intrum Justitia for over five years and has previously held positions as CFO, group treasurer and business controller at several companies. A skilled team of managers operating our central functions and assisting in the execution of our strategy at group level supplements our executive team. In addition, our regional and country managers bring significant industry expertise and local input to drive execution of our strategic agenda.

Our Strategy

Intrum Justitia and Lindorff share similar and complementary strategic priorities. We will build on the existing strategic priorities of the two companies and leverage their respective complementarity.

Maintaining and strengthening our position as the leading credit management company in Europe and leveraging our well-balanced and integrated business model

We are the largest and most diversified credit management company in Europe, with a leading position in the majority of countries in which we operate and the ability to serve clients across the full credit management value chain and across various asset classes. We have a clear objective to remain client centric, evolve with our clients and continue to meet their needs. Maintaining an integrated, balanced and flexible business model is a key feature of achieving this objective.

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

We have a long history of commitment to operational excellence and track record of continuously improving our margins and we have identified several initiatives to further drive efficiency improvements and our profitability going forward, including:

- *Operational integration and portfolio management.* We intend to deploy the best practices of Intrum Justitia and Lindorff across our operations. We will seek to leverage scale and skill advantages and experience in data management, analytics and digitalization to drive collection performance excellence across our debt purchasing and debt collection businesses. We see strong value potential from further focus on active portfolio management.

- *Focus on pricing discipline, risk management and compliance.* As a result of strict pricing discipline, institutionalized investment processes and operational improvements, neither Intrum Justitia nor Lindorff have had any negative net revaluations of their respective portfolios in the past three years. Additionally, Intrum Justitia and Lindorff have collected 106-113% and 98-113%, respectively, of forecasted cash flows for each quarter from debt purchasing from January 1, 2014 through March 31, 2017. We intend to continue to employ a high level of underwriting discipline in order to maintain forecasting accuracy and to ensure that we only acquire portfolios that generate returns that meet our investment return criteria. In addition, we will seek to maintain our competitive advantage through continued early adoption of regulation and best-in-class compliance and risk management procedures.

- *Realize operational synergies.* We expect to benefit from significant cost synergies from the Merger that are estimated at SEK 560 million (€59 million equivalent) per annum after full implementation and giving effect to the disposal of the Carveout Business. Management estimates that it will take approximately three years for the full impact of the cost synergies to be realized. A detailed assessment has been performed involving external strategy consultants and operational staff within both Intrum Justitia and Lindorff. The assessment identified cost synergies arising mainly from optimization of operations centers, consolidation of administrative and support functions, harmonization of IT systems and application development/maintenance, and increased scale in procurement. These estimates reflect the proposed divestment of the Carveout Business and consequently differ from the estimated cost synergies that have been previously announced. Cost synergy implementation costs are estimated at approximately SEK 725 million (€76 million equivalent), the majority of which are expected to be incurred in the first two years following the closing of the Merger. In addition to cost synergies, the assessment also identified certain revenue synergies from the combination of business intelligence operations and data sets, cross-selling of complementary offerings to existing clients, improved cross-border coverage of international clients and transfer of best practices.

Continue balanced growth in areas of expertise

We believe that we are well-positioned for balanced and diversified growth across asset classes and sectors, based on our integrated and balanced business model. Key features of our balanced growth strategy include:

- *Continued focus on acquisitions of unsecured NPLs.* Unsecured consumer NPL sales volumes have increased in recent years as banks increasingly prefer selling debt to clean up their balance sheets and to focus on their core business, and increasingly trust debt collection agencies to handle their debt. Based on the Company Market Study, we expect this trend to continue and estimate that annual unsecured NPL sales in Europe will grow from €3.3 billion in 2015 to an average annual level of €3.7 billion for the period between 2017 and 2020. We will continue to deploy capital within the unsecured NPL space.

- *Expansion in secured NPLs and real estate services.* Secured NPLs represent a large portion of the NPL market. The acquisition of Aktua, one of the leading credit management companies in the secured NPL segment in Spain, in June 2016 significantly strengthened our secured consumer capabilities and added RES capabilities to our service offering. We see growth potential from leveraging and exporting Aktua's capabilities in secured and RES markets across many of the geographies in which we operate.

- *Co-investments.* In the debt purchasing segment, we see a pipeline in terms of the number and the size of investment opportunities available, which may outpace our on-balance sheet investment appetite. We will consider flexible capital deployment initiatives, such as co-investment structures, which will provide us with the ability to acquire larger, mixed portfolios due to risk sharing with co-investment partners. Co-investments also increase the breadth of our origination platform by leveraging the network of our co-investment partners. We aim to leverage Lindorff's experience in co-investments and continue to use co-investment structures to increase our operating leverage.

- *Geographic expansion.* We have a strong track record of expansion into new markets and have established operations in 23 countries. Over the last few years, Intrum Justitia and Lindorff have each entered into new geographies through strategic transactions, including carve-outs and bolt-on acquisitions. Going forward, we will continue to proactively evaluate opportunities to enter new markets. For example, in April 2017, Intrum Justitia acquired Top Factoring SRL, a purchased debt company in Romania. When entering new markets, our strategy is based on a cautious first entry: we start small and increase our investments as our insight and experience in a particular market increases. Moreover, we often strengthen our local knowledge and databases through business acquisitions and/or carve-out transactions (as we have previously done in the United Kingdom, Spain, Poland and Italy). For example, one method we employ to enter a new market involves acquiring a company with existing debt servicing capabilities and data, operating the company to develop further knowledge and data capabilities and then leveraging this data and market knowledge to price and purchase debt in the newly entered market.

- *SME.* We believe small and midsized enterprises represent an attractive debt collection services client segment, and we aim to increase our presence in this market through both organic growth in the markets in which we offer these services and through acquisitions. To that end, Intrum Justitia acquired a company in Denmark and a company in Spain that focus on SME debt collection during the fourth quarter of 2016.

Commitment to highest ethical standards and fair collection practices

We are dependent upon relationships characterized by trust with clients, authorities and society as a whole. In order to achieve the necessary level of trust, we must act with professionalism, expertise and high ethical standards at all levels of our operations. Our internal standards are applicable to all employees. These standards mandate that all employees are expected to always work within the law, have sound moral principles and behave in an upstanding and sincere way. We have implemented a centrally coordinated compliance monitoring program, which evaluates and assesses compliance with legal, regulatory and industry best practices, as well as our internal standards. The continued commitment to the highest ethical and fair collection practices is paramount to our ability to be the leading credit management company in Europe.

Medium-term target

In the medium-term, we aim to achieve net debt in relation to Adjusted EBITDA (excluding NRIs) of approximately 3.0 times. In preparing this medium-term target, we have in general assumed that there will be no material changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting policies and accounting treatments), which, individually or in the aggregate, would be material to our results of operations; and that we will not become party to any litigation or administrative proceeding that might have a material impact on us of which we are currently unaware. Our actual results could differ materially from this target as a result of many factors, including, but not limited to, those described under "*Forward-Looking Statements*" and "*Risk Factors*."

Intrum Justitia: History

Intrum Justitia has its origins in 1923 when Sven Göranson founded Justitia Upplysningsbyrå AB in Sweden. Following World War I, the European economy was rebuilding and companies were encountering difficulties with getting paid on time or securing payment from their customers at all. Justitia Upplysningsbyrå AB became a pioneer in the development of a solution through obtaining credit information prior to lending and undertaking collection operations. In 1937, Sven Göranson sold Justitia Upplysningsbyrå AB and founded Justitias Inkasso och Juridiska byrå AB, a company focused on specialized collection operations. From the end of World War II through the 1960s, Europe again experienced economic growth and there was an upswing in purchasing on credit. During this period, Justitia Inkasso och Juridiska byrå AB became Sweden's dominant collection agency. The company expanded both organically and through acquisitions, and in the 1980s its service offering expanded to include a comprehensive range of services for credit administration. In 1982, the company changed its name to Intrum Justitia AB (publ) and conducted operations in collection, financial and administrative services and factoring.

Since the 1990s, Intrum Justitia has expanded, through acquisitions and organic growth, to become one of Europe's leading credit management companies. Intrum Justitia's shares have been listed on Nasdaq Stockholm since June 2002 and have been listed on the Nasdaq Stockholm Large Cap list since January 2014. For the periods under review, and excluding the Merger, Intrum Justitia has carried out ten major acquisitions to complement its established operations. In 2015, Intrum Justitia expanded its offering with the launch of flexible financing solutions for e-trade through the brands Avarda in the Nordic region and Byjuno in Switzerland. Historically, Intrum Justitia has primarily invested in unsecured consumer debt. In 2016, it increased its scope of investing in purchased receivables within new asset classes, primarily in secured claims, through the acquisition of a large portfolio from Erste Bank Hungary, consisting of consumer loans with real estate collateral. On February 14, 2017, Intrum Justitia completed the acquisition of 1st Credit, representing its re-entry into the UK market. As of March 31, 2017, Intrum Justitia has approximately 75,000 clients and approximately 4,300 employees. Intrum Justitia has operations in 21 countries.

Intrum Justitia: Operations and Service Offerings

Intrum Justitia divides its operations along two service lines: (i) CMS, through which Intrum Justitia offers services along the credit management value chain, from credit optimization and payment services to debt collection; and, (ii) Financial Services, which includes factoring, payment guarantees, payment solutions for e-commerce companies and purchased debt services. Intrum Justitia's comprehensive service offering and size supports its ability to develop strong customer relationships and collect data that it analyzes to gain further insight into consumer behavior. The depth and breadth of Intrum Justitia's data assets and analytical capability is key to promoting growth in each component of Intrum Justitia's business. For the three months ended March 31, 2017, CMS accounted for 51% of consolidated total revenues and Financial Services accounted for 49% of consolidated total revenues.

The table below sets forth Intrum Justitia's revenue by service line for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(SEK in millions)		
CMS	3,844	4,194	4,335	1,024	1,160
Financial Services	2,173	2,423	2,902	640	783
Eliminations[(1)]	(833)	(989)	(1,149)	(256)	(334)
Total	**5,184**	**5,628**	**6,088**	**1,408**	**1,609**

(1) Inter-service line revenue.

CMS

Intrum Justitia offers services to meet the needs of its clients throughout the credit management chain, from the assessment of credit to payment and collection, to varying degrees depending on the particular country. Collection services generate the greatest proportion of revenue for this service line. For the year ended December 31, 2016, collection services accounted for 87% of credit management revenue. Intrum Justitia's other offerings in its CMS division include credit information and optimization services, and payment services.

Collection services

Where invoices are past due, Intrum Justitia offers debt collection services, which are the primary source of revenue for the CMS service line. Intrum Justitia has an aggregate total collectible value on third-party debt of SEK 154,149 million as of March 31, 2017. Intrum Justitia undertakes the same debt collection process for its own portfolios as it does for the overdue receivables of its clients, subject to any guidelines set by clients regarding settlement and specific procedures to utilize. Actions taken during the debt collection process take into account applicable country-specific laws and regulations and aim to preserve clients' reputations.

In the initial stages of the debt collection process, Intrum Justitia uses Scoring to predict the likelihood that a customer will pay and to tailor its debt collection strategies to conduct the process of collecting the final payment from end-customers. The process is tailor-made to account for certain circumstances and behaviors so as to minimize the impact on the customer relationship. Typically, customers are sent a letter stating that Intrum Justitia has been instructed to collect the claim on the client's behalf. If the customer does not pay within a prescribed period, Intrum Justitia employs tailor-made strategies aimed at ensuring collection. Collection methods include telephone calls, letters, text messages, emails, and, to some extent, personal visits by agents. Via its online tool, IntrumWeb, Intrum Justitia provides visibility for its clients on the amount a client's organization is owed and the payment status in real-time.

Intrum Justitia is capable of providing international collection services in approximately 180 countries to companies engaging in international trade. These services are delivered through Intrum Justitia's own network of offices and through Intrum Justitia's network of selected partners, depending on the location of the end-customer. International collections are offered to companies operating in Intrum Justitia's own markets, as well as to companies located elsewhere. Intrum Justitia's network contains partners selected through a structured on-boarding process and termination plan. Partners are continuously monitored to ensure they meet Intrum Justitia's code of conduct.

If the amicable collection process is unsuccessful, despite the end-customer receiving assistance from Intrum Justitia and an opportunity to pay, the matter may be forwarded to legal authorities for a decision. The legal systems vary between countries depending on, for instance, the applicable legislation and the local legal entities responsible for handling the cases. Intrum Justitia has established locally-adapted processes using highly skilled staff, which may involve third parties where required, such as courts, attorneys and bailiffs.

Payment services

Intrum Justitia provides a full suite of services relating to accounts receivable, including invoicing and reminder services. Invoices are distributed automatically and, in circumstances where customers do not pay their bills, Intrum Justitia offers reminder services. Using its IT capabilities and Scoring, Intrum Justitia is able to send individually-adapted reminders to those who have fallen behind with their payments. Intrum Justitia's database on people's payment patterns and payment trends enables it to adapt the design and frequency of payment reminders to take account of the end-customer's finances and thereby help to maintain strong relationships between the customer and the client. If a client wishes to send its own invoices, Intrum Justitia also offers a tailored account ledger service to support clients in completing transactions with their customers.

Intrum Justitia further offers VAT services, whereby it acts as an external VAT specialist and is responsible for the client's VAT refund process. It also offers VAT consultancy, registration and compliance services, as well as tailored training packages on how to deal with VAT issues.

Credit information and optimization services

Intrum Justitia provides credit information on individuals and companies across Europe to help its clients determine who to sell to and on what terms. As business is increasingly conducted online, a greater amount is paid for through credit solutions such as invoicing or different installment models. Intrum Justitia's integrated services help its clients prevent late or non-payment. Intrum Justitia shares its insight into existing and prospective consumers' payment patterns so that clients can make credit decisions on the basis of efficient and reliable information on the creditworthiness of their consumers to help ensure a successful transaction and so that consumers make transactions for which they have the capacity to pay.

Credit risk analysis is based on a process Intrum Justitia has termed "scoring," pursuant to which Intrum Justitia estimates the creditworthiness of a group of consumers based on historical data and anticipates their payment habits and behaviors ("**Scoring**"). Scoring requires advanced statistical tools and considerable IT capacity. The overall credit risk assessment is derived from a combination of Scoring and an understanding of human behavior, payment patterns and the market. Intrum Justitia therefore benefits from its long-term experience of European credit markets and its database of payment patterns in different markets.

Intrum Justitia also offers a monitoring service pursuant to which it monitors the performance of a client's credit agreements and detects and alerts the client of changes that could affect their credit risk and that may need action. This service helps clients avoid the possibility of a non-payment in the future.

Financial Services

Intrum Justitia offers a range of financial services, including factoring (to a limited extent), e-commerce services and purchase of portfolios of loans and other overdue receivables. The revenue generated from returns on purchased portfolios is the primary source of revenue for this service line. For the year ended December 31, 2016, revenue from portfolios accounted for 97% of Financial Services revenue.

E-commerce services

Intrum Justitia offers e-commerce operators a service whereby: (i) Intrum Justitia evaluates in real-time the potential end-customer of the e-commerce operator; (ii) if the assessment is positive, Intrum Justitia offers the end-customer, on behalf of the client, the option to provide payment by installments; and (iii) Intrum Justitia produces the invoices and ensures timely payment. Although Intrum Justitia conducts the entire process, all communications to the end-client come from the e-commerce operator, thereby strengthening its brand and, accordingly, its competitiveness. Where the e-commerce operator elects, Intrum Justitia may pay the e-commerce operator the full amount immediately and assume the remaining credit risk and responsibility for the collection process. The price to be paid by the client to Intrum Justitia for its assumption of the risk is negotiated on a case-by-case basis depending on the product type and the level of risk assumed. Intrum Justitia currently offers e-commerce services in Switzerland, as well as in Sweden and Finland through Avarda AB, its joint venture with TF Bank in which Intrum Justitia holds a 49% interest, with an option to acquire the remaining 51% interest from TF Bank in 2020. Following the Merger, we plan to continue to grow and expand its e-commerce offering into its other geographical markets.

Purchase of overdue receivables

Following a thorough risk analysis assessment, Intrum Justitia acquires portfolios of loans and other overdue receivables for a portion of the nominal value, with the percentage depending on the quality of the debt. Intrum Justitia then services the debt independently using its in-house debt collection function, thereby benefiting from its expertise and economies of scale. Intrum Justitia maintains pricing discipline through an institutionalized investment process and a structurally embedded risk management culture, supported by data analytics, which enables it to maintain high portfolio returns and mitigate the risk of overbidding on portfolios. Intrum Justitia buys written-off debt from nearly every type and size of company, including credit institutions, private and public enterprises, and government bodies, though it focuses on acquiring portfolios from known clients. Intrum Justitia's provision of CMS, and the complementarity between collection services and debt purchasing, places it in a strong position when seeking to purchase portfolios. In addition to benefiting from advantages related to scale, particularly in relation to data analytics and operational efficiencies, Intrum Justitia has a greater understanding of portfolios being acquired in circumstances where it previously serviced the relevant debt and can therefore assess and price offered portfolios more accurately. We believe Intrum Justitia's full service offering and established relationships make it an attractive bidder for debt portfolios. For the year ended December 31, 2016, 74% of Intrum Justitia's purchased debt was from existing or previous clients.

Intrum Justitia's core focus has been on portfolios containing consumer unsecured debt and it seeks to maintain diversified portfolios, by country and industry, helping to limit overall volatility. During 2016, Intrum Justitia increased the scope of its investments in purchased receivables within new adjacent asset classes by acquiring its first major secured portfolio. In October 2016, Intrum Justitia acquired a large portfolio from Erste Bank of Hungary, consisting of past-due consumer loans secured by real estate. Intrum Justitia also increased the scope of its debt collection services for receivables with SMEs through business acquisitions, such as the acquisition of Segestión Gabinete Tecnico Empresarial, SL in Spain and Dansk Kreditorservice A/S in Denmark, each during the fourth quarter of 2016. We believe that the provision of debt collection services improves Intrum Justitia's ability to participate in tenders and make sound investment decisions with respect to portfolios of SME receivables.

Intrum Justitia also increased the scope of its investments in receivables of SMEs through corporate acquisitions, such as the acquisitions of Segestión, Coface and DKS.

Intrum Justitia spent SEK 497 million, SEK 687 million and SEK 620 million of the amount spent on portfolio purchases in the years ended December 31, 2016, 2015 and 2014 on forward flow arrangements. Intrum Justitia believes that forward flow agreements are beneficial as they provide certainty of a minimum volume of claims on which to perform debt collection. Similarly, these agreements are beneficial to the seller as they provide a certain level of predictability of the volume of claims being sold.

Intrum Justitia: Business Intelligence

The characteristics of the credit management and financial services markets provide a competitive advantage to participants with the strongest data assets and analytical capabilities. Intrum Justitia's database of businesses and credit information on markets, consumer groups and companies provides the basis for assessing credit risk, offering individually tailored payment plans, collecting on overdue debt, offering e-commerce services and valuing overdue receivables. Each of these services helps to ensure that Intrum Justitia's clients get paid and their customers become debt-free.

Intrum Justitia believes that its data assets and analytical capabilities enable it to proactively assess portfolios and that these capabilities will be further enhanced by the Merger. For a description of Lindorff's data assets, see "*—Lindorff: Business Intelligence.*" Companies that only purchase portfolios typically have less data on customers and associated payment trends until a portfolio is purchased, when the specific customers in the portfolio can be matched to a credit referencing agency database. In addition, customer files in a portfolio may contain inaccurate or incomplete information on the name, address or telephone number of the customer, which can make it difficult to locate the customer or otherwise complicate the debt collection process. For competitors that do not have experience in debt collection, this may result in data asymmetry in valuing portfolios prior to purchase and through the collection process.

Intrum Justitia: Geographic Presence

As of March 31, 2017, Intrum Justitia had operations in 21 countries, divided into three regions: Northern Europe (Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden), Central Europe (Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Portugal, Spain and the UK). On April 19, 2017, Intrum Justitia additionally acquired a presence in Romania.

To address competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. Intrum Justitia's distribution of revenue by geographic region may be significantly affected by divestment of the Carveout Business or by any additional or alternative measures the European Commission may impose as a condition of its approval of the Merger. See "*Presentation of Financial and Other Information—Divestment of the Carveout Business,*" "*Summary—The Transactions—The Merger,*" "*Summary—Divestment of the Carveout Business*" and "*Risk Factors—Risks Related to the Transactions—The Merger is subject to significant uncertainties and risks.*"

The table below sets forth the revenue from external clients in each of the regions in which Intrum Justitia has operations for the periods under review.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(SEK in millions)		
Northern Europe	2,556	2,573	2,813	645	644
Central Europe	1,433	1,705	1,825	432	565
Western Europe	1,195	1,350	1,450	331	400
Total	**5,184**	**5,628**	**6,088**	**1,408**	**1,609**

Intrum Justitia has selectively pursued potential acquisitions and carve-out transactions to expand its geographic footprint. For further information on its historical expansion, see "—*Intrum Justitia: History*." Additionally, Intrum Justitia works closely with trusted agents around the world to perform international debt collection. It has partnerships with representatives in approximately 180 countries to assist clients with operations both within Europe and beyond.

Intrum Justitia: Clients

Intrum Justitia has approximately 75,000 clients, operating in virtually all sectors, though with a focus on telecommunications companies, energy, financial institutions and companies in the retail sector. For the year ended December 31, 2016, Intrum Justitia's 20 largest clients accounted for 15% of its revenues. While Intrum Justitia is particularly strong among clients with large volumes of consumer receivables, it also works with thousands of small, entrepreneurial companies and medium-sized companies that have chosen to focus on their core operations rather than on credit management.

Intrum Justitia: Material Contracts

Acquisitions

Top Factoring SRL

In April 2017, Intrum Justitia acquired Top Factoring SRL, one of the leading companies for purchased debt in Romania. The acquisition price was €25.7 million, the majority of which was attributed to a portfolio of overdue receivables held by Top Factoring SRL's parent company.

IJCOF Corporate SAS

In April 2017, Intrum Justitia SAS acquired the remaining 42% of the shares in IJCOF Corporate SAS for €8.9 million, after having acquired a 58% stake in December 2013. IJCOF Corporate SAS provides corporate collection operations in France.

1st Credit

In February 2017, Intrum Justitia completed its acquisition of the entire share capital of 1st Credit, a UK company offering debt collection services. The purchase price on a cash and debt free basis was £130 million, attributable to a diversified portfolio of receivables, deriving from investments from several sellers in the financial industry.

Intrum Justitia: Compliance and Quality Control

Intrum Justitia views the effective monitoring and management of significant risks, including investment risk, to be critical to protecting its reputation and value. Within the Intrum Justitia risk management framework, all Intrum Justitia employees assume responsibility for managing the economic, reputational and compliance risks faced by the company as part of their regular work duties. In addition, Intrum Justitia's risk management and compliance approach involves an independent external risk control function that serves as both an active participant in important transactional processes, a monitor in connection with the auditing of risk management and compliance activities and a strategic advisor in connection with establishing Intrum Justitia's risk appetite and compliance policies.

The Chief Risk Officer is the executive responsible for managing our risk management and compliance programs, and the Chief Risk Officer reports directly to Intrum Justitia's President and has direct access to its board.

Intrum Justitia: Employees, Recruiting and Training

As of March 31, 2017, Intrum Justitia had approximately 4,300 FTEs. The majority of its employees are actively involved in providing service to its CMS clients and claims management for its purchased debt. With the objective of attracting, developing and retaining talented employees, Intrum Justitia employs tools aimed at enhancing expertise and leadership capacity among employees and managers. For example, in 2016 nearly 50 managers completed Intrum Justitia's leadership program, designed in collaboration with SSE Executive Education at the Stockholm School of Economics.

The table below sets forth the average number of FTEs, including temporary employees, Intrum Justitia had in each of its local operations for the years ended December 31, 2016, 2015 and 2014, respectively.

	For the year ended December 31,		
Country/Region	**2014**	**2015**	**2016**
Austria	38	38	38
Belgium	91	96	94
Czech Republic	89	91	90
Denmark	63	100	122
Estonia	32	33	30
Finland	386	416	418
France	642	661	683
Germany	140	136	128
Hungary	166	201	234
Ireland	62	63	68
Italy	150	122	98
Latvia	114	110	126
Luxembourg	2	2	1
Mauritius	0	19	33
The Netherlands	264	246	233
Norway(1)	107	108	110
Poland	349	297	319
Portugal	81	93	147
Switzerland	222	240	243
Slovakia	67	80	87
Spain	292	270	263
Sweden	443	423	409
The United Kingdom	1	1	1
Total	**3,801**	**3,846**	**3,975**

(1) Intrum Justitia's businesses in Norway is a component of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

Intrum Justitia believes that it has positive relations with its employees and the applicable unions and work councils. Some of its employees are unionized. Intrum Justitia meets with the unions and work councils on an annual basis to update them on the direction of the business and to address any concerns that they may have.

Intrum Justitia: Legal and Administrative Proceedings

As Intrum Justitia has expansive operations across several jurisdictions, it is frequently subject to disputes, claims and administrative proceedings, many of which arise in the ordinary course of business. These can include disputes regarding VAT, interest cost deductions, intra-group loan pricing or a variety of other matters, particularly relating to tax. Other than as discussed below, Intrum Justitia has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) during the previous 12 months from the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on Intrum Justitia's financial position or profitability.

Intrum Justitia is currently party to a number of disputes in the Netherlands. The first set of disputes relate to a recent Dutch Supreme Court decision holding that telecom consumers who are party to an agreement in which a "free" phone is provided are protected by laws and regulations relating to payment by instalments and consumer credit. As a result, such agreements are null, wholly or partially. Intrum Justitia entered into agreements with Vodafone and T-Mobile affected by this ruling with respect to the sale and assignment of certain claims. Vodafone demands payment for outstanding invoices. Intrum Justitia asserts, however, that Vodafone is not entitled to that amount, as the amount partially relates to contracts between the companies and their customers that have no legal consequence due to the ruling by the Dutch Supreme Court. Intrum Justitia also counterclaims that Vodafone has been unjustly enriched by receipt of prior payments under the contract. Vodafone's claim against Intrum Justitia is valued at approximately €6.8 million and Intrum Justitia's counterclaim is likely to exceed €10 million. The parties have agreed to submit their dispute to arbitration, which has begun and is in the preliminary stages. Intrum Justitia may file a civil action against T-Mobile for approximately €5 million and T-Mobile's counterclaim is expected to be in excess of €1.4 million.

Intrum Justitia is also party to disputes relating to the acquisition and management of Buckaroo BV. In January 2012, Intrum Justitia, through its Dutch subsidiary, acquired Buckaroo from its former shareholders. After certain unlawful behavior was detected, Intrum Justitia replaced Buckaroo BV's management and became subject to a number of proceedings relating to earn-out provisions. While some claims brought by certain former shareholders and management have been dismissed and there is no further opportunity to appeal, two other claims brought by former shareholders have been dismissed but the parties still have the opportunity to file an appeal. A risk remains that the former shareholders will continue to claim payment pursuant to earn-out provisions that may entitle them to an aggregate of €28 million. There is also an ongoing dispute between a former shareholder and the legal entity that manages the third party funds of Buckaroo BV over a payment of €450,000.

We are also aware of one open tax audit. The Swiss tax authorities have asked Intrum Justitia Debt Finance AG, a Swiss subsidiary, to reply to various questions relating to stamp duties reported for the past few years. No claims have thus far been made by the Swiss tax authorities. Intrum Justitia also receives inquiries from various regulators across the several jurisdictions in which it operates.

Intrum Justitia: Insurance

We maintain comprehensive insurance policies with respect to, among other things, business interruptions, professional indemnity, directors' and officers' liability and property damage. We believe that our insurance coverage is in accordance with that of other similar companies and is adequate for our needs.

Intrum Justitia: Real Property

Intrum Justitia's headquarters is located in Stockholm, Sweden but it coordinates local operations within each of the countries in which it offers services through properties located in these countries. It leases its headquarters and primarily leases the other properties from which it services are offered.

Intrum Justitia: Intellectual Property

While Intrum Justitia holds various trademarks and has registered several domain names, no individual or series of trademarks or intellectual property is material to its business as a whole.

Intrum Justitia: Sustainability and Social Responsibility

Promote a Sound Economy

Intrum Justitia's objective is to create the conditions for a sound economy. When credit assessments and payment flows functions as they should, companies are paid. This allows companies to be more profitable, to develop, grow and recruit more employees. At the same time, Intrum Justitia helps people become debt-free and to achieve sound private finances. Intrum Justitia is also environmentally and socially conscious, and it is in helping others achieve a sound economic situation, which in turn is a fundamental element of society's overall sustainability efforts, that Intrum Justitia can make its greatest impact.

Intrum Justitia has taken a number of concrete steps towards this goal. For example, over the years Intrum Justitia has taken an active role in policy development by frequent lobbying in Brussels. Additionally, since 1998, Intrum Justitia has conducted Europe's largest survey on payment habits and commissioned written reports thereon. The most recent report demonstrated the need for countries, governments, businesses and consumers to establish efficient payment flows throughout Europe. In general, Intrum Justitia endeavors to improve consumer skills in private finance by helping consumers understand the importance of spending responsibly and the risks associated with high indebtedness. Intrum Justitia is committed to providing the greatest possible benefits for clients through offering a comprehensive range of services.

Education

Intrum Justitia educates consumers on how credit and defaults affect the individual. Since 1998, Intrum Justitia has conducted an annual study of payment behaviors in Europe, the results of which it disseminates through two annual reports: the European Payment Report and the European Consumer Payment Report. These reports provide information on the effects of late payments on companies and what European consumers' everyday finances look like. For example, Intrum Justitia reported in the 2016 European Payment Report that its surveys show 46% of companies reported having liquidity problems due to late payments. Of the companies surveyed, 25% say that late payments cause them to consider dismissing staff and 33% say that late payments mean they do not dare recruit more employees. Data from the reports is used by clients, decision-makers at the EU and local levels, and media. The surveys provide guidance for the European Commission in developing and evaluating the EU directive on late payments and Intrum Justitia was the only commercial actor invited to participate in the European Commission's effort to implement the directive in 2013 and 2014.

Intrum Justitia has also undertaken a number of initiatives at the local level. In 2016, it launched Spendido in Sweden, an interactive web lesson on the household economy, with a focus on credit. The lesson constitutes a tool for high school teachers to illuminate the consequences of buying on credit. Within this framework, Intrum Justitia employees hold lessons in upper secondary school classes about what buying credit entails, what the cost is when someone fails to pay, and what happens once an invoice has been passed on for debt collection. The project has been extended to other countries and there are ongoing or planned education initiatives in countries including Ireland, France, Poland and Germany.

The Global Compact: UN Ten Principles for Sustainable Enterprises

In April 2016, Intrum Justitia signed the United Nations ("**UN**") Global Compact, the ten principles for sustainable enterprise developed by the UN. Signing the Global Compact means that Intrum Justitia voluntarily commits to: (a) conducting its operations in a responsible manner, in line with the ten principles of sustainability; (b) taking steps to support the communities in which it operates; (c) establishing commitment at the highest level (the board of directors and senior management) in the company and making sustainability work part of the company's DNA; (d) preparing an annual report on its progress; and (e) engaging the company in sustainability issues locally. Intrum Justitia submitted its first report to the UN in April 2017.

Environmental Sustainability

In comparison to manufacturing companies, for example, Intrum Justitia's operations have only a limited environmental impact. Nonetheless, it makes efforts to directly benefit the environment by preferring video meetings to travel, owning a vehicle fleet consisting of cars that emit less than 130 grams of carbon dioxide in accordance with emissions directives from the EU, and using office materials efficiently.

Lindorff: History

Lindorff was founded in 1898 in Norway by Eynar Lindorff. From its origins in Norway, it has grown to become of the leading credit management providers in Europe. In 2003, Altor Fund acquired and merged Lindorff Holding AS and Contant Oy, a Finnish debt collection company, to create Lindorff Group AB, the largest credit management company in the Nordic region at the time. Until 2008, Lindorff was owned by Altor Fund, together with certain other shareholders and management persons. In 2008, Altor Fund and Investor became the sole equal shareholders of Lindorff. In October 2014, Nordic Capital acquired 85% of Lindorff, with Altor Fund and Investor retaining minority shareholdings of approximately six and eight per cent, respectively. In mid-2015, Nordic Capital purchased Altor Fund's remaining shares, increasing Nordic Capital's ownership of Lindorff to 91%, and Investor divested its minority shareholding to Coller Partners.

Lindorff solely operated in Norway until 1998, after which it expanded into other Nordic and Baltic countries. Since 2005, Lindorff has undergone significant European expansion, both organically and through acquisitions. For example, in March 2012, Lindorff completed a carve-out transaction involving the collection unit of a major European financial institution, concurrently entered into a debt collection contract with that same financial institution, and announced a major investment in portfolios held by a separate major European financial institution. In January 2011 and December 2012, Lindorff acquired debt collection companies from two different major European financial institutions. In November 2013 and December 2014, it completed carve-out transactions with respect to two collection business units from two major Spanish financial institutions and entered into long-term service agreements with these institutions, which contributed to making Spain one of its key regions. In July, August and September 2014, it entered the Italian market through the purchase of portfolios in Italy and has since established a firm presence there. In August 2015, it entered the Polish market through the acquisition of Casus Finanse SA, a leading credit management company. In June 2016, it completed the Aktua Acquisition, which, in addition to strengthening its position as a leading pan-European credit management company, significantly strengthened its secured loans operations and marked its entrance into RES. We believe that these transactions have helped Lindorff to solidify its long-term relationships with major European institutions who are existing clients and have helped it build relationships with other major European institutions. For more details about Lindorff's acquisitions, carve-out transactions and geographic expansion during the periods under review, see "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Key Factors Affecting Lindorff's Results of Operations—Acquisitions and Geographic Expansion*."

Lindorff: Operations and Service Offerings

Lindorff has a full service offering throughout the credit management value chain, consisting of information, invoicing and payment, services, debt collection and debt purchasing. We believe that its service offering meets the needs of a broad range of clients. For example, some clients do not have the scale to efficiently or effectively perform certain functions in-house and so require Lindorff's services both before and after debt or receivables become due. Other clients have significant incentives to outsource their debt collection or sell their portfolios of overdue loans and other overdue receivables, due to changes in regulatory regimes and/or a desire to sharpen their focus on their core businesses.

The table below sets forth Lindorff's revenue by segment for the periods indicated.

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(€ in millions)		
Debt Collection	336	358	442	85	126
Debt Purchasing	220	267	289	70	73
Other Services	17	19	27	6	7
Eliminations[(1)]	(98)	(110)	(112)	(26)	(27)
Total	**475**	**534**	**647**	**135**	**179**

(1) Inter-segment revenue relating to debt collection revenue.

Debt Collection

Overview

Lindorff collects overdue loans and other overdue receivables for its clients and specializes in engineering and implementing tailored collection strategies and sustainable, affordable solutions for the resolution of claims. Lindorff has an aggregate total collectible value on third-party debt of €24 billion, including RES, as of March 31, 2017. Lindorff's highly trained staff works directly to collect debt where it has local operations, and works closely with a trusted network of debt collection partners in countries where it does not have local staff or when end-customers move abroad to a country where Lindorff does not have local operations.

We believe Lindorff's clients benefit from: (a) lower collection costs, due to Lindorff's large scale and automation of the debt collection process; and (b) increased recovery rates, due to a combination of Lindorff's comprehensive databases and thorough understanding of each local market where it operates, which together enable Lindorff to optimally tailor debt collection strategies.

Real Estate Servicing and Secured Loans

In June 2016, Lindorff completed the Aktua Acquisition. In addition to strengthening its position as a leading pan-European credit management company, the Aktua Acquisition significantly strengthened its secured loans operations and marked its entrance into RES. Secured NPLs is the largest portion of the NPL market and therefore presents a significant market opportunity given Lindorff's historical focus on the unsecured segment. The new RES capabilities involve servicing, maintenance and sale of real estate owned by its clients *(i.e.*, not recorded on the balance sheet of Lindorff). RES is an adjacent, and complementary, service along the credit management value chain. Currently, Lindorff has secured loans capabilities in several of its markets and its RES capabilities are, for now, mostly limited to Spain.

Debt Collection Process

Lindorff's debt collection process is standardized and automated, with the goal of maximizing the total amount collected over the life of the debt through sustainable payment plans or affordable settlements achieved through an amicable and solution-oriented collection approach, rather than exploiting short-term collection potential.

Lindorff undertakes the same debt collection process for its own portfolios as it does for the overdue receivables of its clients, subject to any guidelines set by clients regarding settlement and specific procedures to utilize. Actions taken during the debt collection process take into account applicable country-specific laws and regulations and aim to preserve clients' reputations.

Lindorff's client-centric focus is evident in its approach to fee arrangements. During certain phases of debt collection, Lindorff works on a "no cure no pay" basis at fixed rates, which means that it only gets paid if it is successful in collecting the relevant debt. In other phases, it typically works on a commission basis, taking a percentage of the cash collected from the end-customer. Additionally, Lindorff also offers a profit-sharing model, where it charges commissions on collections received up to a certain threshold and, in addition, the client shares with Lindorff a percentage of collections received over that agreed threshold.

Lindorff has integrated several automated processes into its debt collection process to improve efficiency and reduce the need for manual case handling. These processes include:

- *Standardized work processes:* a sequence of predefined actions to occur according to a set schedule. Standardized processes determine when Lindorff's agents should telephone, send out a letter to, text message or use another means to contact the customer.
- *Campaigns:* the implementation of common processes for a group of claims. Campaigns will typically begin when Lindorff expects customers to have an enhanced ability to pay.
- *Event engines:* software driven processes that prescribe a series of actions to be taken in connection with 65 different external events, such as customer bankruptcy, death or address modification. For example, these actions could include periodic telephone calls, text messages and other methods typically utilized in the pre-legal collection process.
- *Robotics*: robotics refers to the automation of business processes through the use of advanced software. It is effectively a virtual workforce that can carry out processes significantly faster than humans, including selecting which customers to contact based on certain criteria and gathering information and business intelligence across channels. Lindorff has been conducting robotics pilot runs in Norway and Finland and has experienced considerable reductions in average handling times in a number of its processes.
- *Lindorff 24:* Lindorff 24 is an online, self-service customer solution available to customers in each of the countries in which Lindorff operates. Lindorff 24 maximizes transparency and accessibility by providing customers with 24/7 access to their accounts and a means through which they can update their contact information, review their outstanding payments, and directly proceed with payments on their own without the need of interacting with a Lindorff representative. For many customers this is the preferred way of handling their payments and the number of customer visits and number of payments received via Lindorff 24 have displayed strong growth since the launch of the platform in 2015, from approximately 9,600 payments and approximately 35,000 portal visits in September 2015 to approximately 14,000 payments and approximately 79,000 portal visits in March 2017.

Debt Purchasing

Overview

Lindorff has extensive experience in acquiring portfolios of overdue loans and other overdue receivables at an attractive price. Among the investment criteria that it currently considers when deciding whether to purchase a portfolio is the portfolio's expected return and whether it matches Lindorff's strict pricing discipline to maintain high portfolio returns and avoid overbidding. Lindorff generates revenue after purchasing portfolios by extracting stable long-term returns by agreeing to one-off payments, together with sustainable payment plans over the lifetime of the debt. We believe that Lindorff can generate attractive yields over a longer period of time than its competitors, sometimes in excess of 15 years, due to its expertise in pricing unsecured consumer NPLs, knowledge of the portfolios it purchases and its debt collection abilities. As Lindorff increases its focus on certain assets, such as portfolios of secured loans which tend to be larger than portfolios of unsecured loans, it seeks to maintain investment discipline by utilizing its institutionalized investment processes and by primarily considering such purchases in the context of co-investment structures, as described below in "*—Co-Investment.*"

We believe that one of Lindorff's core strengths is that it typically services the portfolios it purchases in-house. In this way, Lindorff controls the entire debt collection process, is able to implement optimal debt collection strategies and can ensure that customers are treated fairly and with respect. We believe that the efficient, fair and respectful manner in which Lindorff conducts its business upon purchasing a portfolio is evident through its many long-standing client relationships.

As of March 31, 2017, Lindorff owned portfolios of overdue loans and other overdue receivables, consisting of approximately 5.4 million claims in 12 countries with a total collectible value of approximately €19 billion.

Debt Purchasing Commercial Process

Lindorff spent €57 million, €63 million and €66 million of the amount spent on portfolio purchases in the years ended December 31, 2016, 2015 and 2014 on forward flow arrangements. As of March 31, 2017, Lindorff had 24 forward flow agreements with an annual capital expenditure of approximately €2.8 million per agreement, and an average contractual duration of 11 months. We believe that forward flow agreements are beneficial as they provide certainty of a minimum volume of claims on which to perform debt collection. Similarly, these agreements are beneficial to the seller as they provide a certain level of predictability of the volume of claims being sold.

During the debt purchasing process, Lindorff's involves a fully integrated team that conducts an origination process, a valuation and due diligence process, an offer phase and a contract and closing phase.

Co-Investment

Lindorff increasingly partners and co-invests with financial investors that lack debt collection capabilities in the purchase of large debt portfolios, including secured loans. In 2016, Lindorff established an investment vehicle for co-investing in portfolio purchases. Lindorff's role is to source and originate the opportunities, undertake due diligence, provide a valuation and analytical services, and provide third-party collection services on the purchased portfolio on an arm's length basis through master servicing agreements. The co-investor typically retains the majority of the investment. Co-investment is beneficial as it provides Lindorff with a large portfolio on which to perform debt collection through master servicing agreements, while it also generates debt purchasing gross collections equal to Lindorff's share of the investment. Lindorff acquired approximately 27%, 4% and 4% of the principal amount of portfolios that it purchased in the years ended December 31, 2016, 2015 and 2014, respectively, via co-investment arrangements. In the past three years, Lindorff has completed 4 co-investment transactions with purchases amounting to €260 million in aggregate, of which Lindorff invested €67 million. As of March 31, 2017, 4% of Lindorff's carrying value of purchased debt consisted of portfolios purchased pursuant to co-investments.

Origination

The majority of portfolios for sale are currently offered to the market through competitive tender processes, although Lindorff also engages its clients in discussions to purchase portfolios through bilateral negotiations whenever opportunities arise. A key driver of Lindorff's success in debt purchasing has been its ability to leverage its relationships with clients for whom it collects debt through outsourcing contracts. Lindorff's local sales teams maintain close relationships with key debt originators in countries where it has local operations. In addition, its senior management maintains close relationships on a cross-border level with its major key debt originators and is actively involved in its largest transactions with these sellers. Through these relationships, Lindorff often receives requests for proposals ("**RFPs**") in relation to the portfolios for sale.

Valuation and Due Diligence

Lindorff engages in an extensive valuation of any given portfolio in order to determine what price it should offer the client. First, it looks at certain characteristics, including the age of the claims in the portfolio, the size of the portfolio, the type of receivable the portfolio contains and the collection process already undertaken in order to determine whether the portfolio is suitable. Once it has determined that a portfolio for sale is suitable, it collaborates with its debt collection team and engages in an extensive valuation of the portfolio. Lindorff's use of multiple valuation methods takes into account, among other factors, the below analyses:

- *vintage analysis,* where it uses historical cash flow information to forecast future returns;

- *production models,* where it analyzes the portfolio and makes assumptions on conversion rates and average payment levels using benchmark portfolios built on the basis of millions of data points, customer information and the historical performance of its current portfolios;
- *debt profiles,* where it identifies the key value drivers in the portfolio and segments the portfolio based on these key value drivers and evaluates the total likely recovery for each claim;
- *scorecards,* using all available data (internal, external and client data) to evaluate the propensity of each customer in the portfolio to pay and to what amount; and
- *paying books,* where it identifies different payment profiles and segment accounts based on historic payment behavior.

The emphasis Lindorff places on each valuation method depends on the specific circumstances, information available and characteristics of the portfolio for sale.

In conjunction with the valuation process, Lindorff also performs due diligence on the portfolio prior to making a final bid. The purpose of this due diligence process is to identify any areas of risk that would impact Lindorff's ability to successfully manage the portfolio following its purchase. As part of the due diligence process, Lindorff requests and works to verify certain data fields, including claim balances, payment history on claims, details of credit agreements and legal enforceability. Additionally, Lindorff undertakes a detailed review of the assumptions that it applied as part of the valuation process and determines whether those assumptions need to be adjusted. For certain transactions, Lindorff also engages external advisors for this process. Lindorff seeks to leverage its relationships with clients to assist it with this process by obtaining guidance on pricing, where possible.

We believe that Lindorff has a competitive advantage when it is invited to bid on a portfolio that it performs debt collection on because it is able to accurately assess the potential uplift that can be generated given its familiarity with the debt collection measures that have been undertaken, allowing it to accurately price the portfolio. This results in being able to confidently offer an attractive value proposition to clients, which makes it a strong contender for portfolios that it finds attractive.

Offer

Depending on the size of the transaction, the assessment and final pricing of a portfolio involves input from Lindorff's country-level management and operations, its debt purchasing and debt collection teams, its IT team and senior executives. This group works together to use the information gathered in the process to prepare the final bid, and the relevant country level team uses its knowledge and expertise to provide a current and accurate reflection on the competitive environment in order to ensure that any final bid is aligned with the competing offers the client is likely to receive. The final bid is determined based on an analysis of various scenarios, which are designed to test Lindorff's models at the high and low ends of prior experience, and is evaluated and approved by pre-defined levels of management, depending on the size of the bid. The final price that Lindorff offers for a portfolio takes into account the return that it requires to compensate for the risk present in the transaction, the possibility that actual performance of the portfolio may deviate from the expected performance and the level of competition that it faces in the market.

We believe that a key driver of Lindorff's success in debt purchasing is due to its ability to leverage its relationships with clients. Lindorff uses these relationships to engage in a dialogue with the client in order to assist it in putting together a competitive bid. These relationships can also be used to propose alternative structures to those that were requested if Lindorff believes it will create value for itself and the client. Lindorff also frequently receives a "first and last look opportunity" at a portfolio due to these pre-existing relationships.

Contract and Closing

The majority of Lindorff's portfolio purchases, clients receive a one-off cash payment. However, Lindorff also offers different pricing models in an effort to address specific needs or desires of its clients. One such alternative pricing model is an "earn-out model," which provides for profit sharing, where the client receives an upfront cash payment for the portfolio based on an initial forecast and then receives a percentage of any gains above the initial forecast.

Implementation

After purchasing a portfolio, if Lindorff does not already perform debt collection on the purchased portfolio, it must ensure that claim balances are accurately recorded, funds paid between the determination date and the closing date by customers are received, and customers are diverted to the appropriate phase of the collection process. Lindorff also screens individual claims against various databases to determine whether any of the individual claims do not meet the specified criteria and should be returned, if contractually permitted. If Lindorff already services the purchased portfolio, the risks associated with the conversion process are minimized, since many of these steps have already been undertaken as part of its debt collection services.

Contact and Collection Process

After acquiring a portfolio, Lindorff typically manages the portfolio in-house. Lindorff's deep insight of the debt collection process enables it to tailor customized approaches for each customer and to determine whether it can extract additional value from a customer and uplift on a portfolio by applying different collection methods than were used previously. By typically servicing purchased portfolios in-house, Lindorff also provides stability and scale to the debt collection segment of its business, which allows it to improve and enhance its debt collection methods. For a further discussion on the debt collection process, see "—*Debt Collection—Debt Collection Process*."

Other Services

Lindorff offers a wide range of information, payment and invoicing services before debt is considered non-performing.

Information Services

Information services include credit information and analysis, data extraction and modelling and scorecard input and development. We believe that information services enable clients to mitigate credit risk and reduce potential losses from sales to new clients by providing efficient and reliable information on the creditworthiness of their customers.

Lindorff Payment

Lindorff recently launched Lindorff Payment, a service that allows retailers and other consumer companies to expand their offered payment methods and provide their customers with the option of purchasing a product or a service via invoice payment in one or more instalments. Effectively, Lindorff assumes the credit risk and provides the upfront payment, at a discounted rate, to the retailers and consumer companies and then undertakes the entire credit management process, from the scoring and credit decision to processing and distributing the invoice, with the customer. Where customers choose invoice as a payment method, the credit decision will be made in real time at the time of purchase. Lindorff Payment works in both online and offline in-store systems and it captures the popularity of omni-channel shopping and invoice as an available payment method. It enables clients to meet heightened customer expectation of seamless shopping experiences between e-commerce and retail stores. At the same time, Lindorff Payment clients retain control of the branding of the invoice and may also use the invoice as an additional sales channel by enclosing marketing material together with the invoice. Lindorff Payment has entered into a partnership with the payment solutions provider, Bambora Group AB, in Norway, which it expects to support the further growth of this service.

Invoicing Services

Invoicing services include invoicing and reminder services. We believe that Lindorff's invoicing services provide reliable and cost efficient solutions for clients with high invoicing volumes and helps clients to increase sales by enabling credit sales with limited credit risk or need for a credit process.

Lindorff Business Services

In June 2014, Lindorff established Lindorff Business Services ("**LBS**") in Vilnius, Lithuania. LBS is an in-house center of excellence that supports Lindorff by providing back-office type services to improve efficiency, quality of services and market responsiveness and to utilize scale and skill advantages, consolidate functions and further develop knowledge sharing within Lindorff. LBS employs over 200 FTEs and has thus far primarily contributed to the operations in higher wage countries, such as the Nordics, with the intention to expand the services of LBS across Lindorff's geographical markets.

Lindorff established LBS IT Shared Service Center ("**SSC**") in Wroclaw, Poland in December, 2016 to complement its center in Vilnius. SSC supports the Lindorff companies in their application of IT-related solutions and product development, it supports the near-shoring of existing IT services and it operates as a back-up facility for LBS. SSC currently employs 12 FTEs, though Lindorff intends to ramp up operations over the coming years, with a corresponding increase in the number of FTEs.

Lindorff: Business Intelligence

The characteristics of the debt purchasing and debt collection markets provide a competitive advantage to participants with the strongest data assets and analytical capabilities. We believe that directly employing, training and monitoring debt collection specialists is essential to extracting value from claims and pricing portfolios accurately. We believe that Lindorff often finds opportunities to improve performance in a large portion of the portfolios that it purchases due to analysis of its data assets.

Lindorff has developed databases of customer and credit information over 20 years as a result of the high volume of debt collection it performs in-house. Over time, Lindorff has collected depersonalized data on over 60 million claims across both debt collection, within the CMS service line, and debt purchasing, within the Financial Services service line. Lindorff analyzes these databases to assist in the pricing of potential purchases of portfolios and to devise optimal collection strategies for customers. For example, Lindorff is able to model anticipated performance of a portfolio based on the past performance of claims with similar characteristics, which allows it to determine if there are opportunities to extract additional cash flow that may not be apparent from traditional pricing models. Additionally, in devising optimal debt collection strategies, Lindorff can determine what collection methods have been most successful in the past on customers with similar traits.

We believe that Lindorff's data assets and analytical capabilities enable it to proactively review portfolios and collection strategies. Companies that only purchase portfolios typically have less access to data on customers and associated payment trends until a portfolio is purchased, when the specific customers in the portfolio can be matched to a credit referencing agency database. In addition, customer files in a portfolio may contain inaccurate or incomplete information on the name, address or telephone number of the customer, which can make it difficult to locate the customer or otherwise complicate the debt collection process. For competitors, this may result in data asymmetry in valuing portfolios prior to purchase and through the collection process.

Lindorff: Geographic Presence

We believe that Lindorff has positioned itself to be an attractive candidate for multinational clients, especially financial institutions, and has a presence in 12 countries across Europe, excluding Russia where operations were liquidated in March 2017.

To address competition concerns raised by the European Commission following its initial investigation of the Merger, Nordic Capital has proposed to divest the Carveout Business. We expect a decision regarding this proposal no later than June 12, 2017. Lindorff's distribution of revenue and ERC by country and geographic region may be significantly affected by divestment of the Carveout Business or by any additional or alternative measures the European Commission may impose as a condition of its approval of the Merger. See "*Presentation of Financial and Other Information—Divestment of the Carveout Business,*" "*Summary—The Transactions—The Merger,*" "*Summary—Divestment of the*

Carveout Business" and *"Risk Factors—Risks Related to the Transactions—The Merger is subject to significant uncertainties and risks."*

The table below shows the revenue generated in each of the regions where it has local operations for the periods indicated. For these purposes, Northern Europe consists of Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland and Sweden; Central Europe consists of Germany; and Southern Europe consists of Italy and Spain.

	Lindorff AB	Lock Lower Holding AS			
	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
			(€ in millions)		
Northern Europe	343	353	378	88	93
Central Europe	58	68	69	17	21
Southern Europe	74	114	200	30	65
Total	**475**	**534**	**647**	**135**	**179**

The table below shows the share of total capital expenditure on loans and receivables for each of the regions where Lindorff has local operations for the three months ended March 31, 2017 and for the year ended December 31, 2016.

	Lock Lower Holding AS	
	For the year ended December 31, 2016	For the three months ended March 31, 2017
	(%)	
Northern Europe	46	93
Central Europe	30	2
Southern Europe	24	5
Total	**100**	**100**

The table below shows certain key operating metrics for the regions where Lindorff has local operations as of and for the three months ended March 31, 2017 and as of and for the year ended December 31, 2016.

	Lock Lower Holding AS		
	Northern Europe	Central Europe	Southern Europe
	As of and for the year ended December 31, 2016		
ERC (€ in millions)	1,551	589	502
Total collectible value (€ in billions)	18	6	18
Number of claims in stock (in thousands)	6,767	1,100	1,715
	As of and for the three months ended March 31, 2017		
ERC (€ in millions)	1,558	569	494
Total collectible value (€ in billions)	18	6	20
Number of claims in stock (in thousands)	6,859	1,064	2,331

We believe that clients are able to ensure ethical, consistent and professional service across country lines by utilizing Lindorff's services as opposed to contracting multiple, smaller suppliers from many different countries where there may be different market practices. Lindorff's local product offerings vary depending on several market characteristics, including the level of debt collection outsourcing, the maturity of the market, the propensity of clients to sell portfolios and the overall supply of portfolios available in the market to purchase. For example, in the Nordic market debt collection outsourcing levels are substantially higher than the rest of Europe, so debt collection is a strong driver of revenue in that region. On the contrary, Spain has been among the most active market for debt purchasing in recent years driven by financial institutions being subject to stricter regulations and internal capacity constraints. For more information on the differences in the markets in which Lindorff operates, see "*Industry Overview—Overview of the European Credit Management Services and Debt Purchasing Industry*."

Lindorff has selectively pursued potential acquisitions and carve-out transactions to expand its geographic footprint. For further information on its historical expansion, see "*—Lindorff: History"* and *"Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Key Factors Affecting Lindorff's Results of Operations—Acquisitions and Geographic Expansion*." Additionally, Lindorff works closely with a select group of trusted agents around the world to perform international debt collection. It uses this network of agents to collect debts in Italy, where it does not currently employ local operating staff, and to collect debts owed by customers who have moved from a country where it has a local presence to a country where it does not. Lindorff typically seeks to apply court judgments from the countries in which it operates to the country in which the customers are presently located through conventions and treaties intended to be binding under international law. To ensure compliance with Lindorff's strict ethical standards and to ensure protection of its clients' reputations, this network of agents has been built over the last 20 years based on stringent standards. These standards include, but are not limited to, membership in the same organizations that Lindorff is a part of, a track record of achieving success within a regulatory framework, and the existence of approved financial statements. Lindorff closely monitors these agents to ensure compliance with the terms and conditions of its agreements and its ethical standards, as well as the protection of its clients' reputations.

Lindorff: Clients

Lindorff's clients consist of leading national and international financial institutions, insurance companies, utilities providers, public sector, telecommunications companies and companies in the retail sector. Lindorff has a special focus on financial institutions, many of whom it has long-standing relationships with, as it believes this is an attractive sector due to, among other factors, high industry growth rates, responsible origination practices and stable and predictable cash flows.

Lindorff's largest customer generated 7% of its total revenue for the year ended December 31, 2016. We believe that Lindorff has strong, long-standing relationships with its clients. Other than with respect to the two Spanish financial institutions from whom it acquired collection units in 2013 and 2014, as described elsewhere in this Offering Memorandum, Lindorff has served its five other largest financial institutional clients by debt collection revenue for an average of ten years and has an average relationship of five years with its largest five clients by debt purchasing volume. Lindorff benchmarks its performance against third-party debt collection competitors and regularly monitors its operations to confirm that it is in compliance with its contracts in order to ensure these strong relationships continue.

Lindorff: Material Contracts

Acquisitions

Aktua

On June 1, 2016, Lindorff Iberia Holding, S.L.U., an indirect wholly-owned subsidiary of Lindorff Holding Spain, acquired 93.66 per cent of the shares in Aktua from a vehicle of Centerbridge Partners LP, and other minority shareholders, for an acquisition price of €116 million, of which a deferred consideration of €9 million is outstanding, payable by June 1, 2017. In addition, a contingent consideration (i.e. an earn-out) of up to €19 million is payable in 2017 and 2018 if Aktua achieves certain target revenues. The purchase price allocated to assets and liabilities at fair value led to recognition of goodwill in the amount of €127 million. In July 2016, Lindorff's ownership interest in Aktua decreased to approximately 85% as minority interest shareholder Banco Santander acquired an additional 8.66% of Lindorff's shares. Banco Santander has a put option right against Lindorff Iberia, in respect of its 15 per cent stake in Aktua, for the following strike price: (i) the price paid by Lindorff for the Aktua shares (as adjusted by deferred consideration and any earn-outs or price adjustments based on liability) plus 8% interest, if exercised on or before July 15, 2018; or (ii) the fair market value, if exercised after July 15, 2018. Further, Lindorff Iberia has a call option right against Banco Santander in respect of its 15% stake, for the following strike price: (i) price paid by Lindorff for the Aktua shares (as adjusted by deferred consideration and any earn-outs or price adjustments based on liability) plus 8% interest, if exercised on or before July 15, 2018; or (ii) the fair market value, if exercised after July 15, 2018. Lindorff Iberia is obliged to exercise the call option if it denies a request from Banco Santander to transfer its 15% stake in Aktua Holdings to a third party. Aktua is a servicing company providing mainly secured NPL services and real estate servicing in Spain.

On March 10, 2016, prior to the Aktua Acquisition, Aktua acquired 100 per cent of the share capital of Ibercaja Group's servicer, Gestión de Inmuebles Salduvia, S.A (later renamed Aktua Soluciones Inmobiliarias, S.L). The servicer was acquired from Ibercaja, S.A. and Ibercaja Banco, S.A. The acquisition was made by Aktua through its wholly-owned subsidiary, Global Acamar, S.L. (later renamed, Aktua Gestión de Inmuebles, S.L.). Such transaction also included the execution of a ten-year servicing agreement in relation to the management, on an exclusive basis, of certain real estate assets of the Ibercaja Group.

Co-Investment Agreement

On November 1, 2016, Lindorff, CarVal and AlbaCore (CarVal and AlbaCore, the "**Co-Investors**"), Lindorff No 1 Designated Activity Company ("**Lindorff SPV**"), Lindorff No 2 Designated Activity Company ("**CarVal SPV**") and Lindorff No 3 Designated Activity Company ("**AlbaCore SPV,**" and each of Lindorff SPV, CarVal SPV and AlbaCore SPV, an "**SPV**") entered into a co-investment agreement (the "**CIA**"). Pursuant to the CIA, Lindorff and the Co-Investors will co-invest in certain portfolios of wholly or predominantly unsecured non-performing loans within the Lindorff's servicing capabilities (such co-investment program referred to herein as the "**Co-Investment Partnership**"). The geographical scope of the Co-Investment Partnership includes most of Lindorff's existing markets, and any other geography as may be agreed among the SPVs from time to time (subject to certain geographical diversification requirements), and the targeted portfolios of the Co-Investment Partnership must meet specific size (with a focus on larger portfolios) and expected return requirements ("**Eligible Portfolios**").

CarVal and AlbaCore announced an intention to deploy up to a total of €350 million in aggregate and Lindorff announced an intention to deploy a variable amount determined on a case-by-case basis. Each of Lindorff and each Co-Investor will provide funding to its SPV.

Cooperation

Lindorff has undertaken to present to the Co-Investment Partnership on an exclusive basis all portfolios that are Eligible Portfolios (within the meaning of the CIA) and in which Lindorff is considering investing, which may then be accepted or rejected by the relevant SPVs and, if not accepted within a certain period or if rejected, may be pursued independently by Lindorff outside of the Co-Investment Partnership. The obligation for Lindorff and the Co-Investors to cooperate ends on the earlier of December 31, 2017 or, with respect to each Co-Investor, on the date it has achieved its intended capital deployment under the Co-Investment Partnership. During such period, Lock Lower Holding and its subsidiaries are also restricted from participating in certain other co-investment programs in relation to Eligible Portfolios and similar portfolios in some of its existing markets and in certain new geographies. The Co-Investment Partnership does not impact Lindorff's ability to independently consider and invest in portfolios that are outside the scope of Eligible Portfolios.

Portfolio management and governance

The CIA contains certain governance provisions regulating management of portfolios and decision-making in relation thereto and Lindorff always has a vote on these matters. Each party will be subject to certain undertakings (including, in relation to certain dealings, compliance with laws) and will make certain representations in favor of each other party.

Servicing and levelling

Initially, each acquired portfolio shall be serviced by a Lindorff affiliate and shall be subject to a levelling agreement between the investing SPVs in order to ensure that each investing SPV effectively acquires a percentage interest in the whole portfolio.

Exit and termination

The Co-Investment Partnership term is five years, after which the Co-Investors will have a "put" right pursuant to which Lindorff SPV is obliged to acquire the Co-Investors' portfolios on pre-agreed sale terms (subject to adjustments in certain circumstances). Lindorff SPV has a corresponding "call" right. To the extent Lindorff SPV defaults on this "put" option, the relevant SPV may sell the relevant portfolio to a third party (subject to certain requirements intended to achieve a fair market value for such portfolio) and in such circumstance Lindorff SPV shall pay to the relevant SPV any shortfall as compared to the pre-agreed sale price. Lindorff provides a guarantee in respect of this obligation.

The CIA is subject to various early termination provisions. In certain circumstances, the "put" and "call" options survive termination. Following the occurrence of certain termination events or the expiration of the initial co-investment term, and subject to certain conditions being met, the shares in each SPV other than the Lindorff SPV, which are subject to a share charge granted by Lindorff in favor of the relevant Co-Investor, may be transferred to the relevant Co-Investor, or if Lindorff fails to complete the transfer within a set period of time, the relevant Co-Investor may enforce the share charge.

Lindorff: Compliance and Quality Control

Lindorff's clients deem its ethical behavior and strict compliance with laws and regulations as essential in order for them to utilize Lindorff's services. The laws and regulations that Lindorff operates under have at their core the fair treatment of all customers, which Lindorff has sought to integrate into its day-to-day operations and culture. Lindorff's debt collection process is designed to yield financial results while protecting its clients' reputations. Lindorff believes in:

- polite persistence, where collectors take a fair and reasonable stance when interacting with customers;
- ensuring a fair outcome for the customer, taking into account sustainability and affordability of payments; and
- treating customers with respect and dignity.

Lindorff's internal standards, the Lindorff Business Practice Principles, are applicable to all employees and all employees are expected to become acquainted with and comply with these standards. Lindorff's standard regarding regulatory compliance defines, among other things, governing principles regarding identification of governing laws and regulations, delegation of compliance responsibilities, guidelines on education and competence, testing and documentation of regulatory compliance control measures. On a yearly basis, a compliance self-assessment and review process is made with the purpose of providing the board of directors, CEO, CFO and executive team with an objective assessment of the status of Lindorff's compliance with regards to legislation and regulation, as well as internal governance principles, policies and procedures. The findings of the assessment enable senior management to initiate any necessary remedial activities.

Lindorff has invested heavily in its compliance systems and controls, as well as the training of its employees, to increase awareness of its regulatory requirements and policies. Lindorff provides comprehensive training to employees on legal and regulatory compliance. Through training sessions, it is Lindorff's goal to provide an insight into, and gain an understanding of, an employee's obligation in ensuring legal and regulatory compliance. Lindorff also requires its employees to complete a designated compliance module and complete regular interactive refreshers and tests.

For further information on the regulatory environment under which Lindorff operates, see "*Regulatory Overview*."

For further information on Lindorff's internal control procedures, see "*Management—Other Information on the Board of Directors and Group Management—Internal Control*."

Lindorff: Technology Infrastructure

Lindorff's IT infrastructure platform supports all facets of its operations and supports its operations in each country where it has local operations. Lindorff has historically grown through acquisitions, and as a result operated a number of IT infrastructure platforms across its operations. It has systematically worked to improve its basic IT infrastructure, and has moved from operating a separate IT platform in each local operation to having one consolidated IT infrastructure platform, operated by its IT outsourcing provider, which services most of its local operations.

Lindorff is committed to maintaining high standards of data protection, client information and information security. It has consolidated all of its operations to one of the global data centers of its IT outsourcing provider, which secures physical access, error recovery and restore possibilities. Access to Lindorff's systems is handled through a standardized infrastructure, with software giving access rights to individual users. Finally, all infrastructure and systems are protected by firewalls and are constantly updated to avoid cyber-attacks. For additional information on Lindorff's IT and other capital expenditure, see "*Management Discussion and Analysis of Financial Condition and Results of Operations of Lindorff—Liquidity and Capital Resources—Capital Expenditure*."

Lindorff: Employees, Recruiting and Training

As of March 31, 2017, Lindorff had 4,605 full-time employees in total. Of these, 3,476 were employed in operations, 190 were employed in information technology support, 398 were employed in sales, general and administrative, 387 were employed in group level staff functions (including IT and LBS), and 154 were involved in debt purchase analysis and other businesses.

The table below sets forth the average number of FTEs, including temporary employees, Lindorff had in each of its local operations for the years ended December 31, 2016, 2015 and 2014, respectively.

	Lindorff AB	Lock lower Holding AS	
	For the year ended December 31,		
Country/Region	**2014**	**2015**	**2016**
Denmark[1]	130	130	116
Eastern and Central Europe[1][2]	595	648	632
Germany	247	258	262
Italy	—	1	12
Norway	734	730	712
Poland	—	150	470
Spain[3]	708	1,016	1,307
Sweden[1]	202	237	263
The Netherlands	211	209	193
Total	**2,827**	**3,380**	**3,968**

(1) Lindorff's businesses in Denmark, Estonia, Finland and Sweden are components of the Carveout Business that Nordic Capital has proposed selling to address competition concerns raised by the European Commission. See "*Summary—Divestment of the Carveout Business.*"

(2) Eastern and Central Europe consists of Finland, Estonia, Latvia and Lithuania. This region previously included Russia however Lindorff liquidated its operations in Russia in March 2017.

(3) As part of the Aktua Acquisition, Lindorff added 429 full-time employees.

We believe that Lindorff has positive relations with its employees and the applicable unions and work councils. Some of its employees are unionized. Lindorff meets with the unions and work councils on an annual basis to update them on the direction of the business and to address any concerns that they may have.

Lindorff: Legal and Administrative Proceedings

Lindorff operates in several countries and is, from time to time, subject to disputes, claims and administrative proceedings arising in the ordinary course of its business, including claims and legal proceedings regarding VAT, corporate income taxes, intra-group loan pricing, interest cost deductions and other matters. Other than as discussed below, Lindorff has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) during the previous 12 months from the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on Lindorff's financial position or profitability.

Lindorff is currently, or was recently, party to a number of ongoing tax disputes and/or investigations in Finland, Spain, Norway and Sweden.

The Swedish tax agency has denied Lindorff tax deductions on interest expenses on shareholder loans regarding financial year 2013 and 2014. Lindorff estimates the total tax exposure to be €12 million. Lindorff has appealed the Swedish tax authority's decision. No part has been paid to the Swedish tax authority and, in the event the appeal is unsuccessful, Lindorff will be reimbursed as a result of an indemnity arrangement originally entered into with its previous owners.

In Norway, the Norwegian tax authorities has denied deduction regarding a loss on an intragroup receivable. Lindorff has paid the additional tax amounting to €1.3 million, but has filed an appeal.

The Finnish tax authorities questioned the pricing of cross border intragroup loans with Lindorff Finland OY. Lindorff has appealed the penalties imposed by the authorities and estimates the total tax exposure in this part to be €8 million of which €4 million has been paid to the Finnish government, while the remaining €4 million has been provided for in the accounts.

Further, the Finnish tax authorities considered interest expenses in Lindorff's Finnish branch for financial years 2008 to 2012 not to be deductible for tax purposes. In August 2016, Lindorff appealed the Finnish Administrative Court's decision to deny the tax deductions. In May 2017, Lindorff's appeal was rejected. Lindorff estimates the total tax exposure regarding the Finnish branch to be €35 million (including interest expenses up to and including March 2017) of which €27 million has been paid to the Finnish government and €8 million has been provided for in the accounts.

Sira Consulting, S.L. has initiated a claim based on breach of contract against Lindorff España, S.A.U. Sira Consulting, S.L. has sought damages based on the alleged breach of contract in an amount of €21.6 million, plus legal costs. In September 2016, Lindorff España, S.A.U. was served by the court with Sira Consulting, S.L.'s claim and a hearing is scheduled for July 2017. Lindorff estimates the total exposure to be €22 million, of which €1.2 million has been provided for in the accounts.

The vendors of Casus Finanse S.A. have disputed Lindorff's calculation of nil as the earn-out amount owing to the vendors under the purchase agreement. The vendors have presented an alternative calculation, indicating an earn-out amount of approximately €15.3 million. Lindorff has performed an audit and engaged an independent audit firm to provide a second opinion on Lindorff's calculations. The aforementioned audit firm supports Lindorff's calculations and so, in conjunction with additional information received, the probability of the vendors being successful in their claim against Lindorff has been reduced from medium to low and the provision in the accounts has been withdrawn.

Lindorff cooperates with government agencies concerning actual or potential violations of laws, rules or regulations, typically initiated by customer complaints. The inquiries typically concern alleged data protection breaches and various legal defenses to collection efforts. Lindorff considers receipt of such inquiries to be in the ordinary course of business and does not expect business to be materially impacted as a result of these complaints or inquiries.

Lindorff: Insurance

Lindorff's group-wide insurance policies include insurance to cover risks associated with its business, including general liability, crime insurance, professional liability and directors' and officers' liability insurance. Lindorff uses an insurance broker to maintain consistency of coverage across jurisdictions. We believe that the types and amounts of insurance coverage that Lindorff maintains are consistent with customary industry standards in the jurisdictions where it operates. However, no assurances can be given that it will continue to maintain current levels of insurance coverage. A successful claim of sufficient magnitude that is not covered, or only partially covered by insurance, could have a material adverse effect on Lindorff and its financial condition.

Lindorff: Real Property

Lindorff leases its executive offices, which are located at Hoffsveien 70B, 0377 Oslo, Norway. All of Lindorff's properties are leased. Lindorff has a specific policy and requirements regarding the physical security at all its properties.

Lindorff: Intellectual Property

While Lindorff holds various trademarks and has registered its domain name, no individual or series of trademarks or intellectual property is material to its business as a whole.

Lindorff: Corporate Social Responsibility

Lindorff has a strong social commitment, anchored in its core values and the way it runs its business. We believe that business operations that contribute to a sustainable society and help solve social issues support growth and that effective governance is an essential mechanism in achieving Lindorff's strategic goals. When Lindorff acts with high ethical standards and professionalism, it is able to achieve the level of trust required in its relationships with its employees, clients, customers, authorities and shareholders. Lindorff's commitment to social responsibility is carried out in accordance with the following principles: (i) it balances potential benefits of its actions against the consequences to society as a whole; (ii) its expectations regarding social responsibility are clearly communicated to its employees and business partners; (iii) social responsibility guides the development of Lindorff's products, services and debt management operations to help ensure that its operations are characterized by high ethical standards; (iv) Lindorff works to reduce its environmental footprint, and when purchasing products or services from external parties it emphasizes high environmental standards; and (v) Lindorff aims to have a transparent management structure in line with national and international standards for corporate governance.

Ethics and responsibility

Lindorff's commitment to corporate social responsibility is integrated into its core business and backed by Lindorff's "Business Practice Principles." These principles are applicable to all employees and all employees are expected to become acquainted with, and seek to comply with, these standards. These standards state that all employees are expected to work within the law, have sound moral principles and behave in an upstanding and sincere way. Lindorff has implemented a centrally coordinated compliance monitoring program, which evaluates and assesses compliance with legal, regulatory and industry best practices, as well as its internal standards.

Supporting the communities in which it operates

Lindorff has a history of engaging with its local communities in charitable projects and employees are encouraged to be involved in these projects. For example, in Finland, Lindorff has committed €50,000 as a partner of "Me and My City," an internationally acclaimed Finnish education initiative aimed at school children that provides insight into society, working life and entrepreneurship. Lindorff is also involved in Red Nose Day and supports various Christmas drives, raising approximately €15,000 per year for gifts provided to children in the hospital.

In Sweden, Lindorff has partnered with Stadsmissionen, an organization that supports homeless people, by hosting certain client events as well as through direct sponsorship. Similarly, in Norway, Lindorff has contributed funding to Røde Kors' (the Norwegian Red Cross) initiative Flyktningehjelpen in support of refugees, both directly and by donating to employees involved in fundraising walks.

Lindorff likewise provided funding to Kirkens Bymisjon in its work to assist refugees' integration into society.

Lindorff actively works to be a workplace that promotes equality, diversity and inclusion. For example, it runs a program in Spain aimed at integrating individuals with Down's syndrome into its workforce, with individually tailored goals and KPIs. Employees that are a part of this program have played an important role in the team's performance and encouraged team-wide collaboration.

Across Lindorff's offices, it is engaged in an array of initiatives that seek to train vulnerable individuals in finance, including educating young debtors in gaining financial control.

REGULATORY OVERVIEW

As a multinational credit management provider, we are subject to various laws and regulations in the jurisdictions in which we operate. The credit management industry is highly influenced by legislation, judicial rulings and regulatory decisions and oversight. Credit management companies additionally must comply with various licensing, registration and other similar requirements in order to operate their businesses. As a result, our financial condition and projections are susceptible to changes in the regulatory environment.

For a description of certain material effects of laws and regulations on our business, see "*Risk Factors—Risks Related to Our Industry and Business—We operate in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across all jurisdictions. Changes to the regulatory or political environments in which we operate may negatively affect our business.*" The descriptions provided under the captions "*—Internal Rules Framework*" and "*—Compliance Procedures*" apply to Intrum Justitia and will apply to the Company following the Merger.

Regulation of the Credit Management Industry

Legislative, judicial and regulatory decisions affect us in a number of different ways. This overview will highlight seven areas of regulatory focus that have affected, and will continue to affect, our operations: fair debt collection practices, statutes of limitations, enhanced consumer protection, consumer credit development, corporate social responsibility, data protection and anti-money laundering regimes.

Fair Debt Collection Practices

As debt collection regulation is not based on specific EU legislation, it is not possible to make use of a passporting or similar regime. Instead, each country has developed its own set of rules for debt collection operations. The regulations cover, among other things: the methods by which claims can be assigned or transferred; the ways in which a customer can be contacted and a debt collected; and the types and level of fees, interests and costs that can be imposed, and whether those fees, interests and costs can be passed to the customer or the client.

In countries where there are no specific regulations covering debt collection and where no licensing requirements apply for certain debt collection operations, there are still regulations of a more general nature which we must observe when carrying out our debt collection operations. Such regulations include, for example, general civil and commercial rules and consumer protection laws and regulations regarding caps on collection fees and interest costs. In addition, in a number of markets in which we operate, the reimbursement of costs for debt collection is limited by law. Any regulatory changes reducing the amount of such costs we can recover may have a negative impact on our results of operations.

In many of the countries in which our operations are licensed or regulated, our subsidiaries are subject to certain integrity tests with respect to debt collection. These integrity tests may include verifying that: the collection business is carried out in accordance with local rules and regulations; consumer lending operations are conducted in accordance with sound lending practices; the directors of the board have sufficient knowledge and experience and have not misused any debt collection permissions; and the directors meet other general suitability and reliability checks.

Statutes of Limitations

Rules regarding the length of time after which an unpaid debt may not be pursued by creditors and the ways in which the statute of limitations can be tolled so that a debt can remain collectible also vary across jurisdictions. In a majority of the countries in which we operate, it is possible to extend the statutes of limitation on historic debt claims indefinitely by using various methods, including enforcement actions, notification of the customer or otherwise interrupting the limitation period with continued court proceedings. Some of the countries in which we operate have in recent years changed the statutes of limitation for certain debt including by limiting the ability to extend or interrupt the limitation period, or have discussed doing so. We constantly monitor any changes in these rules in the countries in which we operate, and, where appropriate, implement local procedures to interrupt the limitations period. Any significant reduction in the statute of limitations or in the ability to toll the statute of limitations, and any failure to implement local procedures to interrupt the limitations periods, would negatively impact our operations.

Enhanced Consumer Protection

There has been a trend in recent years to afford more protection to consumers. Various laws, regulations and judicial decisions in jurisdictions in which we operate have changed the way we operate and some have negatively impacted our financial condition. For example, a few countries have proposed giving bailiffs the right to provide services in the pre-legal market, including the right to purchase debts and perform voluntary collections. We are currently assessing the impact of these proposals on the relevant subsidiaries and are closely involved in the legislative processes.

Consumer protection laws can limit our ability to enforce debt claims. For example, in Finland, the enforcement of a consumer debt claim in the event of a default by the customer is subject to restrictions, such as a minimum period of time having passed since the payment due date and a minimum proportion of the debt remaining outstanding. Further, enforcement is prohibited if the payment default of the consumer customer is due to social force majeure, such as illness or unemployment, or other circumstance beyond the customer's control, unless it would be perceptibly unreasonable to the creditor in the circumstances. Similar laws exist in other jurisdictions in which we operate.

Certain countries in which we have operations have taken steps to facilitate debt restructuring by individuals, whereby a payment plan for all outstanding indebtedness is initiated. After making all payments pursuant the payment plan, the customer is no longer liable to pay any of the debt included in the debt reconstruction. In Sweden, a new Debt Reconstruction Act (Sw. *Skuldsaneringslag* 2016:675) came into effect on November 1, 2016, under which eligible customers are allowed a payment plan shorter than the normal five years. In Norway, a debt reconstruction may involve either a delay in payment of all or part of a debt; the creditors waiving, in whole or in part, their claims on interest or fees; and/or the customer no longer being liable to pay the debt after a particular period of time.

Other jurisdictions have taken measures to impose moratoriums on collections procedures under certain conditions or offer other collections solutions to those in debt. In 2013, the Spanish Act for the Support of Entrepreneurs introduced an out-of-court payment arrangement proceeding (Sp. *acuerdo extrajudicial de pagos*) in the Spanish Insolvency Act, available to natural and legal persons meeting certain requirements. A customer unable to meet its payment obligations may apply for this procedure and a mediator will be appointed. The opening of the out-of-court payment arrangement procedure will the stay enforcement of claims over assets of the debtor for a maximum of three months, except under certain circumstances, and suspend the accrual of interest during the negotiation period and for a maximum of three months. Payment agreements may include the assignment of certain assets of the debtor for payment of the debt, a reduction of debt, moratoriums of up to ten years or a conversion of debt into equity or into profit participative loans with a term of up to ten years. Creditors may suggest changes to the proposed agreement, which is subject to a majority vote by creditors and may therefore be imposed on dissenting unsecured creditors. If the out-of-court procedure does not succeed, the mediator must immediately file for the customer's insolvency and will be appointed as the insolvency administrator. In the Netherlands, a so-called 'broad moratorium' came recently into force that provides for a temporary cooling off period for the customer to achieve a more stable financial situation.

Customers may also become subject to insolvency proceedings which may result in a delay or prevention in the enforcement of the claims transferred to us, including reductions in principal or interest. Collection of unsecured claims in the event of bankruptcy or insolvency is generally limited by means of the funds available for distribution from the insolvent estate.

Consumer Credit Development

Consumer credit operations have received increased regulatory attention in many of the jurisdictions in which we operate. Some countries have imposed caps on interest rates or total cost of credit and further regulated consumer loans with small principal values. Other countries have targeted particular types of consumer credit agreements. In the Netherlands, a Supreme Court ruling in June 2014 held that telecom consumers party to an agreement in which a "free" phone is provided are protected by certain laws and regulations relating to payments by instalments and consumer credit.

Another pronounced effect of this enhanced focus on consumer credit has been to increase the scope of which entities must hold a consumer credit license. In reaction to a recent European Court of Justice case, *Verein für Konsumenteninformation v INKO, Inkasso GmbH*, that held debt collection companies were credit intermediaries and thus not required to provide pre-contractual information to consumers, many countries took legislative action to impose a requirement on debt collection companies to register with the local authority or obtain a consumer credit license. Stricter regulations in general may increase the compliance burden and operating costs.

Corporate Social Responsibility

We commit to pursuing broader social and environmental goals in addition to our business objectives. As a result, company time and resources are spent for charitable purposes, to undertake initiatives to serve our communities, to decrease our environmental footprint and to assess and produce reports on our progress toward these goals. In April 2016 Intrum Justitia chose to sign the United Nations ("**UN**") Global Compact, the ten principles for sustainable enterprise developed by the UN, by which it formally committed to a number of principles of sustainability. Specifically, the Global Compact means that we will commit to: (a) conducting our operations in a responsible manner, in line with the ten principles of sustainability; (b) taking steps to support the communities in which we operate; (c) establishing commitment at the highest level (the board of directors and senior management) and making sustainability work part of the company's DNA; (d) preparing an annual report on our progress; and (e) engaging the company in sustainability issues locally. Intrum Justitia submitted its first report to the UN in April 2017.

Data Protection

We process personal data in our business, both when providing debt collection services and undertaking debt purchasing. The processing of personal data by companies established within the EU is governed by the EU data protection directive (95/46/EC) ("**Directive 95/46/EC**") as transposed into national law by each member state. Similar laws are in place in Norway and Switzerland. Although based on a directive, the national data protection laws are not identical; therefore slightly different requirements may apply to each of our subsidiaries within the EU. The requirements include that personal data may only be collected for specified, explicit and legitimate purposes and may only be processed in a manner consistent with these purposes. Further, personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed and it must not be kept for a longer period of time than necessary for the purposes of the collection. In several jurisdictions, however, the local anti-money laundering legislation requires that the financial undertakings store data obtained in relation to customer due diligence for five years after the closure of a customer relationship or five years after a transaction has been executed, regardless of whether the storage is considered necessary.

We are also subject to the supervision of local data protection authorities in each country where we operate. To comply with regulatory requirements, we have established data protection processes, including having in place data protection policies, information security policies, data retention policies and procedures for handling data subject requests. Furthermore, many jurisdictions in which we operate require that we acquire a license from, or register with, the local data protection authority.

On April 27, 2016, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (the "**GDPR**") was adopted by the European Parliament and the

Council. The GDPR will be directly applicable in all member states on May 25, 2018, and replaces Directive 95/46/EC and current national data protection legislation (to the extent such legislation contradicts the GDPR). The GDPR furthermore contains several opening clauses, whereby member states may enact specific national rules in specified areas. It is not yet fully clear how the member states in which we operate will make use of these opening clauses, and how this might affect our business. We expect the data protection policies of our entities outside of the EU to largely be in line with the GDPR by the time of its entry into force. As Norway is a part of the EEA, and not the EU, the GDPR has to be implemented into Norwegian law before it becomes applicable in Norway. However, the GDPR will likely be implemented into Norwegian law around the same time as it becomes law in the EU. In Switzerland, legislation is being considered that would update data protection law to be more consistent with EU law. In the UK, it is not yet clear what impact the announced exit from the EU will have on our data protection responsibilities, including with respect to length of time such data may be retained and whether such data must stay within the UK. However, all of our entities, including any in the UK, will be included in the our Company-wide GDPR Program, as further described below, to ensure the data protection policies across all of our entities are harmonious.

The GDPR significantly changes the EU data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with administrative fines up to €20 million or, in the case of undertakings, 4% of global turnover, whichever is higher. GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. We have established a data protection project team, with representatives from the compliance, IT, operations and legal departments, and are currently assessing the full impact of the GDPR, including identifying risks and relevant measures to ensure compliance. We endeavor to expeditiously implement the GDPR requirements and to enhance awareness, governance and controls of data protection procedures throughout our operations. This will ensure that our data protection policies are effective and applied consistently going forward.

Anti-Money Laundering

As part of certain operations, especially debt purchasing and financing operations, we follow anti-money laundering and countering terrorist financing standards set forth in the applicable local laws implementing Directive (EU) 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. Our operations are also subject to requirements of local anti-money laundering laws.

On 20 May, 2015, Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012, and repealing Directive 2005/60/EC (the "4th AML Directive") was adopted by the European Parliament and the Council. The 4th AML Directive enhances the current client due diligence requirements and also imposes stricter sanctions with administrative fines of at least €5,000,000 or 10% of total annual turnover. The 4th AML directive directs all EU member states to transpose the directive into local law by June 2017. To ensure compliance with the 4th AML directive, we have established a specifically-designed initiative, the AML Project, and appointed a group AML officer to monitor transposition of the 4th AML Directive, coordinate implementation of required solutions for new client due diligence measures and ensure ongoing monitoring of clients and their transactions. We are also in the process of enhancing the client screening against sanctions lists by implementing advanced IT solutions as part of the AML Project objectives.

Regulatory Licenses

Debt Collection

In several of the countries where we operate and provide debt collection services, debt collection is a regulated area and companies providing such services are subject to licensing or registration requirements. In these countries, the entity offering debt collection services has a license issued by, or is otherwise registered with, the relevant local authority. Although the relevant local authority varies by jurisdiction, normally it is the national financial supervisory authority, police commissioner, data inspection authority, regional state administrative agency or, in some cases, the national association for debt collection companies.

Purchased Debt

Our debt purchasing operations in certain subsidiaries subjects us to various licensing, registration and permit regimes. Many jurisdictions deem debt purchasing as a financial undertaking or as providing credit services, and thus require debt purchasing companies to obtain approval from a local authority in order to operate their businesses. As these regulations are not based on EU legislation, each country has developed its own requirements relating to the investment in debt portfolios. In some cases, our entity is licensed as a financial undertaking by the local financial supervisory authority for purchasing debt portfolios from financial institutions and is required to hold a type of bank or credit license for its debt purchasing operations. In some jurisdictions, purchasing performing mortgages portfolios could trigger certain requirements, such as having to obtain a credit license, comply with AML measures or maintain a certain level of civil liability insurance.

Many countries specifically regulate the assignment of debt claims to other parties. For example, in Norway, such contracts can only be assigned without consent of the debtor to other financial institutions and Norwegian regulators can reject the transfer of a loan portfolio to non-financial institutions if the portfolio is of significance for any of the involved entities. Additionally, some jurisdictions make it more difficult for factoring contracts to be assigned. In most of the jurisdictions in which we operate, the court will refer to the contract in determining whether an assignment is allowed, but in some the courts will weigh special considerations favoring consumers in deciding whether to allow an assignment.

Consumer Credit Operations

Our consumer credit operations in various jurisdictions are subject to specific licensing or registration requirements by the respective regulatory bodies and supervision by consumer advocacy agencies. As a result of these consumer credit licenses, certain rules regarding ownership, ownership management and management assessment apply to us. These rules involve, among other things, that approval from the relevant authorities must be obtained prior to a shareholder acquiring shares that would bring the shareholder's direct or indirect holding of any of our license-holding entities to, or in excess of, certain thresholds or the shareholder otherwise obtaining a significant influence over the management of any of the license-holding entities. The entities subject to consumer license requirements often must comply with other requirements, such as having dedicated compliance and internal control resources or meeting capital adequacy requirements that are similar to those applicable to banks.

Internal Rules Framework

Process and Structure

Given the level of regulation to which we are subject, we have adopted, and will continue to adopt and implement following the Merger, best practice principles regarding our internal governance procedures and our regulatory requirements. This internal framework constitutes a set of minimum requirements to be observed within the Company to ensure we are operating in accordance with the law and maintaining high ethical standards. By outlining the applicable requirements and responsibilities, our goal is to remain in compliance with laws and regulations governing our business activities and, by so doing, reducing the risk of regulatory breach and subsequent reputational and financial impact on us.

We have enhanced our group-wide internal rules to improve adherence across all of our operations. These improvements include application of an "end-user perspective," division of our internal rules framework into three major blocks—how we run the Company, how we run our business and how we run our support functions—and instituting a stricter process in general for monitoring our operations and implementing rules.

Dedicated Ownership and Yearly Review

We designate so-called Group Owners to be responsible for monitoring and implementing group-wide rules. The Group Owner ensures that all relevant units and functions within the Company are informed about our policies. Typically, this is handled in a referral process whereby Group Owners distribute information on forthcoming, updated or new rules. Local entities use a similar structure and appoint Local Owners, who ensure that all relevant functions and units on the local level are informed about new rules and any changes to existing rules.

All group-wide internal rules are subject to annual review. The yearly review process is taking place in November and December of this year in order to take into account for any changes in the business plans that might have an impact on the governance structure. The proposed changes are presented to, and approved by, the CEO and/or the Board.

Yearly Follow-up on Implementation

Local compliance officers support the implementation of group-wide internal rules within local entities and follow up with yearly reports on how thoroughly they have been implemented. A rule-by-rule assessment is made based on pre-defined criteria and is checked by the local compliance officer. The assessment is signed by the local managing director and is transmitted to our group compliance team for analysis and reporting on the group level.

Compliance Procedures

Our policy regarding regulatory compliance defines, among other things, governing principles regarding identification of governing laws and regulations, delegation of compliance responsibilities, requirements on education and competence, monitoring, testing and documentation of regulatory compliance control measures. This instruction applies to all countries and operational units within the Company.

We have established a bank-style governance, applying the three lines of defense model, which positions us well for regulatory changes. The compliance function, along with the risk function, is part of the second line of defense and supports the implementation of compliance management procedures within the business and support functions as well as measures, monitors and reports on compliance risks.

All of our business entities have an appointed local compliance officer who reports on a regular basis to the local managing director and, secondarily, to the local board and the group compliance officer. The group compliance officer reports directly to the group's chief risk officer, and, secondarily, to the Board.

Risks Covered by the Compliance Procedures

The compliance activities are typically performed within the focus areas listed below. The focus areas for a specific business entity are adapted for the entity in question according to the size and complexity of its operations, its regulatory requirements and its identified risks.

- Treating customers fairly: focus on end-customer protection, fair debt collection practices, handling of client/customer complaints, safeguarding of customer/client assets, customer/client marketing, information and documentation;

- Regulatory licenses: permits, approvals and notifications required by any financial supervisory authority, data protection authority, company registrar, national bank or other similar entities;

- Internal governance: clear and documented organizational structure that specifies reporting lines, approval levels/mandates and functions, including the management of outsourced activities;

- Market conduct: customer/client confidentiality and integrity, disclosure of major shareholdings, gifts and entertainments and anti-bribery, market abuse, insider trading, anti-corruption and antitrust provisions;
- Conflicts of interest: shall be broadly interpreted to include relations with customers and clients, external assignments and board and management decisions;
- Anti-money laundering and terrorist financing: know your customer (KYC) procedures, monitoring customers and transactions, investigations and reporting requirements;
- Data protection: compliance with requirements from local data protection authorities and implementation of robust internal controls and routines.

Regulatory Watch

Each compliance officer monitors regulatory developments and informs relevant stakeholders, management and the board about the new regulatory requirements before they are effective and as soon as practically possible. The regulatory requirements applicable for each entity are documented in a so-called Regulatory Map.

Quarterly Reporting

Each local compliance officer submits quarterly compliance reports to the group compliance team that includes information on new rules and regulations, material compliance risks and a recommendation on the actions required for risk mitigation. It also contains any material communication with local authorities.

Risk Analysis

The compliance risks that are governed by our group compliance policy are assessed and documented on at least a yearly basis in a so-called Compliance Risk Map, which is maintained for all of our operational entities. The Compliance Risk Map forms the basis for our yearly compliance program, as further explained below.

Compliance Programs

All entities shall create their own compliance program and update it on a yearly basis. This program must contain support activities, such as training, information and compliance related projects, and monitoring and control activities related to the risk areas covered by our compliance policies. Our group compliance team also mandates particular support and control activities to be carried out by local entities.

Incident Handling and Escalation Procedures

Each compliance officer must report immediately to the local management, the local board and to the group compliance officer on any new, significant compliance risks, incident, issues or breaches or any significant regulatory visits, inspections, sanctions or material correspondence with authorities/regulators.

MANAGEMENT

The Issuer

The Issuer is a public limited liability company incorporated under the laws of Sweden. The registered place of business of the Issuer is Hesselmans Torg 14, Nacka, Sweden. As of the date hereof, the directors of the Issuer are Lars Lundquist (Chairman), Tore Bertilsson, Fredrik Trägårdh, Synnöve Trygg, Ulrika Valassi, Ragnhild Wiborg and Magnus Yngen.

On June 29, 2017, an annual general meeting of the Issuer is scheduled to appoint new board members. It is expected that the Lindorff Shareholders will nominate four Board members: Per E. Larsson (proposed Chairman), Hans Larson, Kristoffer Melinder and Andreas Näsvik. Four of Intrum Justitia's current Board members, Synnöve Trygg, Fredrik Trägårdh, Ragnhild Wiborg and Magnus Yngen (proposed Deputy Chairman), will be nominated for re-election. Lars Lundquist, Tore Bertilsson and Ulrika Valassi have declined re-election. The Company's Board will thus have eight members.

Management

On June 9, 2017, the Board of Intrum Justitia named Mikael Ericson and Erik Forsberg as CEO and CFO, respectively, of the Company as of and from the Completion Date. Intrum Justitia and Lindorff will continue to operate separately and be led by their respective management teams until the Completion Date. The full executive management team of the Company will be presented after the Completion Date, as will final decisions on the location and structure of corporate functions.

Mikael Ericson

Born: 1960
President and CEO
Member of Intrum Justitia's management team since March 2016

Principal education: Bachelor of Economics, Stockholm University.

Previous assignments/positions in the past five years: Head of International Banking at Danske Bank A/S. CEO of Carnegie Investment Bank AB.

Erik Forsberg

Born: 1971
CFO
Member of Intrum Justitia's management team since November 2011

Principal education: M.Sc. in Business Administration, Stockholm School of Economics.

Previous assignments/positions in the past five years: N/A.

Other Information on the Board of Directors and Company

All members of the Board of Directors and management of the Issuer may be contacted at the Issuer's address, Hesselmans Torg 14, Nacka, Sweden, or by telephone +46 8 546 102 02.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As of March 31, 2017, Intrum Justitia AB (publ)'s significant shareholders were as follows: SEB Funds, Jupiter Asset Management, Lannebo Funds, AMF Insurance & Funds, Odin Funds, TIAA – Teachers Advisors, BlackRock, Vanguard, AFA Insurance, Columbia Threadneedle, SHB Funds, BNP Paribas Investment Partners, Schroders, JP Morgan Asset Management and Standard Life who collectively controlled 43.7% of the Issuer's voting stock. The remaining voting stock was held by other public shareholders.

In connection with the Transactions, it is anticipated that Nordic Capital and certain minority shareholders of Lindorff will acquire approximately 45% of the total voting stock of the Issuer and that Nordic Capital will be the Issuer's largest shareholder.

Nordic Capital Funds

The Nordic Capital Funds are leaders within private equity investments in Northern Europe. Since inception in 1989, the Nordic Capital Funds have successfully raised close to €12.5 billion and in total made over 90 platform investments and more than 160 material add-on acquisitions. The Nordic Capital Funds invest in medium and large sized companies and support value creation in their investments through committed ownership and by targeting strategic development and operational improvements.

The Nordic Capital Funds have a long track record of making successful investments supported by close to 65 investment professional advisory team members spread out over 6 offices. The team also has extensive experience in the FIG space through its investments in Point International, Resurs Group and Bambora. The Lindorff investment has been made from Nordic Capital Fund VIII, which closed in December 2013 with total commitments of €3.5 billion. To date thirteen investments have been closed in Nordic Capital Fund VIII.

Shareholder Agreements

The Board is not aware of any existing shareholder agreements or other agreements aimed at joint influence over the Issuer, nor is the Board aware of any other agreements nor similar arrangements that may lead to a change of control over the Issuer.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of certain provisions of our indebtedness and certain financial arrangements to which the Company (as defined below) and certain of its subsidiaries are or will be a party. It does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility Agreement

Definitions

The following defined terms are used in this summary of the Revolving Credit Facility Agreement (as defined below). In addition, capitalized terms set forth and not otherwise defined in this section entitled "*—Revolving Credit Facility Agreement*" have the same meaning as set forth in the Revolving Credit Facility Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum:

"*Available Shareholder Amounts*" means, at any time, any amounts held by the Group (as defined below) which may, at that time, be paid to one or more of the Permitted Holders in accordance with the terms of the Revolving Credit Facility Agreement.

"*Closing Date*" means the date on which the Merger is completed.

"*Net Leverage Ratio*" means the Consolidated Leverage Ratio for any relevant period, provided that for the purposes of calculating the Consolidated Leverage Ratio, Consolidated Leverage shall be reduced by the aggregate amount of cash and cash equivalent investments at the relevant time of calculation.

"*New Equity*" means:

(a) a subscription for shares in, and any capital contributions to, the Company; and

(b) any other form of equity contribution to the Company previously agreed to by the facility agent (acting reasonably) in writing,

provided that no such subscription or contribution is made on or prior to the Closing Date.

"*Permitted Reorganization*" means (subject to certain provisions dealing with the release of Swedish transaction security):

(a) an acquisition by way of merger (not involving the Company) provided that the acquisition is not otherwise prohibited by any applicable restriction on the acquisition of third party businesses, undertakings or equity ownership interests in the limitation on restricted payments under the Revolving Credit Facility Agreement;

(b) an amalgamation, demerger, merger, consolidation, re-organization or corporate reconstruction of a member of the Group (not involving as its subject the Company) whether in relation to the business or assets or shares of that member of the Group or otherwise, in each case provided that:

    (i) such amalgamation, demerger, merger, consolidation, re-organization or corporate reconstruction is not otherwise prohibited by the terms of the Revolving Credit Facility Agreement; and

    (ii) if the business, assets or shares were the subject of security under the transaction security documents immediately prior to such amalgamation, demerger, merger, consolidation, re-organization or corporate reconstruction, then the finance parties will enjoy substantially similar security over the business, assets or shares (as relevant) following such transaction (taking into account the particulars of the amalgamation, demerger, merger, consolidation, re-organization or corporate reconstruction);

(c) any transaction, step or other matter not prohibited by the restrictions set out in the covenants in the Revolving Credit Facility Agreement;

(d) any other amalgamation, demerger, merger, consolidation or corporate reconstruction to which the majority lenders under the Revolving Credit Facility Agreement have given their consent;

(e) any step or other matter expressly set out in the structure memorandum prepared by Öhrlings PricewaterhouseCoopers AB in connection with the Merger; and

(f) any disposal required, indebtedness incurred, guarantee, indemnity or security given, or other transaction arising, under the senior finance documents.

"*Senior Pari Passu Notes*" means (i) the Notes and (ii) high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Revolving Credit Facility Agreement) any member of the Group which are notified to the security agent by the Company in writing as indebtedness to be treated as "Senior Pari Passu Notes" for the purposes of the Intercreditor Agreement.

"*Senior Pari Passu Notes Agreement*" means the Senior Pari Passu Notes Indenture and/or any other facility agreement, indenture or other equivalent document by which any Senior Pari Passu Notes Debt is made available or, as the case may be, issued, in each case as the context requires.

"*Senior Pari Passu Notes Debt*" means:

(a) any Indebtedness outstanding under any indenture in respect of the *Senior* Pari Passu Notes (the "*Senior Pari Passu Indenture Debt*"); and/or

(b) to the extent notified to the facility agent by the Company in writing as indebtedness to be treated as "Senior Pari Passu Notes Debt" for the purposes of the Revolving Credit Facility Agreement, any indebtedness outstanding under any debt securities, facilities or other financial instruments (including any exchange notes but excluding any facility or other instrument made available under the senior finance documents) issued or made available to refinance or replace, in whole or in part, the Senior Pari Passu Indenture Debt and/or the facilities under the Revolving Credit Facility Agreement (and, if applicable, to pay interest, fees, discounts, expenses, commissions, premium or other similar amounts payable under or in connection with such debt securities, facilities or other financial instruments, the Senior Pari Passu Indenture Debt and/or the facilities under the Revolving Credit Facility Agreement).

"*Senior Pari Passu Notes Documents*" each Senior Pari Passu Notes Agreement, any guarantee entered into under or in connection with a Senior Pari Passu Notes Agreement, and any other document designated as such by the Company and the trustee, agent or equivalent representative under the relevant Senior Pari Passu Notes Agreement, and any security document in respect of the Senior Pari Passu Notes.

"*Senior Pari Passu Notes Indenture*" means each indenture pursuant to which any Senior Pari Passu Notes are issued.

Overview and structure

On or prior to the issuance of the Notes, the Issuer (for the purposes of this section "*—Description of Other Indebtedness*", the "**Company**" and, for the purposes of this section "*—Description of Other Indebtedness*", the Company and its restricted subsidiaries, the "**Group**") and certain of its restricted subsidiaries will enter into a €1,100 million multicurrency revolving credit facility agreement (the "**Revolving Credit Facility Agreement**") with, among others, Swedbank AB (publ), as facility agent and security agent, and Danske Bank A/S, DNB Bank ASA, Nordea Bank AB (publ), Nykredit Bank A/S and Swedbank AB (publ), as lenders.

The revolving credit facility made available under the Revolving Credit Facility Agreement (the "**Revolving Credit Facility**") may be utilized by any current or future borrower under the Revolving

Credit Facility Agreement in euro, Swiss francs, sterling, Norwegian krone, Swedish krona, Danish krone or any other readily available and agreed currency by the drawing of cash advances or the issuance of letters of credit or ancillary facilities. The Revolving Credit Facility may be used to refinance certain existing indebtedness and related hedging agreements of the Group which are to be repaid and prepaid on the Closing Date, for financing or refinancing the working capital and general corporate purposes of the Group, including the Merger and any acquisition permitted or not prohibited by the Revolving Credit Facility Agreement (including, without limitation, any acquisition of debt portfolios to the extent permitted or not prohibited by the Revolving Credit Facility Agreement) but not for the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of the share capital of the Company.

In addition, the Company may elect to request additional facilities as additional tranches under the Revolving Credit Facility (the "**Additional Facility Commitments**"). The Company and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

The Revolving Credit Facility may be utilized from the Closing Date until the date falling 53 months after the Closing Date. The original borrowers under the Revolving Credit Facility are the Company and Lock AS.

Interest and fees

Loans under the Revolving Credit Facility Agreement will initially bear interest at rates per annum equal to, for loans denominated in euro, EURIBOR, for loans denominated in Norwegian krone, NIBOR, for loans denominated in Swedish krona, STIBOR, for loans denominated in Danish krone, CIBOR, or for loans denominated in any other currency, LIBOR, plus a margin of 3.00% per annum, subject to a margin ratchet based on the Net Leverage Ratio. The margin on any loans under an Additional Facility Commitment will be agreed between the Company and the relevant lenders.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Closing Date to the end of the availability period for the Revolving Credit Facility at a rate of 35% of the applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears, on the last date of availability of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. Default interest is calculated as an additional 1% on any overdue amount. The Company is also required to pay customary agency fees to the facility agent and the security agent in connection with the Revolving Credit Facility.

Repayments

Each advance is required to be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility are required to be repaid on the termination date, which is the date falling 54 months after the Closing Date. The termination date for a facility under an Additional Facility Commitment is the date agreed between the Company and the relevant lender(s) providing that Additional Facility Commitment (subject to certain parameters referred to in the Revolving Credit Facility Agreement). Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

Mandatory prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to minimum amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender:

(1) upon the occurrence of a change of control;

(for these purposes, "*change of control*" means at any time:

(i) any person or group of persons (other than Cidron 1748 S.à r.l or management team or any person directly or indirectly controlled by any of them) who does not currently control any member the Group acting in concert gains (directly or indirectly) control of the Company; or

(ii) the shares of the Company cease to be listed, traded or publicly quoted on NASDAQ Stockholm for any reason (excluding, for this purpose, any temporary suspension or limitation imposed on trading such shares which is remedied within three business days).

Where "*control*" of the Company or a member of the Group means ownership (directly or indirectly) of the issued shares in the Company or a member of the Group with the right to cast, or control the casting of, more than 30 per cent. of the maximum number of votes that might be cast at a general meeting of the Company or such member of the Group.

(2) upon the sale of all or substantially all of the assets of the Group (taken as a whole), to a person who is not a member of the Group.

Guarantees

The original guarantors under the Revolving Credit Facility are the Issuer and Lock AS. The Revolving Credit Facility Agreement requires that (subject to agreed security principles) certain entities as agreed between the Issuer and the lenders under the Revolving Credit Facility and each subsidiary of the Company that is a Material Company by reference to the original financial statements will, within 90 days following the Closing Date, become a guarantor under the Revolving Credit Facility Agreement.

Following any acquisition which is permitted or not prohibited by the terms of the Revolving Credit Facility Agreement and within 60 days of the closing date of such acquisition, the Revolving Credit Facility Agreement requires that (subject to agreed security principles) each subsidiary of the Company that is a Material Company (which definition includes, among other things, any member of the Group that has earnings before interest, tax, depreciation and amortization representing 5% or more of consolidated EBITDA of the Group or whose gross assets represent 5% or more of the consolidated gross assets of the Group and calculated by reference to the most recent annual financial statements of the Group as if such subsidiary had been a member of the Group on the relevant accounting date) will become a guarantor under the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement further requires that (subject to agreed security principles) as soon as practicable after any acquisition permitted thereunder in respect of any company that would become a Material Company (by reference to the most recent annual financial statements and calculated as though such company had been a member of the Group on the relevant annual accounting date) the relevant acquired company will be required to become a guarantor under the Revolving Credit Facility Agreement.

Furthermore, if on the last day of a fiscal year, the guarantors represent less than 80% of the consolidated EBITDA and consolidated gross assets of the Group (subject to certain exceptions), within 90 days of delivery of the annual financial statements for the relevant fiscal year, such other restricted subsidiaries of the Company (subject to agreed security principles) are required to become additional guarantors until the requirement is satisfied (to be calculated as if such additional guarantors had been guarantors on such last day of the relevant fiscal year).

Security

Any Material Company or other member of the Group which becomes a guarantor of the Revolving Credit Facility is required (subject to agreed security principles) to grant security over certain of its assets described therein in favor of the Security Agent.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, authorizations, no default, governing law and enforcement, insolvency, no misleading information, financial statements, no proceedings pending or threatened, compliance with environmental and other laws, center of main interests and establishments, *pari passu* ranking, acquisition documents, certain pre-closing covenants which apply only until immediately prior to the Closing Date, sanctions, money laundering and anti-corruption laws.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are set forth in the Indenture, with additional limitations on debt incurrence by guarantors and the aggregate amount of any Qualified Receivables Financing. In addition, the Revolving Credit Facility Agreement contains a financial covenant, see "*—Financial Covenant.*"

The Revolving Credit Facility Agreement also contains a "notes purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Company may not, and shall procure that no other member of the Group will repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Senior Pari Passu Notes Debt (or any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to the termination date in respect of the Revolving Credit Facility in any manner which involves the payment of cash consideration by any member of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments made with the proceeds of Available Shareholder Amounts, New Equity or Subordinated Shareholder Funding, payments following a change of control (provided that the Group is in compliance with its obligations described in "*—Mandatory prepayment*") and payments made in circumstances where the aggregate outstanding principal amount of Senior Pari Passu Notes Debt immediately following the relevant notes purchase (i) is or would exceed 50% of the aggregate original principal amount of the Senior Pari Passu Notes Debt which remain outstanding on or are issued by the Company on the Issue Date or (ii) is or would be less than 50% of the aggregate original principal amount of all classes of the Senior Pari Passu Notes Debt in existence on the Issue Date and the commitments under the Revolving Credit Facility are, or will be, at the time the notes purchase completes, cancelled in the same proportion as (y) the amount by which the aggregate principal amount then outstanding of the Senior Pari Passu Notes Debt is less than 50% of the aggregate original principal amount of all classes of Senior Pari Passu Notes Debt on the Issue Date of that class bears to (z) 50% of the original aggregate principal amount of the Senior Pari Passu Notes Debt on the Issue Date.

The Revolving Credit Facility Agreement also requires certain members of the Group to observe certain covenants, including covenants relating to:

- maintenance of authorizations;
- compliance with laws;
- maintenance of guarantor and security coverage (including as described above) and further assurances;
- maintenance of insurance;

- payment of taxes;
- preservation of assets;
- center of main interests and establishments;
- anti-corruption laws;
- compliance with sanctions;
- ensuring the maturity of the Senior Pari Passu Notes is no earlier than six months after the termination date in respect of the Revolving Credit Facility;
- maintenance of *pari passu* ranking of the Revolving Credit Facility; and
- certain pre-closing covenants which apply only until immediately prior to the Closing Date.

The Revolving Credit Facility Agreement contains an information covenant under which, among other things, the Company is required to deliver to the facility agent annual financial statements, quarterly financial statements and compliance certificates.

Financial covenant

Subject to the paragraph below, the Revolving Credit Facility Agreement requires the Company to comply with a Drawn Super Senior Leverage Ratio (defined as the ratio of the aggregate principal amount outstanding under each utilization under the Revolving Credit Facility and each additional facility (including in each case, the amount outstanding under any letter of credit to the extent such letter of credit is drawn or a claim has been made thereunder by the relevant beneficiary), together with all ancillary outstandings (but excluding the aggregate amount of all accrued interest, fees and commissions in respect of such utilizations, additional facilities and ancillary outstandings) ("*Drawn Super Senior Indebtedness*") at such date to Consolidated EBITDA for the period of the most recent four consecutive financial quarters).

The financial covenant shall only be tested from a date not earlier than the last day of the second full financial quarter following the Closing Date, only to the extent that a utilization has been requested and, at any time during the financial quarter ending on the most recent quarter date, the aggregate amount of all outstanding utilizations and ancillary outstandings under the Revolving Credit Facility was equal to or greater than 30% of the total commitments on such quarter date. The Drawn Super Senior Leverage Ratio for any relevant period shall not exceed 2.0:1.0.

The Company is permitted to prevent or cure breaches of the Drawn Super Senior Leverage Ratio by applying any cure amount (being amounts received by the Company in cash pursuant to any new equity or permitted subordinated debt) as if Drawn Super Senior Indebtedness had been reduced by such amount. The portion of such cure amount used to cure a failure to satisfy the Drawn Super Senior Leverage Ratio is not required to be applied in prepayment of the Revolving Credit Facility and no such cure amount shall be taken into account for the purposes of the calculation of Consolidated EBITDA. No more than five cure amounts may be taken into account during the term of the Revolving Credit Facility and different cure amounts may not be taken into account in successive financial quarters.

Events of default

The Revolving Credit Facility contains equivalent events of default, with certain adjustments, as those applicable to the Senior Pari Passu Notes as set forth in the section entitled "*—Description of the Notes—Events of Default.*" In addition, the Revolving Credit Facility contains the following events of default:

- failure to satisfy the Drawn Super Senior Leverage Ratio (when tested);

- cross default if a creditor of any member of the Group becomes entitled to declare any indebtedness in an aggregate amount exceeding €55 million of any obligor due and payable prior to its specified maturity as a result of an event of default;
- inaccuracy of a representation or statement when made;
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility if not remedied within 20 business days; and
- failure by a party to the Intercreditor Agreement (other than a finance party) to comply with the provisions of or perform its obligations under the Intercreditor Agreement in any material respect, if not remedied with 20 business days.

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Company and certain other restricted subsidiaries of the Company (together with the Company, the "**Debtors**") will enter into the Intercreditor Agreement with, among others, the Security Agent, the lenders under our Senior Facilities Agreement, the senior agent under our Senior Facilities Agreement (the "**Senior Facility Agent**") and Citibank, N.A., London Branch (the "**Senior Pari Passu Notes Trustee**"). The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Capitalized terms set forth and used in this section entitled "—*Intercreditor Agreement*" have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

Definitions

The following defined terms are used in this summary of the Intercreditor Agreement:

"*Available Shareholder Amounts*" means, at any time, any amounts held by the Group which may, at that time, be paid to one or more of the permitted holders in accordance with the terms of the Senior Facilities Agreement.

"*Distress Event*" means, following an acceleration in accordance with the terms of any Secured Debt Document (as defined below):

(a) prior to the Senior Discharge Date, any of the Senior Facility Agent, Senior Pari Passu Notes Trustee or a Senior Secured Creditor Representative declaring that a "Distress Event" has occurred; and

(b) on or after the Senior Discharge Date any of the Senior Subordinated Notes Trustee or a Senior Subordinated Creditor Representative declaring that a "Distress Event" has occurred.

"*Financial Adviser*" means any:

(a) independent internationally recognized investment bank;

(b) independent internationally recognized accountancy firm; or

(c) other independent internationally recognized professional services firm which is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sales processes.

"*Financing Vehicle*" means a member of the Group which:

(a) has been established solely for the purpose of incurring or issuing indebtedness in the form of loans or securities and on-lending the proceeds of such indebtedness to a member of the Group; and

(b) does not own any shares or equivalent ownership interests in a member of the Group which is a Subsidiary of an issuer or, as the case may be, a borrower of any outstanding Senior Pari Passu Notes or outstanding Permitted Senior Secured Financing Debt.

"*Hedge Counterparty*" means any person that executes or accedes to the Intercreditor Agreement as a Hedge Counterparty.

"*Hedging Liabilities*" means the liabilities owed by any Debtor to the Hedge Counterparties under or in connection with the hedging agreements, provided that the Hedging Liabilities of any Debtor shall not include any excluded swap obligations of such Debtor.

"*Instructing Group*" means at any time:

(a) prior to the Senior Discharge Date:

(i) in relation to any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action (as defined below):

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the Total Senior Instructing Group Credit Participations at that time (provided that the principal amount of outstanding Senior Pari Passu Notes Liabilities which are not expressed to be secured by such transaction security shall be disregarded for the purpose of calculating the Senior Secured Credit Participations); and/or

(B) prior to the Senior Lender Discharge Date, the Majority Senior Super-Priority Creditors,

in each case as applicable in accordance with the provisions set out under the caption "—*Manner of enforcement*"; or

(ii) in relation to any other matter:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the Total Senior Instructing Group Credit Participations at that time; and

(B) prior to the Senior Lender Discharge Date, the Majority Senior Super-Priority Creditors; and

(b) on or after the Senior Discharge Date but before the Senior Subordinated Discharge Date, and subject always to the provisions set out under the caption "—*Restrictions on Enforcement by Senior Subordinated Creditors*," the Majority Senior Subordinated Creditors.

"*Intra-Group Liabilities*" means the liabilities owed by any Debtor to any intra-group lender in its capacity as such (for the avoidance of doubt, excluding any liabilities which are Senior Liabilities or Senior Subordinated Liabilities or Investor Liabilities).

"*Investors*" mean any person which becomes a party to the Intercreditor Agreement as an Investor in accordance with the terms of the Intercreditor Agreement.

"*Investor Documents*" means each document evidencing any loan made by an Investor to the Company or any of its subsidiaries or other indebtedness incurred by the Company or any of its subsidiaries to an Investor (and, prior to the Senior Discharge Date, by as the Company or any of its subsidiaries to an Investor) which would, save for exclusion of subordinated shareholder funding, constitute indebtedness.

"*Investor Liabilities*" means:

(a) the liabilities owed to the Investors by the Company or any of its subsidiaries under the Investor Documents (for the avoidance of doubt, excluding any liabilities which are Senior Liabilities or Senior Subordinated Liabilities); and

(b) any other liabilities owed to an Investor by the Company or any of its subsidiaries which have been notified to the Security Agent by that Investor and the Company in writing as liabilities to be treated as "Investor Liabilities" for the purposes of the Intercreditor Agreement,

provided that such person has not ceased to be an Investor pursuant to the terms of the Intercreditor Agreement.

"*Majority Senior Lenders*" means, at any time (subject to certain provisions related to restriction on debt purchase transactions, excluded commitments and disenfranchisement of defaulting lenders):

(a) a lender or lenders whose commitments aggregate at least 66 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated at least 66 per cent. of the Total Commitments immediately prior to that reduction); or

(b) in relation to a facility, a lender or lenders whose commitments under that facility aggregate at least 66 per cent. of the aggregate commitments of all lenders under that facility (the "*Total Facility Commitments*") (or, if the Total Facility Commitments have been reduced to zero, aggregated at least 66 per cent. of the Total Facility Commitments immediately prior to that reduction). "*Majority Senior Subordinated Creditors*" means, at any time, those Senior Subordinated Creditors whose Senior Subordinated Credit Participations at that time aggregate more than 50.1% of the total aggregate amount of all Senior Subordinated Credit Participations at that time.

"*Majority Senior Super Priority Creditors*" means, at any time, those Super Priority Creditors whose Super Priority Credit Participations at that time aggregate more than 66 % of the total Super Priority Credit Participations at that time.

"*Non-Super Priority Hedge Counterparty*" means a Hedge Counterparty which is a creditor to the extent of its Non Super Priority Hedging Liabilities.

"*Non-Super Priority Hedging Liabilities*" means any Hedging Liabilities which are not Super Priority Hedging Liabilities in accordance with the Intercreditor Agreement.

"*Permitted Senior Secured Financing Agreement*" means, in relation to any Permitted Senior Secured Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Senior Secured Financing Debt is made available or, as the case may be, issued.

"*Permitted Senior Secured Financing Creditors*" means, in relation to any Permitted Senior Secured Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Secured Financing Debt from time to time (including the applicable Senior Secured Creditor Representative).

"*Permitted Senior Secured Financing Debt*" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Company in writing as indebtedness to be treated as "Permitted Senior Secured Financing Debt" for the purposes of the Intercreditor Agreement; provided that: (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Senior Secured Financing Debt have agreed to become a party to the Intercreditor Agreement in each case to the extent not already a party in that capacity.

"*Permitted Senior Secured Financing Documents*" means, in relation to any Permitted Senior Secured Financing Debt, the Permitted Senior Secured Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Secured Financing Agreement and any other document or instrument relating to that Permitted Senior Secured Financing Debt and designated as such by the Company and the Senior Secured Creditor Representative under that Permitted Senior Secured Financing Debt.

"*Permitted Senior Secured Financing Liabilities*" means all liabilities of any Debtor to any Permitted Senior Secured Financing Creditor under or in connection with the Permitted Senior Secured Financing Documents.

"*Permitted Subordinated Financing Agreement*" means, in relation to any Permitted Subordinated Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Subordinated Financing Debt is made available or, as the case may be, issued.

"*Permitted Subordinated Financing Creditors*" means, in relation to any Permitted Subordinated Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Subordinated Financing Debt from time to time (including the applicable Senior Subordinated Creditor Representative).

"*Permitted Subordinated Financing Debt*" means any indebtedness incurred by the Company which is notified to the Security Agent by the Company in writing as indebtedness to be treated as "Permitted Subordinated Financing Debt" for the purposes of the Intercreditor Agreement; provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Subordinated Financing Debt have agreed to become a party to the Intercreditor Agreement, in each case unless already a party in that capacity.

"*Permitted Subordinated Financing Discharge Date*" means the first date on which all Permitted Subordinated Financing Liabilities have been fully and finally discharged (if applicable, including by way of defeasance permitted in accordance with the Permitted Subordinated Financing Documents), whether or not as a result of an enforcement, and the Permitted Subordinated Financing Creditors are under no further obligation to provide any financial accommodation to any of the Debtors under the Permitted Subordinated Financing Documents.

"*Permitted Subordinated Financing Documents*" means, in relation to any Permitted Subordinated Financing Debt, the Permitted Subordinated Financing Agreement, any fee letter entered into under or in connection with the Permitted Subordinated Financing Agreement and any other document or instrument relating to that Permitted Subordinated Financing Debt and designated as such by the Company and the Senior Subordinated Creditor Representative in respect of that Permitted Subordinated Financing Debt.

"*Permitted Subordinated Financing Liabilities*" means all liabilities of any Debtor to any Permitted Subordinated Financing Creditors under or in connection with the Permitted Subordinated Financing Documents.

"*Primary Creditors*" means the Senior Secured Creditors and the Senior Subordinated Creditors.

"*Public Auction*" means a public auction or other competitive sale process in which more than one bidder participates or is invited to participate, which may or may not be conducted through a court or other legal proceeding, and which is conducted with the advice of a Financial Adviser and further provided that, in the case of any competitive sales process other than a public auction, an invitation to participate in such sales process is extended to the Senior Subordinated Notes Trustee at the same time as any other bidders (subject to the Senior Subordinated Notes Trustee having signed all relevant confidentiality undertakings or release letters relating to the sales process and any information to be disclosed to potential bidders).

"*Recoveries*" means all amounts from time to time received or recovered by the Security Agent pursuant to the terms of the debt documents following the occurrence of a Distress Event or in connection with the realization or enforcement of all or any part of the security.

"*Senior Credit Participations*" means, in relation to a Senior Creditor, the aggregate of:

(a) its aggregate Senior Commitments (whether drawn or undrawn), if any; and

(b) in respect of any hedging transaction of that Senior Creditor under any hedging agreement that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount, if any, payable to it under any hedging agreement in respect of that termination or close out as of the date of termination or close out (and before taking into account any interest accrued on that amount since the date of termination or close out) to the extent that amount is unpaid (that amount to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant hedging agreement); and

(c) in respect of any hedging transaction of that Senior Creditor under any hedging agreement that has, as of the date the calculation is made, not been terminated or closed out:

  (i) if the relevant hedging agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or

  (ii) if the relevant hedging agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that hedging agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that hedging agreement for which the relevant Debtor is in a position similar in meaning and effect (under that hedging agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

  that amount, in each case, to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant hedging agreement.

"*Senior Creditors*" means the Senior Lenders and the Hedge Counterparties.

"*Senior Distress Event*" means, following the occurrence of an acceleration event which is continuing, any of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), a Senior Pari Passu Notes Trustee (acting on behalf of the holders of the Senior Pari Passu Notes) or a Senior Secured Creditor Representative (to the extent expressly permitted by the relevant Permitted Senior Secured Financing Agreement and acting on the instructions the Majority Permitted Senior Secured Financing Creditors) declaring by written notice to the Security Agent, each other Agent and the Company that a "Senior Distress Event" has occurred.

"*Senior Facilities Agreement*" means the Revolving Credit Facility Agreement.

"*Senior Facility*" means the Revolving Credit Facility.

"*Senior Instructing Group Creditors*" means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Super-Priority Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders).

"*Senior Lenders*" means each lender under the Senior Facilities Agreement, together with each issuing bank and ancillary lender under the Senior Facilities finance documents

"*Senior Lender Discharge Date*" means the first date on which all Senior Lender Liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the Senior Facilities finance documents.

"*Senior Pari Passu Noteholders*" means the registered holders from time to time of the applicable Senior Pari Passu Notes, as *determined* in accordance with the relevant Senior Pari Passu Notes Indenture(s).

"*Senior Pari Passu Notes*" means (i) the Notes and (ii) high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Senior Facilities Agreement) any member of the Group (defined above) which are notified to the security agent by the Company in writing as indebtedness to be treated as "Senior Pari Passu Notes" for the purposes of the Intercreditor Agreement.

"*Senior Pari Passu Notes Creditors*" means the Senior Pari Passu Noteholders and each Senior Pari Passu Notes Trustee.

"*Senior Pari Passu Notes Liabilities*" means the liabilities owed by the Debtors to the Senior Pari Passu Notes Finance Parties under the Senior Pari Passu Notes finance documents (excluding any amounts in respect of costs and expenses payable to a Senior Pari Passu Notes Trustee or any adviser, received, delegate, attorney, agent or appointee thereof under the Senior Pari Passu Notes finance documents).

"*Senior Pari Passu Notes/Permitted Financing Credit Participations*" means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Pari Passu Note holders and the Permitted Senior Secured Financing Creditors.

"*Senior Secured Credit Participation*" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Pari Passu Notes Creditor, to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from any transaction security, the principal amount of outstanding Senior Pari Passu Notes Liabilities held by that Senior Pari Passu Noteholder; and

(c) in relation to a Permitted Senior Secured Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Secured Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Secured Financing Debt held by that Permitted Senior Secured Financing Creditor (as applicable and without double counting).

"*Senior Secured Creditors*" means the Super Priority Creditors, the Non-Super Priority Hedge Counterparties, the Senior Pari Passu Notes Creditors (to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from any transaction security) and/or the Permitted Senior Secured Financing Creditors, as the context requires.

"*Senior Secured Creditor Representative*" means in relation to any Permitted Senior Secured Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Secured Financing Debt.

"*Senior Subordinated Agent*" means any Senior Subordinated Notes Trustee and/or any Senior Subordinated Creditor Representative, as the context requires.

"*Senior Subordinated Credit Participation*" means:

(a) in relation to a Senior Subordinated Note holder, the principal amount of outstanding Senior Subordinated Notes liabilities held by that Senior Subordinated Note holder; and

(b) in relation to a Permitted Subordinated Financing Creditor, the aggregate amount of its commitments under each Permitted Subordinated Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Subordinated Financing Debt held by that Permitted Subordinated Financing Creditor (as applicable and without double counting).

"*Senior Subordinated Creditors*" means the Senior Subordinated Notes Creditors and any Permitted Subordinated Financing Creditors.

"*Senior Subordinated Creditor Representative*" means, in relation to any Permitted Subordinated Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Subordinated Financing Debt.

"*Senior Subordinated Debt Issuer*" means, in relation to any Senior Subordinated Notes or Permitted Subordinated Financing Debt, to the extent not prohibited by the Senior Facilities Agreement, a member of the Group which is the Issuer or, as the case may be, the borrower of those Senior Subordinated Notes or that Permitted Subordinated Financing Debt, provided that no member of the Group which is a Subsidiary of an issuer or, as the case may be, a borrower of any outstanding Senior Pari Passu Notes or outstanding Permitted Senior Secured Financing Debt (other than a Subsidiary which is a Financing Vehicle) may be a Senior Subordinated Debt Issuer.

"*Senior Subordinated Discharge Date*" means the first date on which each of the Senior Subordinated Notes Discharge Date and the Permitted Subordinated Financing Discharge Date has occurred.

"*Senior Subordinated Guarantor*" means any member of the Group (other than the Senior Subordinated Debt Issuer) which guarantees the Senior Subordinated Notes.

"*Senior Subordinated Liabilities*" means the liabilities owed by the Debtors to the Senior Subordinated Notes finance parties under the Senior Subordinated Notes finance documents (excluding any amounts in respect of costs and expenses payable to a Senior Subordinated Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof under the Senior Subordinated Notes finance documents) and any Permitted Subordinated Financing Liabilities.

"*Senior Subordinated Notes*" means any high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by the Company or (to the extent not prohibited by the Senior Facilities Agreement) the any member of the Group (defined below) which are notified to the security agent by the Company in writing as indebtedness to be treated as "Senior Subordinated Notes" for the purposes of the Intercreditor Agreement

"*Senior Subordinated Notes Creditor*" means the Senior Subordinated Note holders and the Senior Subordinated Notes Trustee.

"*Senior Subordinated Notes Discharge Date*" means the first date on which all the Senior Subordinated Notes liabilities have been fully and finally discharged, including by way of defeasance permitted in accordance with the Senior Pari Passu Notes finance documents, whether or not as the result of an enforcement.

"*Senior Subordinated Notes Only Security*" means the share pledge granted or to be granted in favor of the Senior Subordinated Note holders represented by the Security Agent in respect of the shares in the Senior Subordinated Debt Issuer.

"*Senior Subordinated Notes Trustee*" any entity acting as trustee under any issue of Senior Subordinated Notes.

"*Shared Security*" means any security which, at the election of the Company, is to secure all or any part of the Senior Subordinated Liabilities.

"*Subordinated Creditors*" means the creditors in respect of Investor Liabilities and Intra-Group Liabilities.

"*Super Priority Creditors*" means the Senior Lenders and the Super Priority Hedge Counterparties.

"*Super Priority Credit Participation*" means, in relation to a Super Priority Creditor, the aggregate of:

(a) its aggregate Senior Commitments (whether drawn or undrawn), if any; and

(b) in respect of any hedging transaction of that Senior Creditor under any hedging agreement documenting a Super Priority Hedging Liability that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount, if any, payable to it under the relevant hedging agreement in respect of that termination or close out as of the date of termination or close out (and before taking into account any interest accrued on that amount since the date of termination or close out) to the extent that amount is unpaid (that amount to be certified by the relevant Super Priority Hedge Counterparty and as calculated in accordance with the relevant hedging agreement); and

(c) in respect of any hedging transaction of that Senior Creditor under any hedging agreement documenting a Super Priority Hedging Liability that has, as of the date the calculation is made, not been terminated or closed out:

    (i) if the relevant hedging agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or

    (ii) if the relevant hedging agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that hedging agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that hedging agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that hedging agreement for which the relevant Debtor is in a position similar in meaning and effect (under that hedging agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

that amount, in each case, to be certified by the relevant Super Priority Hedge Counterparty and as calculated in accordance with the relevant Super Priority Hedging Agreement.

"*Super Priority Hedging Liabilities*" means the interest rate hedging liabilities, the currency hedging liabilities and/or, the other hedging liabilities, as the case may be, in each case which have been allocated as Super Priority Hedging Liabilities in accordance with the Intercreditor Agreement.

"*Super Priority Hedge Counterparty*" means a Hedge Counterparty to the extent of its Super Priority Hedging Liabilities.

"*Total Commitments*" means the aggregate of the Original Facility Commitments, being €1,100,000,000 as at the date of the Senior Facilities Agreement and all additional facility commitments.

"*Total Senior Instructing Group Credit Participations*" means:

(a) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Super Priority Creditors); and

(b) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders).

"*Total Senior Secured Credit Participations*" means the aggregate of all the Senior Secured Credit Participations at any time.

Ranking and priority

Priority of debts

Subject to the provisions set out in the caption "*—Senior Subordinated Liabilities and security*" below, the Intercreditor Agreement provides that the liabilities owed by the Debtors (other than any Senior Subordinated Debt Issuer to the extent relating to liabilities in respect of Senior Subordinated Notes and/or Permitted Subordinated Financing Debt where that Senior Subordinated Debt Issuer is the issuer or the borrower) to the creditors in relation to the Senior Facilities, certain hedging obligations, the Senior Pari Passu Notes, the Senior Subordinated Notes, the Permitted Senior Secured Financing Debt and the Permitted Subordinated Financing Debt (the "*Primary Creditors*") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders, issuing banks and ancillary lenders under the Senior Facility (each a "**Senior Lender**" and such liabilities the "**Senior Lender Liabilities**"), the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities, amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them; and

- second, the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities *pari passu* between themselves and without any preference between them.

The liabilities owed by a Senior Subordinated Debt Issuer to the Senior Subordinated Creditors shall rank *pari passu* in right and priority of payment without any preference among them.

Priority of security

The Intercreditor Agreement provides that the transaction security (other than the Shared Security) shall secure the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities (to the extent not already included in the Senior Lender Liabilities), agent liabilities (other than due to any senior agent), arranger liabilities (other than due to the senior arranger), Security Agent liabilities, amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them (but only to the extent that such transaction security is expressed to secure those liabilities.

The Intercreditor Agreement provides that the transaction security shall secure the Liabilities (but only to the extent that such Shared Security is expressed to secure those liabilities) in the following order:

- first, the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities, the Permitted Senior Secured Financing Liabilities, the Hedging Liabilities (to the extent not already included in the Senior Lender Liabilities), amounts due to the Senior Pari Passu Notes Trustee and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without any preference between them; and

- second, the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities *pari passu* between themselves and without any preference between them.

The Intercreditor Agreement provides that the Senior Subordinated Notes Only Security shall secure the Senior Subordinated Notes liabilities, the Permitted Subordinated Financing Liabilities and amounts due to the Senior Subordinated Notes Trustee *pari passu* and without preference between them.

Senior Subordinated Liabilities and security

The Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities owed by a Senior Subordinated Debt Issuer are senior obligations of the Senior Subordinated Debt Issuer. Notwithstanding the preceding sentence, until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Pari Passu Notes Liabilities (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) and the Permitted Senior Secured Financing Liabilities have been discharged (the "*Senior Discharge Date*"), creditors in relation to the Senior Subordinated Notes Liabilities and the Permitted Subordinated Financing Liabilities may not take any steps to appropriate the assets of a Senior Subordinated Debt Issuer subject to the security documents in connection with any Enforcement Action (as defined below), other than as expressly permitted by the Intercreditor Agreement.

Intra-Group liabilities and investor liabilities

The Intercreditor Agreement provides that the intra-group liabilities of the Group and the liabilities of the Group to an investor are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

Additional and/or refinancing debt

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may, to the extent not prohibited by any agreements governing the terms of the liabilities owed to the Primary Creditors incur incremental borrowing liabilities (including guarantees of such liabilities) or refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

The creditors under the Intercreditor Agreement undertake in the Intercreditor Agreement (at the cost of the Debtors) to co-operate with the Company and the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security to take place in a timely manner. In particular, each of the secured parties authorizes and directs each of its respective agents and the Security Agent to execute any amendment to the Intercreditor Agreement and such other debt documents required by the Company to reflect, enable and/or facilitate any such arrangements.

Restrictions relating to senior secured liabilities

The Company and the Debtors may make payments of the Senior Liabilities (defined below) and the Senior Pari Passu Notes Trustee Amounts at any time, provided that following the occurrence of a Senior Distress Event or a Senior Payment Default (defined below) which is continuing where the unpaid amount exceeds € 15 million (or the equivalent in any optional currency), no Debtor may make payments of senior secured liabilities except for Recoveries distributed in accordance with the provisions set out under the caption "*—Application of proceeds.*"

The Intercreditor Agreement provides that the Senior Secured Creditors (as defined below), the Company and the Debtors may at any time amend or waive the terms of the finance documents in relation to the Senior Facility, the Senior Pari Passu Notes and the Permitted Senior Secured Financing Debt in accordance with their respective terms from time to time (and subject only to any consent required under them).

Security and guarantees: senior secured creditors

Any Senior Secured Creditor (and/or any other person acting on behalf of any of them) (in the case of any Senior Pari Passu Notes Creditor, to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) may take, accept or receive the benefit of:

(i) any security from any member of the Group in respect of any of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Financing Liabilities in addition to the common transaction security provided that, to the extent legally possible and subject to certain agreed security principles:

(A) the security provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(B) all amounts actually received or recovered by any Senior Secured Creditor with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of proceeds;*"

(C) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors;*" and

(D) only to the extent required by the relevant Debt Financing Agreement (as defined below), such security is offered to the other secured parties in respect of their liabilities and rank in the same order as set out under the caption "*—Priority of security;*"

(ii) any guarantee, indemnity or other assurance against loss from any member of the Group (other than from the Senior Subordinated Debt Issuer) regarding any of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Financing Liabilities in addition to those in:

(A) the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Secured Financing Document;

(B) the Intercreditor Agreement; or

(C) any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the senior secured parties in respect of their secured obligations;

provided that, to the extent legally possible, and subject to certain agreed security principles,

(I) the guarantee provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(II) such guarantee, indemnity or assurance against loss is expressed to be subject to the Intercreditor Agreement; and

(III) only to the extent required by the relevant Debt Financing Agreement, such guarantee, indemnity, or other assurance against loss is also offered to the other secured parties in respect of their liabilities and such guarantee, indemnity or assurance ranks in the same order as set out under the caption "*—Priority of debts.*"

This provision does not require any security or guarantee to be granted in respect of the Senior Pari Passu Notes or the Senior Subordinated Notes, unless required pursuant to the terms of the Senior Pari Passu Notes Indenture or the Senior Subordinated Notes Indenture (as the case may be).

Restriction on enforcement: senior lenders and senior pari passu notes creditors

The Intercreditor Agreement provides that none of the Senior Lenders, the Senior Pari Passu Note holders (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) or any Permitted Senior Secured Financing Creditors may take certain Enforcement Action (as defined below) without the prior written consent of an Instructing Group.

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (an "*Insolvency Event*") in relation to a Debtor, each Senior Lender, Senior Pari Passu Note holder (only to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from that such Security or guarantee, indemnity or other assurance against loss) and/or Permitted Senior Secured Financing Creditor may, to the extent it is able to do so under the relevant debt documents, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for liabilities owing to it (but a Senior Secured Creditor may not direct the Security Agent to enforce the security in any manner).

Option to Purchase: Senior Secured Creditors

Senior Pari Passu Note holders holding at least a simple majority of the Senior Pari Passu Notes liabilities or Permitted Senior Secured Financing Creditors holding at least a simple majority of the Permitted Senior Secured Financing Liabilities (the "**Senior Secured Acquiring Creditors**") may, after the occurrence of an acceleration event which is continuing, by giving not less than ten (10) days' notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the applicable transfer provisions of the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities (a "**Senior Liabilities Transfer**") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement;

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement are complied with, other than:

 (A) any requirement to obtain the consent of, or consult with, a member of the Group in relation to such transfer, which consent or consultation shall not be required; and

 (B) to the extent to which all the Senior Secured Acquiring Creditors provide cash cover for any letter of credit, the consent of the relevant letter of credit issuing bank relating to such transfer;

(iii) the Senior Facility Agent, on behalf of the Senior Lenders, is paid an amount equal to the aggregate of:

 (A) any amounts provided as cash cover by the Senior Secured Acquiring Creditors for any letter of credit (as envisaged in paragraph (ii)(B) above);

 (B) all of the Senior Lender Liabilities at that time (whether or not due), including all amounts that would have been payable under the Senior Facilities Agreement if the Senior Facility were being prepaid by the relevant Debtors on the date of that payment; and

 (C) all costs and expenses (including legal fees) incurred by the Senior Facility Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer;

(iv) as a result of that transfer the Senior Lenders have no further actual or contingent liability to a Debtor under the Senior Facilities finance documents.

(v) an indemnity is provided from each of the Senior Secured Acquiring Creditors (other than any Senior Agent) or from another third-party acceptable to all the Senior Lenders in a form reasonably satisfactory to each Senior Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason;

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer; and

(vii) the Senior Subordinated Creditors have not exercised their rights to purchase as described under the provisions set out in the paragraph captioned "*—Option to Purchase: Senior Subordinated Creditors*" or, having exercised such rights, have not failed to complete the acquisition of the relevant Senior Secured Liabilities in accordance with such provisions.

Subject to the Intercreditor Agreement, the Senior Secured Acquiring Creditors may only require a Senior Liabilities Transfer if, at the same time, they require a transfer of the Hedging Liabilities in accordance with the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no Senior Liabilities Transfer may be required to be made.

At the request of a Senior Agent (on behalf of the Senior Secured Acquiring Creditors), the Senior Facility Agent shall notify that Senior Agent of the foregoing payable sums in connection with such transfer.

Restrictions relating to Senior Subordinated Creditors and Senior Subordinated Liabilities

Restriction on payment and dealings

The Intercreditor Agreement provides that following the occurrence of a Senior Distress Event which is continuing, no Debtor will make any payments of Senior Subordinated Debt except for Recoveries distributed in accordance with the provisions set out in the caption "*—Application of proceeds.*"

In addition, the Intercreditor Agreement provides that, until the Senior Discharge Date, no Senior Subordinated Guarantor shall (and the Company shall ensure that no member of the Group (other than the Senior Subordinated Debt Issuer) will):

(i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities except as permitted by the provisions set out below under the captions "*—Permitted Senior Subordinated Payments*," "*—Permitted Subordinated Enforcement*," and the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Senior Subordinated Notes or the Permitted Subordinated Financing Debt as permitted by the Intercreditor Agreement;

(ii) exercise any set-off against any Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities, except as permitted by the provisions set out in the caption "*—Permitted Subordinated Payments*" below, the provisions set out in the caption "*—Restrictions on Enforcement by Senior Subordinated Creditors*" below or the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below or by a refinancing of the Senior Subordinated Notes or the Permitted Subordinated Financing Debt as permitted by the Intercreditor Agreement; or

(iii) create or permit to subsist any security over any assets of any member of the Group or give any guarantee (and the Senior Subordinated Notes Trustee or Senior Subordinated Creditor Representative, as the case may be, may not, and no Senior Subordinated Creditor may, accept the benefit of any such security or guarantee from any member of the Group) for, or in respect of, any Senior Subordinated Notes liabilities or any Permitted Subordinated Financing Liabilities other than:

(a) guarantees by a member of the Group of any obligations of the Group under the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents;

(b) guarantees, the benefit of which is, to the extent legally possible and subject to the Agreed Security Principles, given to all secured parties in respect of their secured obligations;

(c) all or any of the Shared Security (provided that, for the avoidance of doubt, each of the parties agrees that the Shared Security shall rank and secure any Senior Subordinated Notes and any Permitted Subordinated Financing Debt as set out in "*—Ranking and Priority—Priority of security*");

(d) any other guarantee provided by a member of the Group (other than the Senior Subordinated Debt Issuer) or security (the "**Credit Support Provider**") provided that, to the extent legally possible:

(I) the Credit Support Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(II) all amounts actually received or recovered by the Senior Subordinated Notes Trustee, the Senior Subordinated Creditor Representative or the Senior Subordinated Creditors, as the case may be, with respect to any such guarantee shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of proceeds*";

(III) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors*";

(IV) only to the extent required by a relevant Debt Financing Agreement (as defined below), such security is also offered to the other secured parties in respect of the liabilities and ranks in the same order of priority as set out under the caption "*—Priority of security*";

(V) such guarantee is expressed to be subject to the Intercreditor Agreement; and

(VI) only to the extent required by a relevant Debt Financing Agreement (as defined below), such guarantee is also offered to the other secured parties in respect of the liabilities and ranks in the same order of priority as set out under the caption "*—Priority of debts*";

(e) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(I) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(II) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Senior Pari Passu Notes Liabilities and any Permitted Senior Secured Financing Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

in each case, without restricting the ability of the Senior Subordinated Notes Creditors or an agent acting on their enforcing the Senior Subordinated Notes Only Security as provided for under the relevant Senior Subordinated Notes finance documents.

Permitted senior subordinated payments

Prior to the Final Discharge Date, any member of the Group may make payments with respect to the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities if the permitted to do so by the paragraph below, provided that following the occurrence of a Distress Event, no Debtor may make payments of Senior Subordinated Notes or Permitted Subordinated Financing Debt except for Recoveries distributed in accordance with the provisions set out under the caption "—*Application of proceeds*," below.

Prior to the Senior Discharge Date, any member of the Group may make payments with respect to the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities then due in accordance with the finance documents in relation to the Senior Subordinated Notes and the Permitted Subordinated Financing Debt (such payments, collectively, the "**Permitted Senior Subordinated Payments**"):

(i) if:

- (a) the payment is of:
  - (I) any of the principal amount of the Senior Subordinated Notes liabilities and the Permitted Subordinated Financing Liabilities which is either (1) not prohibited from being paid by the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Secured Financing Agreement; or (2) paid on or after the final maturity date of the relevant Senior Subordinated Notes liabilities and Permitted Subordinated Financing Liabilities (subject to certain conditions); or
  - (II) any other amount which is not an amount of principal or capitalized interest;
- (b) no Senior Subordinated Payment Stop Notice (as defined below) is outstanding; and
- (c) no payment default under the Senior Facilities Agreement, the Senior Pari Passu Notes or the Permitted Senior Secured Financing Documents ("**Senior Payment Default**") has occurred and is continuing;

(ii) if the Majority Senior Lenders, the Senior Pari Passu Notes Trustee and the requisite majority of Permitted Senior Secured Financing Creditors or the Senior Secured Creditor Representative in respect of that Permitted Senior Secured Financing Debt (as applicable) (the "**Required Senior Consent**") give prior consent to that payment being made;

(iii) if the payment is of certain amounts due to the Senior Subordinated Notes Trustee for its own account;

(iv) if the payment is made by the relevant Senior Subordinated Guarantor and funded directly or indirectly with amounts which have not been received by that Senior Subordinated Guarantor from another member of the Group;

(v) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(vi) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents (including in relation to any reporting or listing requirements under such documents);

(vii) capitalization of accrued interest under the Senior Subordinated Notes finance documents on its scheduled date of capitalization;

(viii) the payment is of fees, costs and expenses reasonably incurred and documented of third party advisors incurred by the Senior Subordinated Creditors (including legal advice or other appropriate financial/restructuring advice) in an aggregate amount not exceeding €1 million;

(ix) following the occurrence of a Senior Event of Default or an event of default under the Senior Subordinated Notes finance documents (which is continuing), release or discharge of Senior Subordinated Liabilities in consideration for the issue of shares in the Senior Subordinated Debt Issuer or any holding company of the Senior Subordinated Debt Issuer and provided that no cash or cash equivalent payment is made in respect of the Senior Subordinated Liabilities.

(x) if the payment is funded directly or indirectly with Permitted Subordinated Financing Debt; or

(xi) if the payment is funded directly or indirectly with Available Shareholder Amounts, new equity or Permitted Subordinated Debt.

On or after the Senior Discharge Date, the Debtors may make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities in accordance with the Senior Subordinated Notes Indenture and the Permitted Subordinated Financing Documents, as applicable.

Payment blockage provisions

Until the Senior Discharge Date, except with the Required Senior Consent, no Senior Subordinated Guarantor shall make (and the Company shall procure that no other member of the Group shall make), and neither the Senior Subordinated Notes Trustee, any holder of Senior Subordinated Notes or the Permitted Subordinated Financing Creditors may receive from any other members of the Group (other than from the relevant Senior Subordinated Debt Issuer), any Permitted Senior Subordinated Payment (other than certain amounts due to the Senior Subordinated Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Subordinated Financing Debt) if:

(i) a Senior Payment Default is continuing; or

(ii) an event of default under the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture and/or any Permitted Senior Secured Financing Agreement (a "**Senior Event of Default**") (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Senior Pari Passu Notes Trustee and any Senior Secured Creditor Representative (together, the "*Senior Agents*") delivers a payment stop notice (a "**Senior Subordinated Payment Stop Notice**") specifying the event or circumstance in relation to that Senior Event of Default to the Company, the Security Agent, the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative until the earliest of:

    (A) the date falling 179 days after delivery of that Senior Subordinated Payment Stop Notice;

    (B) in relation to payments of the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities, if a Senior Subordinated Standstill Period (as defined below) is in effect at any time after delivery of that Senior Subordinated Payment Stop Notice, the date on which that Senior Subordinated Standstill Period expires;

    (C) the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture or any Permitted Senior Financing Agreement (as applicable);

    (D) the date on which the Senior Agent which delivered the relevant Senior Subordinated Payment Stop Notice delivers a notice to the Company, the Security Agent, the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative cancelling the Senior Subordinated Payment Stop Notice;

    (E) the Senior Discharge Date; and

(F) the date on which the Security Agent, the Senior Subordinated Notes Trustee or any Senior Subordinated Creditor Representative takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Notwithstanding the above, a Senior Subordinated Payment Stop Notice shall not prevent the following payments:

(i) capitalization of accrued interest under the Senior Subordinated Notes finance documents on its scheduled date of capitalization;

(ii) fees, costs and expenses reasonably incurred and documented of third party advisors incurred by the Senior Subordinated Creditors (including legal advice or other appropriate financial/restructuring advice) in an aggregate amount not exceeding €1 million; and

(iii) following the occurrence of a Senior Event of Default or an event of default under the Senior Subordinated Notes finance documents (which is continuing), release or discharge of Senior Subordinated Liabilities in consideration for the issue of shares in the Senior Subordinated Debt Issuer or any holding company of the Senior Subordinated Debt Issuer and provided that no cash or cash equivalent payment is made in respect of the Senior Subordinated Liabilities.

Unless the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative waive this requirement, (i) a new Senior Subordinated Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Subordinated Payment Stop Notice; and (ii) no Senior Subordinated Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Subordinated Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agents to issue a Senior Subordinated Payment Stop Notice in respect of any other event or set of circumstances. No Senior Subordinated Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the Senior Agents (as defined below) at the time at which an earlier Senior Subordinated Payment Stop Notice was issued.

Any failure to make a payment due under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents as a result of the issue of a Senior Subordinated Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in the Senior Subordinated Notes Indenture or any Permitted Subordinated Financing Documents, as applicable) as a consequence of that failure to make a payment in relation to the relevant Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Documents; or (ii) the issue of a Senior Subordinated Enforcement Notice (as defined below) on behalf of the Senior Subordinated Creditors.

Payment obligations and capitalization of interest continue

Neither the relevant Senior Subordinated Guarantor nor any other Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document by the operation of the provisions set out under each section above under the caption "—*Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document shall continue notwithstanding the issue of a Senior Subordinated Payment Stop Notice.

Cure of payment stop

If:

(i) at any time following the issue of a Senior Subordinated Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Subordinated Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(ii) the relevant Senior Subordinated Guarantor or the relevant Debtor then promptly pays to the Senior Subordinated Creditors an amount equal to any payments which had accrued under the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Document and which would have been Permitted Senior Subordinated Payments but for that Senior Subordinated Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived, and any Senior Subordinated Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Senior Subordinated Creditors or any other Creditor.

Restrictions on amendments and waivers

The Intercreditor Agreement provides that the Senior Subordinated Creditors, the Senior Subordinated Debt Issuers and the other Debtors may amend or waive the terms of the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents in accordance with their terms at any time (and subject only to any consent required under them).

Restrictions on enforcement by senior subordinated creditors

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group:

(i) no Senior Subordinated Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and

(ii) no Senior Subordinated Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Subordinated Notes finance documents and/or Permitted Subordinated Financing Documents,

except as permitted under the provisions set out under the caption "*—Permitted senior subordinated enforcement*" below, *provided, however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent is otherwise entitled under the Intercreditor Agreement to direct such action.

"*Enforcement Action*" is defined as:

(i) in relation to any liabilities:

  (A) the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Subordinated Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);

  (B) the making of any declaration that any liabilities are payable on demand;

  (C) the making of a demand in relation to a liability that is payable on demand;

  (D) the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;

(E) the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Facilities Agreement (or any other similar or equivalent provision of any of the Senior Facility finance documents, the Senior Pari Passu Notes finance documents, the Permitted Senior Financing Documents, the hedging agreements regulated by the Intercreditor Agreement, the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Documents (the "*Secured Debt Documents*") and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Pari Passu Notes finance documents or the Senior Subordinated Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);

(F) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:

(I) as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;

(II) as payment netting by a Hedge Counterparty or by a hedging ancillary lender;

(III) as inter-hedging agreement netting by a Hedge Counterparty;

(IV) as inter-hedging ancillary document netting by a hedging ancillary lender; and/or

(V) which is otherwise not prohibited by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and

(G) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;

(ii) the premature termination or close-out of any hedging transaction under any hedging agreement (except save to the extent permitted by the Intercreditor Agreement);

(iii) the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security);

(iv) the entry into any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or

(v) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, insolvency administrator or similar officer) in relation to, the winding up, dissolution administration, opening of insolvency proceedings or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

(A) the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or

(B) a Senior Secured Creditor or Senior Subordinated Creditor (or any related agent) bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages; or

(C) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or

(D) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or

(E) any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

Permitted senior subordinated enforcement

The restrictions set out in the caption "*—Restrictions on Enforcement by Senior Subordinated Creditors*" above will not apply to instructions to enforce the Shared Security or the liabilities of the Senior Subordinated Guarantors if:

(i) an Event of Default (as defined in the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Agreement, as applicable, each a "**Senior Subordinated Event of Default**") (the "**Relevant Senior Subordinated Default**") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Senior Subordinated Default specifying the event or circumstance in relation to the Relevant Senior Subordinated Default from the Senior Subordinated Notes Trustee or the Senior Subordinated Creditor Representative, as the case may be;

(iii) a Senior Subordinated Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Subordinated Default is continuing at the end of the relevant Senior Subordinated Standstill Period.

Promptly upon becoming aware of a Senior Subordinated Event of Default, the Senior Subordinated Notes Trustee or the Senior Subordinated Creditor Representative, as the case may be, may by notice (a "**Senior Subordinated Enforcement Notice**") in writing notify the Senior Agents of the existence of such Senior Subordinated Event of Default.

Senior subordinated standstill period

In relation to a Relevant Senior Subordinated Default, a Senior Subordinated Standstill Period shall mean the period beginning on the date (the "**Senior Subordinated Standstill Start Date**") the relevant Senior Agent serves a Senior Subordinated Enforcement Notice on each of the Senior Agents in respect of such Senior Subordinated Event of Default and ending on the earlier to occur of:

(i) the date falling 179 days after the Senior Subordinated Standstill Start Date;

(ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Subordinated Notes and any Permitted Subordinated Financing Debt (a "**Senior Subordinated Guarantor**"), *provided, however*, that if a Senior Subordinated Standstill Period ends pursuant to this paragraph, the Senior Subordinated Creditors may only take the same Enforcement Action in relation to the Senior Subordinated Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Senior Subordinated Guarantor and not against any other member of the Group;

(iii) the date of an Insolvency Event in relation to the relevant Senior Subordinated Debt Issuer or a particular Senior Subordinated Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Subordinated Standstill Period outstanding at the date such first mentioned Senior Subordinated Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Pari Passu Notes Trustee (acting on behalf of the Senior Pari Passu Note holders) and any Senior Secured Creditor Representative (acting on the instructions the Majority Permitted Senior Secured Financing Creditors) has been obtained; and

(vi) a failure to pay the principal amount outstanding under the Senior Subordinated Notes or on any Permitted Subordinated Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under the Senior Subordinated Notes or on the Permitted Subordinated Financing Debt, as the case may be (provided that, unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Company, such final stated maturity has not been amended to fall on a date prior to the date falling 96 months after the date of the Intercreditor Agreement),

(the "**Senior Subordinated Standstill Period**").

Subsequent senior subordinated event of default

The Senior Subordinated Finance Parties may take Enforcement Action under the provisions set out under the caption "*—Permitted Senior Subordinated Enforcement*" above in relation to a Senior Subordinated Event of Default even if, at the end of any relevant Senior Subordinated Standstill Period or at any later time, a further Senior Subordinated Standstill Period has begun as a result of any other Senior Subordinated Event of Default.

Enforcement on behalf of senior subordinated creditors

If the Security Agent has notified each of the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative (the "**Senior Subordinated Agents**") that it is enforcing security created pursuant to any security document over shares or assets of a Senior Subordinated Guarantor, no Senior Subordinated Creditor may take any action referred to under the provisions set out under the caption "*—Permitted Senior Subordinated Enforcement*" above against that Senior Subordinated Guarantor (or any subsidiary of that Senior Subordinated Guarantor) while the Security Agent is taking steps to enforce that security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Option to Purchase: Senior Subordinated Creditors

Subject to the following paragraphs, any of the Senior Subordinated Agents (on behalf of the Senior Subordinated Creditors) may, after an acceleration event under any of the Senior Facilities Agreement, the Senior Pari Passu Notes or in relation to any Permitted Senior Secured Financing Debt which is continuing, by giving not less than 10 days' notice to the Security Agent, require the transfer to the Senior Subordinated Creditors of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities, the Senior Pari Passu Notes Liabilities and the Permitted Senior Secured Financing Liabilities (the "*Senior Secured Liabilities*") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture and any Permitted Senior Secured Financing Agreement (as applicable);

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement (in the case of the Senior Lender Liabilities), the Senior Pari Passu Notes Indenture (in the case of the Senior Pari Passu Notes Liabilities) and any Permitted Senior Secured Financing Agreement (in the case of the Permitted Senior Secured Financing Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;

(iii) each of the Senior Facility Agent, on behalf of the Senior Lenders, the Senior Pari Passu Notes Trustee, on behalf of the relevant Senior Pari Passu Note holders and the applicable Senior Secured Creditor Representative, on behalf of the relevant Permitted Senior Secured Financing Creditors, is paid the amounts required under the Intercreditor Agreement;

(iv) as a result of that transfer the Senior Lenders, the Senior Pari Passu Note holders and the Permitted Senior Secured Financing Creditors have no further actual or contingent liability to the Company or any other Debtor under the relevant Secured Debt Documents;

(v) an indemnity is provided from each Senior Subordinated Creditor (other than any Senior Subordinated Notes Trustee) (or another acceptable third party) in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Senior Pari Passu Note holder or Permitted Senior Secured Financing Creditor in consequence of any sum received or recovered by any such party from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender or Senior Pari Passu Note holder, Permitted Senior Secured Financing Creditor for any reason; and

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Senior Pari Passu Note holders or the Permitted Senior Secured Financing, except that each of them shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the Intercreditor Agreement, a Senior Subordinated Agent (on behalf of all the Senior Subordinated Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of Hedging Liabilities regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of a Senior Subordinated Agent (on behalf of all the Senior Subordinated Creditors), the Senior Facility Agent, the Senior Pari Passu Notes Trustee and any relevant Senior Secured Creditor Representative shall notify the Senior Subordinated Agents of the foregoing payable sums in connection with such transfer.

Effect of insolvency event; filing of claims

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event in relation to any Debtor, or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall (if prior to a Distress Event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, including pursuant to applicable law and regulation, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "—*Application of proceeds*" below.

Subject to certain exceptions, to the extent that any member of the Group's liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group and any creditor which benefited from that set-off shall (if prior to a Distress Event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out in the caption "—*Application of proceeds*" below and subject to certain exceptions.

Subject to the provisions set out in the caption "—*Application of proceeds*" below, if the Security Agent or any other secured party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any Debtor or, following an acceleration event which is continuing, any member of the Group and each creditor irrevocably authorizes the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of Group's liabilities; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover in respect of that member of Group's liabilities.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters referred to in this "—*Effect of Insolvency Event; Filing of Claims*" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "—*Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although the Senior Pari Passu Notes Trustee and the Senior Subordinated Notes Trustee shall be under no obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Turnover by primary creditors

Subject to certain exceptions, the Intercreditor Agreement provides that prior to the Senior Discharge Date if any Primary Creditor receives or recovers from any member of the Group the proceeds of any enforcement of any security or, following the occurrence of a Distress Event, proceeds which should have otherwise been received, recovered or realized by the Security Agent pursuant to the debt documents, that Primary Creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by senior subordinated creditors and subordinated creditors

Subject to certain exceptions, the Intercreditor Agreement provides that prior to the Senior Discharge Date if any Senior Subordinated Creditor or prior to the Final Discharge Date, Subordinated Creditor receives or recovers from any member of the Group (other than the Senior Subordinated Debt Issuer):

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is prohibited under the Intercreditor Agreement or is not in accordance with the provisions set out below the caption "*—Application of proceeds*";

(ii) other than as referred to in the second paragraph of the caption "*—Effect of Insolvency Event; Filing of Claims*" any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) other than by way of set-off, any amount:

(A) on account of, or in relation to, any of the Senior Subordinated Notes Liabilities, Permitted Subordinated Financing Liabilities, Investor Liabilities or Intra-Group Liabilities (x) after the occurrence of a Distress Event or (y) as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group) other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "*—Application of proceeds*"; or

(B) by way of set-off in respect of any of the Senior Subordinated Notes Liabilities, Permitted Subordinated Financing Liabilities, Investor Liabilities or Intra-Group Liabilities owed to it after the occurrence of a Distress Event; or

(iv) the proceeds of the enforcement of any transaction security except in accordance with the provisions set out in the caption "*—Application of proceeds*"; or

(v) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "*—Application of proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group,

that Senior Subordinated Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of security

Enforcement instructions

The Security Agent may refrain from enforcing: (a) the security unless instructed otherwise by (i) an Instructing Group; or (ii) if required as set out under the fourth paragraph of this section, the Majority Senior Subordinated Creditors; and (b) the Senior Subordinated Notes Only Security unless instructed otherwise by the Majority Senior Subordinated Creditors.

Subject to the security having become enforceable in accordance with its terms (i) an Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the relevant transaction security as they see fit provided that the instructions as to Enforcement given by the Instructing Group are consistent with the security enforcement principles set out therein (the "**Security Enforcement Principles**"); or (ii) to the extent permitted to enforce or to require the enforcement of the Shared Security prior to the Senior Discharge Date under the provisions under the caption "*—Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" above, the Majority Senior Subordinated Creditors may give or refrain from giving instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Subject to the Senior Subordinated Notes Only Security having become enforceable in accordance with its terms the Majority Senior Subordinated Creditors may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Senior Subordinated Notes Only Security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Shared Security which the Majority Senior Subordinated Creditors are then entitled to give to the Security Agent under the provisions under the caption "*—Restrictions Relating to Senior Subordinated Creditors and Senior Subordinated Liabilities*" above.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of enforcement

If the security is being enforced as set forth above under the caption "*—Enforcement Instructions*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator or equivalent officer of any Debtor to be appointed by the Security Agent) as:

(i) an Instructing Group shall instruct, provided that such instructions are consistent with the Security Enforcement Principles or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with the Security Enforcement Principles; or

(ii) prior to the Senior Discharge Date and only insofar as the security concerned is Shared Security, if (i) the Security Agent has, pursuant to the fourth paragraph of this "*—Enforcement of Security*" section, given effect to instructions given by the Majority Senior Subordinated Creditors to enforce the Shared Security and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Subordinated Creditors shall instruct or, in the absence of any such instructions, as the Security Agent sees fit provided that, the consent of the Senior Creditor Representative representing an Instructing Group is required if any such instructions are given by the Majority Senior Subordinated Creditors and are not in accordance with the Security Enforcement Principles.

In the event that following receipt of instructions from an Instructing Group (an "**Initial Enforcement Notice**") conflicting enforcement instructions are received by the Security Agent or no instructions are received from Senior Secured Creditors entitled to give such instructions as an Instructing Group, the Security Agent shall enforce the security, refrain or cease from enforcing the security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given the holders of more than 50% of the total "Senior Secured Credit Participations," being the aggregate of all outstanding liabilities under certain hedging liabilities, the Senior Pari Passu Notes (to the extent the Company has agreed that the relevant Senior Pari Passu Notes are to benefit from any transaction security, the principal amount of outstanding Senior Pari Passu Notes Liabilities held by that Senior Pari Passu Noteholder) and any other indebtedness sharing the transaction security on a first-ranking basis other than the Super Priority Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

If, prior to the Senior Lender Discharge Date:

(i) the Super Priority Creditors have not been fully repaid within six months of the date on which the Initial Enforcement Notice was received;

(ii) the Security Agent has not commenced any enforcement of the transaction security (or a transaction in lieu thereof) or other Enforcement Action within three months of the date on which the Initial Enforcement Notice was received; or

(iii) an Insolvency Event has occurred and the Security Agent has not commenced any enforcement of the transaction security (or a transaction in lieu thereof) or other Enforcement Action at that time,

then the Security Agent shall follow the instructions given by the Majority Super Priority Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents).

Exercise of voting rights

To the fullest extent permitted under applicable law, each Subordinated Creditor shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group or, in the case of the Senior Subordinated Debt Issuer, the Majority Senior Subordinated Creditors. Notwithstanding the foregoing, no party can exercise or require any other creditor under the Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the liabilities owed to that creditor.

Waiver of rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security or the Senior Subordinated Notes Only Security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or the Senior Subordinated Notes Only Security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Security held by other creditors

If any security is held by a creditor other than the Security Agent, then that creditor may only enforce that security in accordance with instructions given by an Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the Security Agent shall be construed as references to that creditor).

Senior Subordinated Notes Only Security

The Senior Subordinated Notes Creditors or an agent acting on their behalf may enforce the Senior Subordinated Notes Only Security as provided for under the relevant Senior Subordinated Notes Finance Documents.

Duties owed

Pursuant to the Intercreditor Agreement, each of the secured parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the

Senior Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Secured Parties in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall (subject to certain exceptions) be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

Proceeds of disposals

Non-distressed disposals

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Company) to promptly release (or procure that any other relevant person releases):

(i) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of the Senior Facilities Agreement, the Senior Pari Passu Notes Indenture, any Permitted Senior Secured Financing Agreement, the Senior Subordinated Notes Indenture and any Permitted Subordinated Financing Agreement (each a "**Debt Financing Agreement**") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or

(B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(ii) any security (and/or any other claim relating to a debt document) over any document or agreement in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(iii) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and

(iv) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group or a Debtor, the Security Agent (on behalf of itself and the Secured Parties (as defined below)) shall (at the request and cost of the relevant Debtor or the Company) promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this "—*Non-Distressed Disposals*" section, the Company shall confirm in writing to the Security Agent that:

(A) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or

(B) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with terms of the Debt Financing Agreements,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

In the case of any release of security requested by the Company pursuant to the applicable provisions of the Senior Facilities Agreement as part of a permitted transaction under the Senior Facilities Agreement, when making that request the Company shall confirm to the Security Agent that:

(i) such request is a permitted transaction request (and absent any such statement in a request for a release the Security Agent shall be entitled to assume for all purposes that such request is not a permitted transaction request); and

(ii) it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to that permitted transaction) that it is either not possible or not desirable to implement that permitted transaction on terms satisfactory to the Company by instead granting additional security and/or amending the terms of the existing security,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Company but without the need for any further consent, sanction, authority or further confirmation from any Creditor or Debtor) promptly enter into and deliver such documentation and/or take such other action as the Company (acting reasonably) shall require to give effect to any release or other matter described above.

If any member of the Group is required or not prohibited under the senior debt documents to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of the Senior Lender Liabilities, the Hedging Liabilities, the Senior Pari Passu Notes Liabilities or the Permitted Senior Secured Financing Liabilities (as applicable) (together, the "**Senior Liabilities**") then no such application of those proceeds shall require the consent of any other party or result in any breach of any Senior Subordinated Finance Documents and such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or other discharge or reduction of any Senior Subordinated Liabilities.

Distressed disposals

A "*Distressed Disposal*" is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant security documents, (b) being effected by enforcement of security in accordance with the terms of the relevant security documents or (c) being disposed of to a third party subsequent to a Distress Event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

   (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

   (B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

   (C) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

   on behalf of the relevant creditors, Debtors and agents;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

(B) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company,

on behalf of the relevant creditors, Debtors and agents;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "*Transferee*") will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Senior Subordinated Creditors (each a "*Secured Party*") for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities,

on behalf of, in each case, the relevant creditors and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "**Disposed Entity**") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Company in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent, unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) except to the extent contemplated by the Security Enforcement Principles and such sale or disposal is made pursuant to a Public Auction in respect of which the Primary Creditors are entitled to participate or where a Financial Adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view. The Primary Creditors shall be entitled to receive access to any valuation report commissioned by a member of the Group in connection with any Public Auction (provided access is given to the other Primary Creditors at the same time).

If prior to the discharge date for the Senior Subordinated Notes or any Permitted Subordinated Financing Debt, a Distressed Disposal is being effected such that the Senior Subordinated Notes Guarantees and the guarantees of any Permitted Subordinated Financing Debt or any security over the assets of a Senior Subordinated Debt Issuer or any Senior Subordinated Guarantor will be released and/or the Senior Subordinated Notes liabilities and any Permitted Subordinated Financing Liabilities will be released or disposed of, it is a further condition to the release that either:

(i) the Senior Subordinated Notes Trustee and any Senior Subordinated Creditor Representative has approved the release; or

(ii) where shares or assets of a Senior Subordinated Guarantor or assets of the Senior Subordinated Debt Issuer are sold:

 (A) the proceeds of such sale or disposal are in cash (or substantially in cash);

 (B) all claims of the Senior Secured Creditors against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Distressed Disposal, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that, if each Senior Agent (acting reasonably and in good faith):

  (I) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

  (II) serves a written notice on the Security Agent confirming the same,

 the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

(C) such sale or disposal is made:

(I) pursuant to a Public Auction in respect of which the Primary Creditors are entitled to participate; or

(II) where a Financial Adviser has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

Senior Subordinated Distressed Disposals

If a Senior Subordinated Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the Investors and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the Senior Subordinated Notes Only Security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent (acting on the instructions of the Majority Senior Subordinated Creditors), be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of the Company, to release the Company and any of its subsidiaries from all or any part of its Investor Liabilities on behalf of the Investors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of the Company, to release:

(A) the Company and any of subsidiary of that holding company from all or any part of the Investor Liabilities; and

(B) any Senior Subordinated Notes Only Security; and

(iv) if the asset which is disposed of consists of shares in the capital of the Company or a holding company of the Company and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the Investor Liabilities owed by the Company or holding company or any subsidiary of the Company or holding company to execute and deliver or enter into any agreement to dispose of all or part of those Investor Liabilities on behalf of, in each case, the Investors.

The net proceeds of each Senior Subordinated Distressed Disposal (and the net proceeds of any disposal of Investor Liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "—*Application of proceeds*" as if those proceeds were the proceeds of an enforcement of the Senior Subordinated Notes Only Security and, to the extent that any disposal of Investor Liabilities has occurred, as if that disposal of liabilities or Investor Liabilities had not occurred.

In the case of a Senior Subordinated Distressed Disposal (or a disposal of Investor Liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Senior Subordinated Notes Distressed Disposal or disposal of Investor Liabilities in order to achieve a higher price).

Application of proceeds

Order of application

The Intercreditor Agreement provides that the Recoveries (other than recoveries in respect of the Senior Subordinated Notes Only Security) shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law ((but only to the extent that such transaction security is expressed to secure those liabilities and subject to the provisions of this "—*Application of proceeds*" section), in the following order of priority:

(i) first, in discharging any sums owing to the Security Agent, any receiver or any delegate on a *pro rata* and *pari passu* basis;

(ii) second, in discharging any sums owing to the Senior Facility Agent (in respect of the amounts due to the Senior Facility Agent), any Senior Secured Creditor Representative (in respect of amounts due to the Senior Secured Creditor Representative), any Senior Subordinated Creditor Representative (in respect of amounts due to the Senior Subordinated Creditor Representative) or any Senior Pari Passu Notes Trustee amounts or Senior Subordinated Notes Trustee amounts on a *pro rata* and *pari passu* basis;

(iii) third, in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iv) fourth, in payment to:

(A) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and

(B) the Hedge Counterparties;

for application towards the discharge of:

(I) the liabilities of the Debtors owing to the arrangers under or in connection with the Senior Facility and the Senior Lender Liabilities (in accordance with the terms of the finance documents relating to the Senior Facility); and

(II) the Super Priority Hedging Liabilities (on a *pro rata* basis between the Super Priority Hedging Liabilities of each Super Priority Hedge Counterparty);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to (II) above;

(v) fifth, in payment to:

(A) each Senior Pari Passu Notes Trustee on its own behalf and on behalf of the holders of the Senior Pari Passu Notes;

(B) each Non Super-Priority Hedge Counterparty; and

(C) each Senior Secured Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Secured Financing Debt and the Permitted Senior Secured Financing Creditors,

for application towards the discharge of:

(I) the Senior Pari Passu Notes Liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Pari Passu Notes finance documents);

(II) the Non-Super Priority Hedging Liabilities; and

(III) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Secured Financing Debt and the Permitted Senior Secured Financing Liabilities (other than the liabilities owing to a Senior Secured Creditor Representative) (in accordance with the terms of the Permitted Senior Secured Financing Documents and, if there is more than one Permitted Senior Secured Financing Agreement, on a *pro rata* basis between the Permitted Senior Secured Financing Debt in respect of each Permitted Senior Secured Financing Agreement);

on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) to (III) above in payment to the Senior Non-Super Priority Creditors for application towards the discharge of the Senior Liabilities on a *pro rata* basis and *pari passu*;

(vi) sixth, in relation to the Shared Security only, in payment to the Senior Subordinated Creditors for application towards the discharge of the Senior Subordinated Liabilities on a *pro rata* basis and *pari passu*; and

(vii) seventh, if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(viii) eighth, the balance, if any, in payment to the relevant Debtor.

Order of application—Senior Subordinated Notes Only Security

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Senior Subordinated Notes Only Security shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (but only to the extent that such Senior Subordinated Notes Only Security is expressed to secure those Liabilities and subject to the provisions of this "—*Application of proceeds*" section), in the following order of priority:

(i) first, in discharging any sums owing to the Security Agent, any receiver or any delegate on a *pari passu* basis;

(ii) second, in discharging any Senior Subordinated Notes Trustee amounts and any sums owing to any Senior Subordinated Creditor Representative (in respect of Permitted Subordinated Financing Agent Liabilities);

(iii) third, in payment of all costs and expenses incurred by any Senior Subordinated Creditor in connection with any realization or enforcement of the Senior Subordinated Notes Only Security;

(iv) fourth, in payment to;

(A) each Senior Subordinated Notes Trustee on its own behalf and on behalf of the Senior Subordinated Note holders; and

(B) each Senior Subordinated Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Creditors,

for application towards discharge of:

(I) the Senior Subordinated Notes liabilities (in accordance with the terms of the Senior Subordinated Notes finance documents); and

(II) the liabilities of the Debtors owed to the arrangers of the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Liabilities (other than the liabilities owed to a Senior Subordinated Creditor Representative (in accordance with the terms of the Permitted Subordinated Financing Documents and, if there is more than one Permitted Subordinated Financing Agreement, on a *pro rata* basis between the Permitted Subordinated Financing Debt in respect of each Permitted Subordinated Financing Agreement),

on a *pro rata* basis and *pari passu*;

(v) fifth, if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(vi) sixth, the balance, if any, in payment to the relevant Debtor.

Liabilities of the Senior Subordinated Debt Issuer

All amounts from time to time received or recovered by the Security Agent from or in respect of the Senior Subordinated Debt Issuer pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the security) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in accordance with the order of priority set out under the caption "—*Application of proceeds—Order of application—Senior Subordinated Notes Only Security*."

Debt refinancing

The Intercreditor Agreement permits any of the liabilities under the debt documents to be refinanced, replaced, increased or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt and/or Permitted Subordinated Financing Debt or the issue of additional Senior Pari Passu Notes and/or additional Senior Subordinated Notes (a "**Debt Refinancing**"). Each party to the Intercreditor Agreement shall, subject to any contrary provision of the Secured Debt Documents, be required to enter into any amendment to or replacement of the then current Secured Debt Documents and/or take such other action as is required by the Company in order to facilitate such a Debt Refinancing including changes to, the taking of, or release and retake of, any guarantee or security, subject to certain conditions. At the option of the Company, a Debt Refinancing (i) may be made available on a basis which is senior to, *pari passu* with or junior to any of the other liabilities, (ii) shall be entitled to benefit from all or any of the security, (iii) may be made available on a secured or unsecured basis (subject to certain restrictions) and (iv) may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by any of the Debt Financing Agreements. Under the terms of the Intercreditor Agreement, each agent, each Secured Party and each Primary Creditor agrees that it shall co-operate with the Company, each other member of the Group and each agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Company, executing any document or agreement and/or giving instructions to any person). In the event of any refinancing or replacement of all or any part of the Senior Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Company shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the Senior Facility (meaning that for the purpose of calculating the voting entitlement of any person, at the option of the Company all or any part of the relevant refinancing or replacement indebtedness may be treated as Senior Pari Passu Credit Participations of the Super Priority Creditors and not Senior Pari Passu Notes/Permitted Financing Credit Participations).

Required consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(i) if the relevant amendment or waiver (the "Proposed Amendment") is prohibited by the Senior Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Facilities Agreement);

(ii) if the Proposed Amendment is prohibited by the terms of the relevant Senior Pari Passu Notes Indenture, the Senior Pari Passu Notes Trustee (acting on the instructions of the requisite Senior Pari Passu Note Holders);

(iii) if any Permitted Senior Secured Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Secured Financing

Agreement, the Senior Secured Creditor Representative in respect of that Permitted Senior Secured Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Secured Financing Creditors);

(iv) if any Senior Subordinated Notes have been issued and if the Proposed Amendment is prohibited by the terms of the relevant Senior Subordinated Notes Indenture, the Senior Subordinated Notes Trustee (acting on the instructions of the requisite Senior Subordinated Note holders);

(v) if any Permitted Subordinated Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Subordinated Financing Agreement, the Senior Subordinated Creditor Representative in respect of that Permitted Subordinated Financing Debt (if applicable, acting on the instructions of the Majority Permitted Subordinated Financing Creditors);

(vi) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Company to the Security Agent at the time of the relevant amendment or waiver);

(vii) the Investors; and

(viii) the Company.

Any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see "*—Debt Refinancing*"), any incurrence of additional and/or refinancing debt (as referred to in "*—Ranking and Priority—Additional and/or Refinancing Debt*") or Non-Distressed Disposal (see "*—Proceeds of disposals—Non-Distressed Disposals*") or in connection with any other provision of any Secured Debt Document (provided that such amendment or waiver is not expressly prohibited by the terms of any other Secured Debt Document) is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended by the Company and the Security Agent without the consent of any other party, to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes in each case of a minor, technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Company.

Amendments and waivers: security documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorized by an Instructing Group, and if the Company consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned "*—Exceptions*" below, any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned "*—Required Consents.*"

Exceptions

Subject to the following paragraph of this "—*Exceptions*" section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

(i) to any release of security and/or Senior Subordinated Notes Only Security, claim or liabilities; or

(ii) to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption "—*Proceeds of Disposals*" above.

The first paragraph of this "—*Exceptions*" section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

Agreement to override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

Guarantees

The Intercreditor Agreement additionally provides for Hedge Counterparties to receive guarantees and indemnities from the Debtors on substantially the same terms (including the relevant limitations) as such guarantees and indemnities are provided by the obligors to the finance parties under the Senior Facilities Agreement.

Equalization

The Intercreditor Agreement provides that if (but only to the extent that such transaction security is expressed to secure those liabilities), for any reason, any Senior Pari Passu Notes Liabilities or Permitted Senior Secured Financing Liabilities remain unpaid after the enforcement date and the application of Recoveries and the resulting losses are not borne by the Senior Pari Passu Notes Creditors or Permitted Senior Secured Financing Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Pari Passu Notes Creditors and Permitted Senior Pari Passu Financing Creditors at the enforcement date, the Senior Pari Passu Notes Creditors and Permitted Senior Secured Financing Creditors will make such payments from such Recoveries actually received amongst themselves as the Security Agent shall require to put them in such a position that (after taking into account such payments) those losses are borne in those proportions.

Intrum Justitia Existing MTNs

In February 2012, Intrum Justitia established a Swedish law MTN program (the "**MTN Program**") under which Intrum Justitia has issued, and may in the future issue, unsecured medium term notes (the "**Intrum Justitia Existing MTNs**"). Swedbank AB (publ) is the lead arranger under the MTN Program. The aggregate total nominal amount of Intrum Justitia Existing MTNs outstanding under the MTN Program may not exceed SEK 5,000 million. Intrum Justitia has Intrum Justitia Existing MTNs outstanding as of March 31, 2017 in an aggregate amount of SEK 2,000 million. The Intrum Justitia Existing MTNs are senior unsecured obligations of the Issuer and are not guaranteed by any of its subsidiaries.

The Intrum Justitia Existing MTNs may be issued with fixed, floating or zero coupon rate. The terms and conditions of the MTN Program contain customary restrictions, *inter alia*, on security and guarantees, prohibiting the Issuer from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the MTN Program contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and mergers where the Issuer is not the surviving entity, the occurrence of which would enable the issuing agent to, by written notice, declare the loans and any accrued interest due and payable immediately, or on such later date as the issuing agent may decide.

The Intrum Justitia Existing MTNs issued on June 28, 2013 (the "**2013 MTNs**") mature in June 2018 and the Intrum Justitia Existing MTNs issued on May 15, 2014 (the "**2014 MTNs**") mature in May 2019. The Intrum Justitia Existing MTNs may not be voluntarily prepaid prior to their respective maturity dates. The 2013 MTNs bear interest at a floating rate of STIBOR plus a margin of 2.22% per annum. The 2014 MTNs consist of two tranches. A portion of the 2014 MTNs bear interest at a floating rate of STIBOR plus a margin of 1.60% per annum, whereas a portion of the 2014 MTNs bear interest at a fixed rate of 3.125% per annum.

The Intrum Justitia Existing MTNs are listed on Nasdaq Stockholm in accordance with the final terms of the respective Intrum Justitia Existing MTNs. The most recent prospectus for the MTN Program was registered with and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 3 June 2016 in accordance with the Swedish Financial Instruments Act (Sw. *lag (1991:980) om handel med finansiella instrument*).

Intrum Justitia Existing Private Placement Notes

In June 2016, Intrum Justitia issued €160 million bonds (the "**Intrum Justitia Existing Private Placement Notes**") through a private placement with AB Svensk Exportkredit ("**AB SEK**") (the "**Private Placement**"). The Intrum Justitia Existing Private Placement Notes are senior unsecured obligations of the Issuer and are not guaranteed by any of its subsidiaries.

The terms and conditions of the Intrum Justitia Existing Private Placement Notes contain customary restrictions, *inter alia*, on security and guarantees, prohibiting Intrum Justitia from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the Intrum Justitia Existing Private Placement Notes contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and mergers where the Issuer is not the surviving entity, the occurrence of which would enable the issuing agent to, by written notice, declare the loans and any accrued interest due and payable immediately, or on such later date as the issuing agent may decide.

Furthermore, Intrum Justitia and AB SEK have, in connection with the Private Placement, entered into a side letter stipulating, *inter alia*, that certain financial covenants included in the Intrum Justitia Existing Revolving Credit Facility (or any agreement replacing the Intrum Justitia Existing Revolving Credit Facility) shall apply also to the Intrum Justitia Existing Private Placement Notes. Accordingly, following the effectiveness of the Revolving Credit Facility, AB SEK will benefit from the same financial covenants included in the Revolving Credit Facility Agreement. See "*—Revolving Credit Facility Agreement.*"

The Intrum Justitia Existing Private Placement Notes mature in June 2023 and may not be voluntarily prepaid prior to their maturity date. The Intrum Justitia Existing Private Placement Notes bear interest at a floating rate of EURIBOR (3 months) plus a margin on commercial and competitive terms.

Intrum Justitia Existing Commercial Paper

In 2011, the Issuer established a Swedish law commercial paper program (the "**Intrum Justitia Existing Commercial Paper Program**") under which the Issuer has issued, and may in the future issue, unsecured commercial paper ("**Intrum Justitia Existing Commercial Paper**"). Nordea Bank AB (publ) and Swedbank AB (publ) are the issuing agents under the Intrum Justitia Existing Commercial Paper Program. The aggregate total nominal amount of Intrum Justitia Existing Commercial Paper outstanding under the Intrum Justitia Existing Commercial Paper Program may not exceed SEK 1,500 million. As of March 31, 2017, the Issuer has Intrum Justitia Existing Commercial Paper outstanding in an aggregate amount of SEK 1,360 million. The Intrum Justitia Existing Commercial Paper is a senior unsecured obligation of the Issuer and is not guaranteed by any of its subsidiaries.

The terms and conditions of the Intrum Justitia Existing Commercial Paper Program contain customary restrictions, *inter alia*, on security and guarantees, prohibiting the Issuer from providing security or guarantees (or permitting any group company or other entity to provide security or guarantees) for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by it, its subsidiaries or any other person. Further, the terms and conditions of the Intrum Justitia Existing Commercial Paper contain customary events of default such as, *inter alia*, cross-default (limited to loans exceeding €5 million), insolvency and insolvency proceedings, the occurrence of which would enable the issuing agents to, by written notice by noteholders representing at least 10% of the total adjusted nominal amount, declare the loans and any accrued interest due and payable immediately.

The Intrum Justitia Existing Commercial Paper is frequently issued with an average term of three months, though the term may vary between one and 12 months. The Intrum Justitia Existing Commercial Paper bears interest at an average all-in rate of 0.28% per annum.

Lindorff Existing Loan Note Issuance Deed

On June 28, 2016, Lock AS, as parent, and certain of its subsidiaries and Lindorff Payment Services AB, as issuer, entered into a loan note issuance deed (the "**Lindorff Existing Loan Note Issuance Deed**") with Nordea Bank AB (Publ) as facility agent and security trustee (the "**Loan Notes Security Trustee**") pursuant to which Lindorff Payment Services AB issues senior notes ("**Senior Payment Services Notes**") to Nordea Bank Norge ASA (as "**Initial Senior Noteholder**") and junior notes ("**Junior Payment Services Notes**") to certain subsidiaries of Lock AS (together the "**Initial Junior Noteholders**") to finance the purchase by Lindorff Payment Services AB from Lindorff Invest OY, Lindorff Sverige AB and any other additional originator (together, the "**Originators**"), from time to time, of certain receivables and consumer loans ("**Consumer Loans**") in accordance with the terms of certain receivables purchase agreements between the relevant Originator and Lindorff Payment Services AB.

The underlying receivables from the Consumer Loans are provided as security in respect of the notes together with security over the bank accounts in which the receivables from the Consumer Loans are held. The shares in Lindorff Payment Services AB are also secured in respect of the notes.

Senior Payment Services Notes may be issued in an amount up to the lesser of €50 million and 70% of the borrowing base specified in a weekly report delivered on the weekly calculation date immediately prior to the relevant settlement date (the "**Senior Facility Limit**"). Junior Payment Services Notes may be issued in an amount up to €80 million in aggregate (the "**Junior Facility Limit**" and, together with the Senior Facility Limit, the "**Facility Limits**"). As of March 31, 2017 the principal amount of external debt incurred under the Lindorff Existing Loan Note Issuance Deed was €32 million, which was all in the form of outstanding Senior Payment Services Notes.

The Lindorff Existing Loan Note Issuance Deed sets out mechanisms for determining redemption amounts (to be paid to the relevant noteholder) and for making "utilizations" (including by way of issuing additional notes subject to certain conditions being met). These mechanisms facilitate ongoing compliance with the Facility Limits and help maintain sufficient funding for Lindorff Payment Services AB.

The Lindorff Existing Loan Note Issuance Deed contains customary and deal specific representations and warranties, affirmative and negative covenants. The covenants, representations and warranties are affirmed on each settlement date (being the third business day after each weekly calculation date).

Notes bear interest at a constant rate of:

- the higher of (i) an agreed reference rate depending on the currency (*e.g.*, EURIBOR) and (ii) the cost of funds; plus a margin of 2.9% *per annum*, in respect of the Senior Payment Services Notes; and
- 12% *per annum*, in respect of the Junior Payment Services Notes.

The Lindorff Existing Loan Note Issuance Deed contains certain events of default, the occurrence of which would enable the Loan Notes Security Trustee to submit an enforcement notice, upon delivery of which the Senior Payment Services Notes and Junior Payment Services Notes shall immediately become due and payable. Upon delivery by the Loan Notes Security Trustee of such an enforcement notice upon the occurrence of an event of default, the security package becomes enforceable subject to the provisions of the security documents.

The Lindorff Existing Loan Note Issuance Deed also contains customary and deal specific termination events, including but not limited to, non-payment, breach of obligations and a change of control.

Subject to a termination event occurring, the Lindorff Existing Loan Note Issuance Deed matures on or around August 6, 2022 (being 74 months after the initial funding date).

DESCRIPTION OF THE NOTES

The following is a description of the:

- € million in aggregate principal amount of Senior Floating Rate Notes due 2022 (the "*Euro Floating Rate Notes*");
- € million in aggregate principal amount of % Senior Notes due 2022 (the "*Euro Fixed Rate 2022 Notes*");
- € million in aggregate principal amount of % Senior Notes due 2024 (the "*Euro Fixed Rate 2024 Notes*" and, together with the Euro Floating Rate Notes and the Euro Fixed Rate 2022 Notes, the "Euro Notes"); and
- SEK million in aggregate principal amount of Senior Floating Rate Notes due 2022 (the "*SEK Floating Rate Notes*" and, together with the Euro Notes, the "*Notes*").

The Notes will be issued by Intrum Justitia AB (publ), a company incorporated in Sweden (the "*Issuer*").

In this "*Description of the Notes*", the "*Issuer*" refers only to Intrum Justitia AB (publ), and any successor obligor to Intrum Justitia AB (publ) under the Indenture, and not to any of its Subsidiaries.

Pending consummation of the Acquisition and the satisfaction of certain other conditions as described below, the initial purchasers will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of this offering of the Notes into separate segregated escrow accounts for each series (collectively, the "*Escrow Accounts*") pursuant to the terms of an escrow deed (the "*Escrow Agreement*") dated as of the Issue Date among, *inter alios*, the Issuer, Citibank, N.A., London Branch, as trustee (the "*Trustee*") and Citibank, N.A., London Branch, as Notes Escrow Agent (the "*Escrow Agent*"). If the Acquisition is not consummated on or prior to July 31, 2017 (the "*Escrow Longstop Date*"), the Notes will be redeemed at a price equal to 100% of their respective initial issue price plus, in each case, accrued and unpaid interest from the Issue Date to the Special Mandatory Redemption Date (as defined below) and Additional Amounts, if any. See "*—Escrow of Proceeds; Special Mandatory Redemption*." The Notes will not benefit from any security interest in the Escrow Accounts or in the Escrowed Property (as defined below).

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer, directly or indirectly, (i) to refinance certain existing indebtedness of the Target Group and of the Issuer, including the payment of break fees and certain debt prepayment premiums and (ii) to pay fees, costs and expenses incurred in connection with the Transactions, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

The Issuer will issue the Notes under an indenture, to be dated as of the Issue Date (the "*Indenture*"), among, *inter alios*, the Issuer and the Trustee. The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*." The terms of the Notes include those stated in the Indenture. The Indenture will not be qualified under, and will not incorporate any provision of, or be subject to the terms of, the Trust Indenture Act of 1939, as amended. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture, the Escrow Agreement and the Notes and refers to the Intercreditor Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Escrow Agreement, the Notes and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture, the Escrow Agreement and the Intercreditor Agreement in their entirety. Copies of the Indenture and the Intercreditor Agreement are available as described under "*Listing and General Information—Admission to Trading and Listing*." You can find the definitions of certain terms used in this description under "*—Certain Definitions*."

The registered Holder of a Note will be treated as the owner of it for all purposes. In general, only registered Holders will have rights under the Indenture.

Brief Description of the Notes

The Notes

The Notes offered hereby:

- will be senior obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including obligations under the RCF Facility Agreement, certain Hedging Obligations, the MTNs, the Private Placement Notes and the Commercial Paper Program;
- will be senior in right of payment to any Subordinated Indebtedness of the Issuer;
- will be effectively subordinated to any existing and future secured Indebtedness of the Issuer, including obligations under the RCF Facility Agreement, to the extent of the value of the property and assets securing such Indebtedness; and
- will be structurally subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors, including such subsidiaries' obligations under the RCF Facility Agreement.

Initially, none of the Issuer's Subsidiaries will Guarantee the Notes and the Issuer will not have any obligation to cause any of its Subsidiaries to Guarantee the Notes in the future (except as required under the circumstances described below under the caption "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*").

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and any Guarantor, including Holders of the Notes. The Notes and any Guarantee thereof will be effectively subordinated to creditors (including trade creditors and the obligations under the RCF Facility Agreement and certain Hedging Obligations) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than any Guarantor). As of March 31, 2017, after giving effect to the Transactions, the Issuer's Subsidiaries would have had no external debt, including interest-bearing notes, loans and borrowings (but excluding trade payables, shareholder loans and finance lease obligations), other than the Existing Loan Note Issuance Deed and Guarantees of Indebtedness under the RCF Facility Agreement. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Principal and maturity

The Issuer will issue (i) €   million in aggregate principal amount of Euro Floating Rate Notes, (ii) €   million in aggregate principal amount of Euro Fixed Rate 2022 Notes, (iii) €   million in aggregate principal amount of Euro Fixed Rate 2024 Notes and (iv) SEK   million in aggregate principal amount of SEK Floating Rate Notes in this Offering on the Issue Date. The Euro Floating Rate Notes will mature on   , 2022; the Euro Fixed Rate 2022 Notes will mature on   , 2022; the Euro Fixed Rate 2024 Notes will mature on   , 2024; and the SEK Floating Rate Notes will mature on   , 2022. The Euro Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The SEK Floating Rate Notes will be issued in minimum denominations of SEK 1,250,000 and in integral multiples of SEK 10,000 in excess thereof. Each of the Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes will constitute a separate series of Notes, but shall be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments or other modifications of the Indenture or any other action by the holders of the Notes thereunder, except as otherwise provided in the Indenture.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment or redemption in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Euro Floating Rate Notes

Interest on the Euro Floating Rate Notes will accrue at a rate per annum (the "*Euro Applicable Rate*"), reset quarterly, equal to three-month EURIBOR plus % per annum, as determined by an agent approved by the Issuer to calculate EURIBOR for the purposes of the Indenture (the "*Euro Calculation Agent*"), which shall initially be Citibank, N.A., London Branch. Interest on the Euro Floating Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on , , and of each year; and
- be payable to the holder of record of such Euro Floating Rate Note on , , and immediately preceding the related interest payment date.

The first interest payment date for the Euro Floating Rate Notes will be , 2017.

If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day. Therefore, the relevant interest period will be one or more days longer.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Euro Floating Rate Notes.

The Euro Calculation Agent shall, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Euro Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Euro Interest Amount*"). The Euro Interest Amount shall be calculated by applying the Euro Applicable Rate to the principal amount of each Euro Floating Rate Note outstanding at the end of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the Euro Applicable Rate and the Euro Interest Amount by the Euro Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. In no event will the rate of interest on the Euro Floating Rate Notes be higher than the maximum rate permitted by applicable law; *provided* that the Euro Calculation Agent shall not be responsible for determining if the rate of interest on the Euro Floating Rate Notes is higher than the maximum rate permitted by applicable law. The Trustee and each Paying Agent shall not be responsible for, nor incur any liability in relation to any loss resulting from any calculation or determination made, or intended to be made, by the Euro Calculation Agent.

The Euro Calculation Agent will, upon the request of the holder of any Euro Floating Rate Note, provide the interest rate then in effect with respect to the Euro Floating Rate Notes.

"*Determination Date*" means, with respect to an Interest Period, the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" means:

(1) the applicable Screen Rate;

(2) (if no Screen Rate is available for the Interest Period) the Interpolated Screen Rate for the Euro Floating Rate Notes; or

(3) if:

(a) no Screen Rate is available for the Interest Period of the Euro Floating Rate Notes; and

(b) it is not possible to calculate an Interpolated Screen Rate for the Euro Floating Rate Notes,

the Euro Calculation Agent will request the principal London office of each of four major banks in the Euro-zone interbank market, as selected by the Euro Calculation Agent in consultation with the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone interbank market for deposits in a Euro Representative Amount in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Euro Calculation Agent will request each of three major banks in London, as selected by the Euro Calculation Agent in consultation with the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Euro Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period. In no event shall EURIBOR be less than 0%.

"*Euro Representative Amount*" means the greater of (1) € 1,000,000 and (2) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Euro-zone*" means the region comprised of member states of the European Union that have adopted the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude , 2017.

"*Interpolated Screen Rate*" means, on any Determination Date in relation to EURIBOR for any Euro Floating Rate Note, the rate which results from interpolating on a linear basis between:

(1) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Euro Floating Rate Note; and

(2) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Euro Floating Rate Note,

each as of approximately 11:00 a.m., Brussels time, on such Determination Date.

"*Screen Rate*" means the euro interbank offered rate administered by the Banking Federation of the European Union (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Euro Calculation Agent may specify another page or service displaying the relevant rate after consultation with the Issuer.

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Interest on the Euro Fixed Rate 2022 Notes

Interest on the Euro Fixed Rate 2022 Notes will accrue at the rate of % per annum and will be payable, in cash, semi-annually in arrears on , and of each year, to holders of record on the immediately preceding and , respectively. The first interest payment date for the Euro Fixed Rate 2022 Notes will be , .

Interest on the Euro Fixed Rate 2022 Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

Interest on the Euro Fixed Rate 2024 Notes

Interest on the Euro Fixed Rate 2024 Notes will accrue at the rate of % per annum and will be payable, in cash, semi-annually in arrears on , and of each year, to holders of record on the immediately preceding and , respectively. The first interest payment date for the Euro Fixed Rate 2024 Notes will be , .

Interest on the Euro Fixed Rate 2024 Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

Interest on the SEK Floating Rate Notes

Interest on the SEK Floating Rate Notes will accrue at a rate per annum (the "*SEK Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month STIBOR plus (ii) %, as determined by an agent approved by the Issuer to calculate STIBOR for the purposes of the Indenture (the "*SEK Calculation Agent*"), which shall initially be Citibank, N.A., London Branch. Interest on the SEK Floating Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on , , and , commencing on , 2017; and
- be payable to the holder of record of such SEK Floating Rate Notes on the , , and immediately preceding the related interest payment date.

If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day. Therefore, the relevant interest period will be one or more days longer.

The SEK Calculation Agent shall, as soon as practicable after 11:00 a.m., Stockholm time, on each Determination Date, determine the SEK Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*SEK Interest Amount*"). The SEK Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each SEK Floating Rate Note outstanding at the end of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the SEK Applicable Rate and the SEK Interest Amount by the SEK Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. In no event will the rate of interest on the SEK Floating Rate Notes be higher than the maximum rate permitted by applicable law; *provided* that the SEK Calculation Agent shall not be responsible for determining if the rate of interest on the SEK Floating Rate Notes is higher than the maximum rate permitted by applicable law. The Trustee and each Paying Agent shall not be responsible for, nor incur any liability in relation to any loss resulting from any calculation or determination made, or intended to be made, by the SEK Calculation Agent.

The SEK Calculation Agent will, upon the request of the holder of any SEK Floating Rate Note, provide the interest rate then in effect with respect to the SEK Floating Rate Notes.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the SEK Floating Rate Notes.

"*Determination Date*" means, with respect to an Interest Period, the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude   , 2017.

"*Reuters Page Side*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*SEK Representative Amount*" means the greater of (i) SEK 10,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*STIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in SEK for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page Side as of 11:00 a.m. Stockholm time, on the Determination Date. If Reuters Page Side does not include such a rate or is unavailable on a Determination Date, the SEK Calculation Agent will request the principal Stockholm office of each of four major banks in the Stockholm inter-bank market, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Stockholm time, on such Determination Date, to prime banks in the Stockholm inter-bank market for deposits in an SEK Representative Amount in SEK for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the SEK Calculation Agent will request each of three major banks in Stockholm, as selected by the SEK Calculation Agent in consultation with the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Stockholm time, on such Determination Date, for loans in an SEK Representative Amount in SEK to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If fewer than two such quotations are provided as requested, the SEK Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in Stockholm, selected by the SEK Calculation Agent in consultation with the Issuer, at approximately 11.00 a.m. (Stockholm time) on the first day of the relevant Interest Period for loans in SEK to leading European banks for three months and in an amount that is representative for a single transaction in that market at that time. In no event shall STIBOR be less than 0%.

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Additional Notes

The Issuer may issue an unlimited principal amount of additional (i) Euro Floating Rate Notes having identical terms and conditions as the Euro Floating Rate Notes (the "*Additional Euro Floating Rate Notes*"); (ii) Euro Fixed Rate 2022 Notes having identical terms and conditions as the Euro Fixed Rate 2022 Notes (the "*Additional Euro Fixed Rate 2022 Notes*"), (iii) Euro Fixed Rate 2024 Notes having identical terms and conditions as the Euro Fixed Rate 2024 Notes (the "*Additional Euro Fixed Rate 2024*

Notes") and (iv) SEK Floating Rate Notes having identical terms and conditions as the SEK Floating Rate Notes (the "*Additional SEK Floating Rate Notes*" and, together with the Additional Euro Floating Rate Notes, the Additional Euro Fixed Rate 2022 Notes and the Additional Euro Fixed Rate 2024 Notes, the "*Additional Notes*"), in each case, so long as such issuance is in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*"). The Notes issued in this Offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Unless the context otherwise requires, in this "*Description of the Notes*," references to "*Notes*" include the Notes offered hereby and any Additional Notes that are actually issued under the Indenture, and references to Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes shall be to Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes and any Additional Euro Floating Rate Notes, Additional Euro Fixed Rate 2022 Notes, Additional Euro Fixed Rate 2024 Notes and Additional SEK Floating Rate Notes, respectively.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents in London, in each case, maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrars for the Notes*."

Paying Agent and Registrars for the Notes

The Issuer will maintain one or more paying agents (each a "*Paying Agent*") for the Notes, including a Paying Agent in London (the "*Principal Paying Agent*"). The initial Principal Paying Agent for the Notes will be Citibank, N.A., London Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*"). The Issuer will also maintain a transfer agent in London. The initial Registrar in respect of the Notes will be Citibank, N.A., London Branch (the "*Registrar*") and the initial transfer agent will be Citibank, N.A., London Branch. The Registrar, Paying Agent and transfer agent, as applicable, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to Holders. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (www.ise.ie).

Transfer and Exchange

The Notes will initially be issued as follows:

- The Notes sold within the United States to qualified institutional buyers (“*QIBs*”) pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “*144A Global Notes*”).
- The Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the 144A Global Notes, the “*Global Notes*”).
- The Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (“*Book-Entry Interests*”) will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Transfer Restrictions*.” In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

No Book-Entry Interest in any Global Note representing one series of Notes and no Definitive Registered Note issued in exchange for a Book-Entry Interest in such series of Notes may be transferred or exchanged for any Book-Entry Interest in any Global Note representing another series of Notes or any Definitive Registered Note issued in exchange for a Book-Entry Interest in another series of Notes.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. During the 40 day distribution compliance period, Book Entry Interests in the Regulation S Global Notes (“*Regulation S Book-Entry Interests*”) may be transferred only to non U.S. persons in compliance with Regulation S of the Securities Act or to persons whom the transferor reasonably believes are “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. Subject to the foregoing, Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of Book Entry Interests in the Rule 144A Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with any applicable securities law of any other jurisdiction.

Any Book Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book Entry Interest in the Global Note from which it was transferred and will become a Book Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of (i) €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof (in the case of the Euro Notes) and (ii) SEK 1,250,000 aggregate principal amount and integral multiples of SEK 10,000 in excess thereof (in the case of the SEK Floating Rate Notes), in each case, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of (i) €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof (in the case of the Euro Notes) and (ii) SEK 1,250,000 aggregate principal amount and integral multiples of SEK 10,000 in excess thereof (in the case of the SEK Floating Rate Notes). In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar, the Paying Agents and the transfer agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the initial purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of the offering of the Notes into the respective Escrow Accounts. The initial funds deposited in the Escrow Accounts, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Accounts (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "*Escrowed Property.*" The Escrowed Property will be controlled by the Escrow Agent in favor of the Trustee on behalf of the Holders of the Notes. The Notes will not benefit from any security interest in the Escrow Accounts or in the Escrowed Property.

In order to cause the Escrow Agent to release the Escrowed Property to the Issuer (the "*Release*"), the Escrow Agent and the Trustee shall have received from the Issuer, on or before the Escrow Longstop Date, an Officer's Certificate to the effect that:

- (i) the Acquisition will be consummated promptly following the Release and (ii) no material term or condition of the Acquisition Agreement as in effect on the date of this Offering Memorandum has been amended or waived in a manner or to the extent that would be materially prejudicial to the interests of the Holders of the Notes, other than any amendment or waiver made with the consent of Holders of a majority of the outstanding Notes;
- immediately after consummation of the Acquisition, the Issuer will own, directly or indirectly, the entire share capital of the Target;
- as of the Completion Date, there is no Event of Default under clause (7) of the first paragraph of the heading titled "—Events of Default" below with respect to the Issuer.

The Release will occur promptly upon the receipt of the Officer's Certificate set forth above (the date of such receipt, the "*Completion Date*"). Upon the Release, the Escrowed Property will be paid out in accordance with the Escrow Agreement and the Escrow Accounts will be reduced to zero.

In the event that (a) the Completion Date does not take place on or prior to the Escrow Longstop Date, (b) in the reasonable judgment of the Issuer, the Acquisition will not be consummated on or prior to the Escrow Longstop Date or (c) there is an event of bankruptcy, insolvency or court protection with respect to the Issuer on or prior to the Escrow Longstop Date (the date of any such event being the "*Special Termination Date*"), the Issuer will redeem all of the Notes (the "*Special Mandatory Redemption*") at a price (the "*Special Mandatory Redemption Price*") equal to 100% of the aggregate issue price of the respective Notes, plus accrued but unpaid interest from the Issue Date to, but not including, the Special Mandatory Redemption Date (as defined below) and Additional Amounts, if any (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "*Special Mandatory Redemption Date*"). On or prior to the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Principal Paying Agents for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property (if any) to the Issuer.

If at the time of such Special Mandatory Redemption, the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer will notify the Irish Stock Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such Special Mandatory Redemption.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date all of the Issuer's Subsidiaries will be Restricted Subsidiaries and as of the Completion Date, after giving effect to the Transactions, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate other Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of certain Indebtedness by the Issuer or any of its Restricted Subsidiaries, the Trustee shall, at the request of the Issuer, enter into with the Issuer, the relevant

Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "*Additional Intercreditor Agreement*"), on substantially similar terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders); *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Issuer shall furnish to the Trustee such documentation in relation thereto as it may reasonably require.

In relation to the Intercreditor Agreement or any Additional Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however,* that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by the Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Issuer or its Restricted Subsidiaries that is subject to the Intercreditor Agreement or Additional Intercreditor Agreement (provided that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement or any Additional Intercreditor Agreement, (4) secure the Notes (including Additional Notes) or (5) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee to enter into the Intercreditor Agreement, any Additional Intercreditor Agreement or any restatement, replacement, amendment or other modification to reflect the above on each Holder's behalf and the Trustee will not be required to seek the consent of the Holders to perform its obligations under and in accordance with the above provisions.

A copy of the Intercreditor Agreement and/or any Additional Intercreditor Agreement shall be made available to the Holders upon request to the Issuer.

Optional Redemption

Except as set forth herein and under "*—Redemption for Taxation Reasons*" and "*—Escrow of Proceeds; Special Mandatory Redemption*", the Notes are not redeemable at the option of the Issuer.

Special Optional Redemption

At any time prior to   , 2018, the Issuer may redeem (a "*Special Optional Redemption*") up to €300 million equivalent in aggregate principal amount of the Notes upon not less than 10 nor more than 60 days' prior notice, with the net cash proceeds of one or more Required Disposals at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the redemption date, *provided* that, and subject to "*—Selection and Notice*" below, the aggregate principal amount of Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and SEK Floating Rate Notes to be redeemed in any Special Optional Redemption shall be on an approximate *pro rata* basis across all series of Notes, which proration shall be determined based on the euro equivalent, calculated in the sole judgment of the Issuer, of the outstanding aggregate principal amount of the SEK Floating Rate Notes determined as of a date selected by the Issuer that is no earlier than 10 days prior to the date the notice of such Special Optional Redemption is provided to Holders.

Euro Floating Rate Notes

At any time prior to , 2018, the Issuer may redeem the Euro Floating Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such Euro Floating Rate Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest to, the redemption date, and Additional Amounts, if any.

At any time and from time to time on or after , 2018, the Issuer may redeem the Euro Floating Rate Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date and Additional Amounts, if any:

Twelve-month period commencing on :	Percentage
2018	101.0000%
2019 and thereafter	100.0000%

Euro Fixed Rate 2022 Notes

At any time prior to , 2019, the Issuer may redeem the Euro Fixed Rate 2022 Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such Euro Fixed Rate 2022 Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest to, the redemption date, and Additional Amounts, if any.

At any time and from time to time on or after , 2019, the Issuer may redeem the Euro Fixed Rate 2022 Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date and Additional Amounts, if any:

Twelve-month period commencing on :	Percentage
2019	%
2020	%
2021 and thereafter	100.0000%

At any time and from time to time prior to , 2019, the Issuer may redeem the Euro Fixed Rate 2022 Notes upon not less than 10 nor more than 60 days' prior notice, with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to % plus accrued and unpaid interest to the redemption date and Additional Amounts, if any, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Euro Fixed Rate 2022 Notes (including Additional Euro Fixed Rate 2022 Notes), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original principal amount of the Euro Fixed Rate 2022 Notes being redeemed (including the principal amount of any Additional Euro Fixed Rate 2022 Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

Euro Fixed Rate 2024 Notes

At any time prior to , 2020, the Issuer may redeem the Euro Fixed Rate 2024 Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such Euro Fixed Rate 2024 Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest to, the redemption date, and Additional Amounts, if any.

At any time and from time to time on or after , 2020, the Issuer may redeem the Euro Fixed Rate 2024 Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date and Additional Amounts, if any:

Twelve-month period commencing on :	Percentage
2020	%
2021	%
2022 and thereafter	100.0000%

At any time and from time to time prior to , 2020, the Issuer may redeem the Euro Fixed Rate 2024 Notes upon not less than 10 nor more than 60 days' prior notice, with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to % plus accrued and unpaid interest to the redemption date and Additional Amounts, if any, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Euro Fixed Rate 2024 Notes (including Additional Euro Fixed Rate 2024 Notes), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original principal amount of the Euro Fixed Rate 2024 Notes being redeemed (including the principal amount of any Additional Euro Fixed Rate 2024 Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

SEK Floating Rate Notes

At any time prior to , 2018, the Issuer may redeem the SEK Floating Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of such SEK Floating Rate Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest to, the redemption date, and Additional Amounts, if any.

At any time and from time to time on or after , 2018, the Issuer may redeem the SEK Floating Rate Notes in whole or in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest to the redemption date and Additional Amounts, if any:

Twelve-month period commencing on :	Percentage
2018	101.0000%
2019 and thereafter	100.0000%

General

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering and, in the case of a redemption of the Notes, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (provided, however, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, inform the Irish Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any tender offer or other offer to purchase for all of the Notes, if Holders of not less than 90% of the aggregate principal amount of the then-outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders), plus, to the extent not included in the tender offer payment, accrued and unpaid interest thereon, if any, to, but not including, the repurchase date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then-outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge of, or defeasance of, the Indenture, requests that the Trustee distribute to the Holders amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions set forth under "*—Defeasance*" or "*—Satisfaction and Discharge*," the applicable redemption notice will state (i) that Holders will receive such amounts deposited in trust with the Trustee prior to the date fixed for redemption and (ii) such earlier payment date.

Sinking Fund

Other than in the case of a Special Mandatory Redemption, the Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and/or SEK Floating Rate Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Euro Floating Rate Notes, Euro Fixed Rate 2022 Notes, Euro Fixed Rate 2024 Notes and/or SEK Floating Rate Notes, as applicable, for redemption in compliance with the rules and procedures of Euroclear and Clearstream, or (i) if such Notes are not held through Euroclear or Clearstream, on a *pro rata* basis or (ii) if Euroclear or Clearstream prescribe no method of selection, by use of a pool factor; *provided, however,* that no Euro Note of €100,000 in aggregate principal amount or less or SEK Floating Rate Note of SEK 1,250,000 in aggregate principal amount or less shall be redeemed in part and only Euro Notes and SEK Floating Rate Notes in integral multiples of €1,000 and

SEK 10,000 will be redeemed, respectively. Neither the Trustee nor the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Market Exchange and the rules of the Irish Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Irish Stock Exchange (www.ise.ie) and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. For Euro Notes and SEK Floating Rate Notes represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery to Euroclear and Clearstream for communications to entitled account holders in substitution for aforesaid mailing. Such notice of redemption may also be posted on the website of the Irish Stock Exchange (www.ise.ie), to the extent and in the manner permitted by the rules of the Irish Stock Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise if the Issuer, Successor Issuer or Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaty (or any regulations, protocols or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below under "*—Withholding Taxes*"); or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Issuer, Successor Issuer or Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and not result in any material legal or regulatory burden or any significant additional costs but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by the Issuer, a Successor Issuer or a Guarantor (a "*Payor*") on the Notes or any Note Guarantees, as defined below, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Sweden or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents on their behalf, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in a trade or business for tax purposes or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made by a Payor with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

(2) any Taxes to the extent that they are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Note Guarantee;

(4) any estate, inheritance, gift, sales, value added, use, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;

(6) any Taxes imposed on or with respect to a payment to any Holder who is a fiduciary or a partnership or any Person other than the sole beneficial owner of payment or such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly;

(7) any Taxes withheld or deducted pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such Sections), any U.S. Treasury regulations promulgated thereunder, any official interpretations thereof or any agreements (including an intergovernmental agreement or any law implementing any such agreement) entered into in connection with the implementation thereof; or

(8) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request. The Payor shall attach to each certified copy or other evidence, as applicable, a certificate stating (x) that the amount of Tax evidenced by the certified copy was paid in connection with payments under or with respect to the Notes then outstanding upon which such Taxes were due and (y) the amount of such withholding tax paid per €1,000 of principal amount of the Notes.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the

Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, any Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar taxes, charges or levies that arise in any Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer of the Notes), and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The Payor will also pay any such taxes, charges, or levies arising in any taxing jurisdiction in connection with the enforcement of the Notes, or any other such document or instrument, following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (in integral multiples of (i) €1,000 (in the case of the Euro Notes); *provided* that Euro Notes of €100,000 or less may only be redeemed in whole and not in part and (ii) SEK 10,000 (in the case of the SEK Floating Rate Notes); *provided* that SEK Floating Rate Notes of SEK 1,250,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase and Additional Amounts, if any (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agents an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agents the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or the Registrar as applicable will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new (i) Euro Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof and (ii) SEK Floating Rate Note will be in an aggregate principal amount that is at least SEK 1,250,000 and integral multiples of SEK 10,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Irish Stock Exchange (www.ise.ie).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control, or an offer or other transaction that if consummated would result in a Change of Control has been publicly announced and, if applicable, not withdrawn, at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the RCF Facility Agreement, the occurrence of a change of control would require the repayment of such indebtedness. Future debt of the Issuer or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

The Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited to the Issuer's then existing financial resources. See "*Risk Factors—Risks Related to the Notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture*."

Holders of the Notes may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Issuer's board of directors, including in connection with a proxy contest.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Notwithstanding anything to the contrary contained herein, the provisions of the Indenture described under the captions "*—Certain Covenants*" and "—Certain Definitions," to the extent they describe an allowance on the basis of a percentage of ERC or Total Assets (each, a "*Grower Allowance*") (but in each case only to such extent of such Grower Allowance), shall not apply until the completion of the Required Disposal.

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any of its Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof) as if the additional Indebtedness had been Incurred at the beginning of the relevant four quarter period, the Consolidated Fixed Charge Coverage Ratio for the Issuer's most recently ended four fiscal quarters for which internal consolidated financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred is at least 2.0 to 1.0; *provided further* that the aggregate principal amount of Indebtedness Incurred pursuant to this paragraph and clause (11) of the next paragraph by Restricted Subsidiaries that are not Guarantors shall not exceed €250 million at any one time outstanding.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (a) the greater of (i) €1,100 million and (ii) 35% of ERC, *plus* (b) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary so long as (i) the Incurrence of such Indebtedness being guaranteed is permitted under the terms of the Indenture, (ii) if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or to a Note Guarantee then such Guarantee must be subordinated to the same extent as the Indebtedness being guaranteed and (iii) if the Indebtedness being guaranteed is Indebtedness of the Issuer or a Guarantor, such Restricted Subsidiary complies with the covenant described under "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*"; or

(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) if the Issuer or any Guarantor is the obligor under such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated in right of payment to prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes and the Indenture; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a)(i) the Notes (other than any Additional Notes) and any Note Guarantees thereof, (ii) the MTNs, the Private Placement Notes and the Commercial Paper Program, in each case, outstanding on the Issue Date and (iii) any "parallel debt" obligation under the Intercreditor Agreement and any Additional Intercreditor Agreement, (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date after giving *pro forma* effect to the Transactions and (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in sub-clause (a), (b) or (c) of this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(5) Indebtedness (a) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or another Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or any Restricted Subsidiary) or (b) Incurred by the Issuer to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided, however*, with respect to each of clause (5)(a) and (5)(b), that at the time of such acquisition or other transaction (i) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (ii) the Consolidated Fixed Charge Coverage Ratio of the Issuer would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Issuer);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of (A) €150 million and (B) 2.4% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees

of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) take-or-pay obligations, customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables of the Issuer or a Restricted Subsidiary for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €300 million and 9.5% of ERC; *provided that* the aggregate principal amount of Indebtedness Incurred pursuant to this clause (11) and under the first paragraph of this covenant by Restricted Subsidiaries that are not Guarantors shall not exceed €250 million at any one time outstanding;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, an Excluded Contribution or through the Capital Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1) and (6)(ii) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1) and (6)(ii) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(15) Indebtedness consisting of local lines of credit or working capital facilities not exceeding €80 million outstanding at any one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Completion Date under the RCF Facility Agreement shall be deemed Incurred on the Completion Date under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments or any "parallel debt" obligation relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (12) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "*Indebtedness.*"

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date.

For purposes of determining compliance with any euro- or SEK-denominated (as applicable) restriction on the Incurrence of Indebtedness (including any Indebtedness to be Incurred under the first paragraph of this covenant or by reference to a percentage of ERC or Total Assets) or for purposes of calculating the Consolidated Fixed Charge Coverage Ratio or Consolidated Leverage Ratio for any other purpose under the Indenture, in each applicable case, the euro or SEK equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness or, at the option of the Issuer, first committed or first Incurred (whichever yields the lower euro or SEK equivalent, as applicable), in the case of Indebtedness Incurred under a revolving credit facility; provided that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro or SEK, as applicable, and such refinancing would cause the applicable ratio or euro- or SEK-denominated restriction, as applicable, to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such ratio or euro- or SEK-denominated restriction, as applicable, shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced plus the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing; (b) subject to clause (c) below, the euro or SEK equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering all or any portion the principal and interest on such Indebtedness, the amount of such Indebtedness expressed in euro or SEK, as applicable, will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor (if any) will incur any Indebtedness (including any Indebtedness permitted to be Incurred pursuant to the second paragraph of this covenant) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee thereof on substantially identical terms (as determined in good faith by the Issuer); *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured, by virtue of being secured with different collateral, by virtue of being secured on a junior priority basis, by virtue of being guaranteed by different obligors or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

    (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

    (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its

Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer) any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "—*Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (6), (10), (11), (12) and (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

   (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing January 1, 2016 to the end of the Issuer's most recently ended fiscal quarter prior to the date of such Restricted Payment for which internal consolidated financial statements are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

   (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) the Capital Contribution, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries or the merger or consolidation of an Unrestricted Subsidiary into the Issuer or any Restricted Subsidiary (valued at the fair market value of the Issuer's Restricted Investment in such Subsidiary) or the transfer of all of the assets of such Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary (valued at the fair market value of the property received by the Issuer or any Restricted Subsidiary),

which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Issuer or a Restricted Subsidiary;

in each case, which Unrestricted Subsidiary was designated as such after the Issue Date; *provided, however,* that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer or the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale or issuance of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (in each case, other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, through the issuance of Disqualified Stock or Designated Preference Shares, through an Excluded Contribution or the Capital Contribution and to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6)(ii) below) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of (a) Preferred Stock of the Issuer made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or (b) Preferred Stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of such Restricted Subsidiary, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

 (a) (i) from Net Available Cash to the extent permitted under "—*Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "—*Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

 (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall be required to make a Change of Control Offer under "—*Change of Control*" and shall have first complied with the terms described under "—*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

 (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent, the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (i) €30 million plus €2 million multiplied by the number of calendar years that have commenced since the Issue Date plus (ii) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph of this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or amounts constituting or to be used for purposes of making payments (i) in connection with the Transactions (including, for the avoidance of doubt, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with the Transactions) or (ii) to the extent specified in clauses (2), (3), (5), (7) (only to the extent that such payments do not exceed the amount of tax that the Issuer and its Restricted Subsidiaries would owe without taking into account the Tax Sharing Agreement with such Parent or Unrestricted Subsidiary and provided that the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby), and (11) of the third paragraph under "*—Limitation on Affiliate Transactions*;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration or payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent in an amount not to exceed in any year 6% of the Issuer's Market Capitalization (less, in the year in which the Issue Date occurs, the Intrum 2017 Dividend); *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of 3.4% of ERC and €110 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by any Parent or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and

(17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that the Consolidated Leverage Ratio of the Issuer on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 3.00 to 1.00.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (17) above, or is permitted pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by an Officer or the Board of Directors of the Issuer acting in good faith. For purposes hereof, unsecured Indebtedness shall not be deemed to be subordinate or junior to Indebtedness that is secured by virtue of it not being secured.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the

"*Initial Lien*"), except (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes (or any Note Guarantee in the case of Liens of any Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien (in each case, including pursuant to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement) for so long as such Indebtedness is so secured.

Any such Lien created in favor of the Notes pursuant to clause (2) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock held by the Issuer or any Restricted Subsidiary or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the RCF Finance Documents) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date after giving *pro forma* effect to the Transactions (including for purposes of this clause (1) any such agreement or instrument of any member of the Target Group), including, without limitation, the Indenture, the Notes and the Intercreditor Agreement;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which

such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements not prohibited by the Indenture or securing Indebtedness or other obligations of the Issuer or a Restricted Subsidiary not prohibited by the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) (x) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or (y) any encumbrance or restriction pursuant to a joint venture, co-investment or similar agreements (and any agreements ancillary or consequential thereto) that impose restrictions on the transfer of the rights, property or assets of the joint venture, co-investment vehicle or other entity the subject of any such agreement(s);

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements, co-investment and other similar or related agreements and instruments, in each case, entered into in the ordinary course of business or where the Issuer determines that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the RCF Facility Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date after giving *pro forma* effect to the Transactions or (ii) in comparable financings (as determined in good faith by the Issuer) and where the Issuer determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "—*Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of an Officer or the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by an Officer or the Board of Directors of the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:

    (a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) or Indebtedness under the RCF Facility Agreement or any other Indebtedness Incurred pursuant to clause (1) of the second paragraph of the "—*Limitation on Indebtedness*" covenant; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a) (other than any prepayment or repayment of Indebtedness under the RCF Facility Agreement with the net cash proceeds from a Required Disposal), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Issuer shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to all Holders of the Notes to purchase their Notes at a purchase price equal to or greater than 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase and/or redeems Notes pursuant to the redemption provisions set forth above under the caption "—*Optional Redemption*", in each case on a *pro rata* basis with any such other Pari Passu Indebtedness that is purchased; or (iii) to prepay, repay or purchase any Indebtedness that is secured by a Lien on the assets or property which were the subject of the Asset Disposition (other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary);

(b) to the extent the Issuer or such Restricted Subsidiary elects, within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, to redeem Notes pursuant to the redemption provisions set forth above under the caption "—Optional Redemption" and/or (at the option of the Issuer or Restricted Subsidiary) purchase Notes pursuant to an offer to all Holders at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest;

(c) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; or

(d) any combination of the foregoing,

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Except as set forth in the second succeeding paragraph, for purposes of determining compliance with the provisions of this covenant, the euro equivalent of any Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the first paragraph of this covenant will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day (or the 546th day, in the case of any Net Available Cash committed to be used pursuant to any definitive binding agreement or commitment approved by the Board of Directors of the Issuer pursuant to clause (c) of the first paragraph of this covenant) after the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €90 million, the Issuer will be required to make an offer ("*Asset Disposition Offer*") to all Holders of Notes issued under the Indenture and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes and, in the case of any Pari Passu Indebtedness, an offer price of no more than 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and in minimum denominations of (i) €100,000 and in integral multiples of €1,000 in excess thereof (in the case of Euro Notes) and (ii) SEK 1,250,000 and in integral multiples of SEK 10,000 in excess thereof (in the case of SEK Floating Rate Notes). For the avoidance of doubt, the Issuer or any Restricted Subsidiary may make an Asset Disposition Offer prior to the expiration of the 366-day or 546-day period, as applicable, referred to above.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among each series of Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of each series of Notes and Pari Passu Indebtedness so tendered. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the aggregate principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of (i) €100,000 and in integral multiples of €1,000 in excess thereof (in the case of Euro Notes) and (ii) SEK 1,250,000 and in integral multiples of SEK 10,000 in excess thereof (in the case of SEK Floating Rate Notes). The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the relevant Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee or the Registrar, as applicable, upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000 (in the case of Euro Notes) and SEK 1,250,000 (in the case of SEK Floating Rate Notes). Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition; *provided* that such Indebtedness is not, directly or indirectly, secured by any Lien on any of the assets or property of the Issuer and its Restricted Subsidiaries (including Capital Stock of a Restricted Subsidiary of the Issuer);

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary;

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €90 million and 1.5% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(6) any Capital Stock or assets of a kind referred to in clause (3)(c) of the first paragraph of this covenant.

The Issuer will comply, to the extent applicable, with the requirements of any applicable securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (any such transaction or series of related transactions, "*Affiliate Transaction*") involving aggregate value in excess of €30 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €60 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(ii) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2) and (14) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date after giving *pro forma* effect to the Transactions or, with respect to the Target Group, the Completion Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate, similar entity or Co-Investment Vehicle that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate, similar entity or Co-Investment Vehicle;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;

(12) any transaction effected as part of a Qualified Receivables Financing;

(13) the performance of any transactions or obligations of any Person or any of its Subsidiaries under the terms of any transaction arising out of, or payments made pursuant to or for the purposes of funding, any agreement or instrument in effect at the time such Person is acquired by the Issuer or any Restricted Subsidiary, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the Indenture; *provided* that such agreements or instruments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation; and

(14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter or opinion from an Independent Financial Advisor stating that (i) the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis or (ii) that the transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2017, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer as of the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year (in each case, with comparable prior-year periods), including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements and (e) material risk factors in a level of detail comparable to the English language version of the Issuer's annual report for the year ended December 31, 2016 and material recent developments (to the extent not previously reported pursuant to clauses (2) and (3) below);

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ending June 30, 2017, all quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently

completed fiscal year; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Issuer and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments (to the extent not previously reported pursuant to clause (3) below); and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes or change in auditors of the Issuer, or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. The filing of an Annual Report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Subsidiaries other than any Unrestricted Subsidiary (as applicable) separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries other than any Unrestricted Subsidiary (as applicable), which reconciliation shall include the following items: net revenues, EBITDA, ERC, net income, cash, total assets, total debt and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. Notwithstanding the foregoing, in the event the Issuer either (i) posts copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise provides substantially comparable availability of such reports (as determined by the Issuer in good faith), it will be deemed to have provided such reports to the Trustee.

In addition, so long as the Notes remain outstanding and during any period during which the Parent is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Parent shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions, to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement or such Additional Intercreditor Agreement (to the extent required by the Intercreditor Agreement or any Additional Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Fixed Charge Coverage Ratio of the Successor Issuer would not be less than the Consolidated Fixed Charge Coverage Ratio was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Issuer will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer and (b) the Issuer and its Restricted Subsidiaries may undertake a Permitted Reorganization.

Notwithstanding the preceding clauses (3) and (4) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with, merge into or transfer all or a portion of its assets to an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

Suspension of Covenants on Achievement of Investment Grade Status

If, on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day (the "*Suspension Date*") and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*", and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

The Issuer shall notify the Trustee and the Holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an investment grade rating.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors

The Issuer will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Public Debt or any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee or other Indebtedness, as applicable, is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee of the Notes, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

The Indenture will provide that, in the event that on any date the MTNs and any Eligible MTN Replacement Indebtedness that contains a covenant substantially similar to the MTN Negative Pledge Provision have been repaid in full, the Issuer will procure that the Restricted Subsidiaries which Guarantee any Indebtedness under the RCF Facility Agreement will each, within 60 days of such date, become a Guarantor and, if applicable, execute and deliver to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note

Guarantee, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of the RCF Facility Agreement.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee of the Notes.

Each Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as such Restricted Subsidiary is an Excluded Subsidiary or the Incurrence of such Guarantee is not required to be granted by operation of the Agreed Security Principles or could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Note Guarantee of a Guarantor will automatically and unconditionally terminate and release (and thereupon will terminate and discharge and be of no further force and effect):

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;

- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

- upon the defeasance or discharge of the Notes, as provided in "—*Defeasance*" and "—*Satisfaction and Discharge*;"

- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

- in the case of any Restricted Subsidiary that after the Issue Date is required to Guarantee the Notes pursuant to the first paragraph of this covenant, upon the release or discharge of the Guarantee of Indebtedness by such Restricted Subsidiary that resulted in the obligation to Guarantee the Notes; *provided* that no Event of Default would arise as a result and such Restricted Subsidiary does not Guarantee any other Public Debt of the Issuer or any Guarantor;

- in connection with the implementation of a Permitted Reorganization; or

- as described under "—*Amendments and Waivers*."

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Global Exchange Market of the Irish Stock Exchange for so long as such Notes are outstanding; provided that if the Issuer is unable to obtain admission to such listing or if at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to (where the Notes are initially so listed, prior to the delisting of the Notes from Global Exchange Market), and thereafter use commercially reasonable efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders in any jurisdiction or any category of Holders where (1) the solicitation of such consent, waiver or amendment, including in connection with any tender or exchange offer, or (2) the payment of the consideration therefor could reasonably be interpreted as requiring the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws, the laws of the United Kingdom and the laws of the European Union or any of its member states), which the Issuer in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of Holders.

Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply with the provisions of the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(4) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with any of the Issuer's obligations under the covenants described under "*—Change of Control*" above (other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(5) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any

of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of any grace period provided in such Indebtedness ("*payment default*"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*");

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €55 million or more;

(7) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(8) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of €55 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(9) any Note Guarantee of a Significant Subsidiary or a group of Guarantors that when taken together (as of the end of the most recently completed fiscal year), would constitute a Significant Subsidiary, ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 10 days (the "*guarantee provisions*"); and

(10) failure by the Issuer to consummate a Special Mandatory Redemption as described under the caption "*—Escrow of Proceeds; Special Mandatory Redemption*."

However, a default under clauses (4), (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (4), (5), (6) or (8), the Issuer does not cure such default within the time specified in clauses (4), (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "*—Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall have been remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of

Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee indemnity and/or security against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and a responsible officer of the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute a Default, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). If any amendment, supplement or waiver will only affect one series of Notes, only the holders of a majority in aggregate principal amount of the then outstanding Notes of that affected series (and not the consent of the holders of the majority of all Notes) shall be required. However, without the consent of Holders holding not less than 90% of the then-outstanding aggregate principal amount of Notes affected (provided that if any amendment, supplement or waiver will only affect one series of the Notes, then only the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Notes of that affected series (and not the consent of the holders of at least 90% of all Notes) shall be required), an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of, or extend the Stated Maturity of, any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal, interest or Additional Amounts, if any, on or with respect to such Holder's Notes on or after the due date therefor;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so

described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(9) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Document to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes in accordance with the Indenture;

(7) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries; Future Guarantors*," to add Guarantees with respect to the Notes, to add Collateral for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(8) to evidence and provide for the acceptance and appointment under the Note Documents of a successor Trustee and pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document.

The Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For purposes of determining whether the Holders of the requisite principal amount of all Notes have taken any action under the Indenture, the principal amount of the SEK Floating Rate Notes shall be deemed to be the euro equivalent of such principal amount of SEK Floating Rate Notes based on the exchange rate as of (i) if a record date has been set with respect to the taking of such action, such date or (ii) if no such record date has been set, the date the taking of such action by the Holders of such requisite principal amount is certified to the Trustee by the Issuer.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its and any Guarantor's obligations under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust.

The Issuer at any time may terminate its and any Guarantors' obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provisions and the security default provisions described under "*—Events of Default*" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5), (6), (7) (other than with respect to the Issuer), (8) or (9) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose) (i) with respect to the Euro Notes, cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Euro Notes to redemption or maturity, as the case may be and (ii) with respect to the SEK Floating Rate Notes, cash in SEK or SEK-denominated Swedish Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the SEK Floating Rate Notes to redemption or maturity, as the case may be; *provided* that, if requested by the Issuer, the Trustee will distribute any amounts deposited in trust to the Holders prior to the Stated Maturity or redemption date, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose), (i) with respect to the Euro Notes, euros or euro-denominated European Government Obligations or a combination thereof and (ii) with respect to the SEK Floating Rate Notes, SEK or SEK-denominated Swedish Government Obligations or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be, *provided* that, if requested by the Issuer, the Trustee will distribute any amounts deposited in trust to the Holders prior to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Citibank, N.A., London Branch will be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then-outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification and security of the Trustee by the Issuer for any loss, liability and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the relevant Registrar. In addition, for so long as any of the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange shall so require, notices with respect to the Notes will be published in a newspaper having general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (www.ise.ie). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book Entry Interests. Such notice of any amendment, supplement or waiver may also be published on the website of the Irish Stock Exchange (www.ise.ie), to the extent and in the manner permitted by the rules of the Irish Stock Exchange.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro and SEK are the sole currencies of account and payment for all sums payable by the Issuer and any Guarantors under or in connection with the Euro Notes and SEK Floating Rate Notes, as applicable, and any Note Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro (with respect to the Euro Notes) and SEK (with respect to the SEK Floating Rate Notes), whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge of the obligations of the Issuer or such Guarantor, as applicable, to the extent of the euro amount or the SEK Floating Rate amount, as applicable, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount or SEK amount is less than the euro amount or SEK amount, as applicable, expressed to be due to the recipient or the Trustee under any Note, the Issuer and any Guarantor will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and any Guarantor will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and any Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Note Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Issuer are held outside the United States, and any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and any Note Guarantees, the Issuer will in the Indenture, and any Guarantor will in any Supplemental Indenture, irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and any Additional Intercreditor Agreements will be governed by English law.

Certain Definitions

"*Acquisition*" means the acquisition of the Target Group by the Issuer pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the combination agreement dated November 13, 2016, made between, *inter alios*, the Issuer and Cidron 1748 S.à r.l., as it may be amended from time to time.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case, whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "*control*" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "*controlling*" and "*controlled*" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in an annex to the RCF Facility Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, (i) with respect to any Euro Floating Rate Note, the greater of:

(1) 1% of the principal amount of such Euro Floating Rate Note; and

(2) on any redemption date, the excess (to the extent positive) of:

   (a) the present value at such redemption date of (i) the redemption price of such Euro Floating Rate Note at   , 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), *plus* (ii) all required interest payments due on such Euro Floating Rate Note through   , 2018 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points and assuming that the Euro Applicable Rate from the redemption date through   , 2018 will equal the Euro Applicable Rate in effect on the date on which the applicable notice of redemption is given; over

   (b) the outstanding principal amount of such Euro Floating Rate Note,

(ii) with respect to any Euro Fixed Rate 2022 Note, the greater of:

(1) 1% of the principal amount of such Euro Fixed Rate 2022 Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Euro Fixed Rate 2022 Note at , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), *plus* (ii) all required interest payments due on such Euro Fixed Rate 2022 Note through , 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; over

(b) the outstanding principal amount of such Euro Fixed Rate 2022 Note,

(iii) with respect to any Euro Fixed Rate 2024 Note, the greater of:

(1) 1% of the principal amount of such Euro Fixed Rate 2024 Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Euro Fixed Rate 2024 Note at , 2020 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), *plus* (ii) all required interest payments due on such Euro Fixed Rate 2024 Note through , 2020 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; over

(b) the outstanding principal amount of such Euro Fixed Rate 2024 Note,

(iv) with respect to any SEK Floating Rate Note, the greater of:

(1) 1% of the principal amount of such SEK Floating Rate Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such SEK Floating Rate Note at , 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), *plus* (ii) all required interest payments due on such SEK Floating Rate Note through , 2018 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Swedish Government Bond Rate at such redemption date *plus* 50 basis points and assuming that the SEK Applicable Rate from the redemption date through , 2018 will equal the SEK Applicable Rate in effect on the date on which the applicable notice of redemption is given; over

(b) the outstanding principal amount of such SEK Floating Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, Paying Agent , the Euro Calculation Agent or the SEK Calculation Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, transfer, issuance or other disposition of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*Change of Control*" and/or the provisions described above under the caption

"*—Certain Covenants—Merger and Consolidation*" and not by the provisions described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock:*" *provided*, *further*, that the sale or transfer of all or substantially all of the economic benefit of a portfolio of loans or receivables (or any specified portion thereof) pursuant to a derivative instrument or otherwise will, subject to the next succeeding sentence, constitute an Asset Disposition of the underlying portfolio assets (or specified percentage thereof) for all purposes of the Indenture (*a* "*Synthetic Sale*"). Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, receivables or other rights or assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment, facilities or inventory or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Issuer*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of, or pursuant to, an equity incentive or compensation plan approved by the Board of Directors of the Issuer or an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*";

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than €30 million or, if greater, 0.5% of Total Assets;

(8) any Restricted Payment that is permitted to be made, under and in compliance with the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with the granting of Liens permitted by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*;"

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing, sub-licensing, lease or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases, subleases, assignments or other dispositions of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes or loans receivable arising in the ordinary course of business, or the conversion or exchange of receivables for notes or loans receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person in relation to information technology, accounting and other clerical or ancillary functions; *provided*, *however*, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(18) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings not prohibited by the Indenture;

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(20) any transfer, termination, unwinding or other disposition of Hedging Agreements not for speculative purposes;

(21) dispositions arising as a result of a Permitted Reorganization; and

(22) the Required Disposal in one or a series of related transactions to the extent that the fair market value of any such sold, leased, transferred, conveyed or disposed of assets does not in the aggregate exceed 6.0% of Total Assets (on a *pro forma* consolidated basis, including, without limitation, the Target and its Subsidiaries that are Restricted Subsidiaries), *provided* that, for the avoidance of doubt, if the fair market value of such assets exceeds such threshold, only the amount in excess of such threshold shall be deemed to be an Asset Disposition.

"*Associate*" means (1) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (2) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board), or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; (3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof and (4) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to   , 2018 (in the case of the Euro Floating Rate Notes), to   , 2019 (in the case of the Euro Fixed Rate 2022 Notes) or to   , 2020 (in the case of the Euro Fixed Rate 2024 Notes) (such date, in each case, the "reference date"); *provided, however*, that if the period from the redemption date to the applicable reference date is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to the applicable reference date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Oslo, Norway, Stockholm, Sweden, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("*TARGET*") payment system is open for the settlement of payments.

"*Capital Contribution*" means the contribution of the Target to the Issuer in connection with the Transactions.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capital lease or an operating lease). The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any Lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a

Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*," the marketable securities portfolio owned by the Issuer and its Subsidiaries (including the Target Group) on the Issue Date after giving *pro forma* effect to the Transactions.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Co-Investment Vehicle*" means any Person (including any Restricted Subsidiary of the Issuer) (i) that is acquired or established (or that exists) primarily for the purpose of the ownership, acquisition, sale, financing and related functions of receivables and similar or related assets, (ii) that does not undertake any business activity other than any such business activities related to the activities in clause (i) of this definition and ancillary activities related thereto and (iii) that does not own any assets other than (A) loans, receivables and similar or related assets, (B) cash and Cash Equivalents, (C) other *de minimis* assets, (iv) with respect to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such Person's financial condition or cause such Person to achieve certain levels of operating results (other than its proportionate share of any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain such Person's corporate existence) and (v) in the case of a Non-Leveraged Minority Co-Investment Vehicle, such Person is not subject to (and shall not agree to become subject to) any consensual encumbrance or consensual restriction on the ability of such Person to pay dividends or make any other distributions to holders of the economic interests in such Person, other than other than requirements for such Person to maintain a commercially agreed minimum amount of liquidity (including to fund ongoing operating expenses) and any other restriction that, in the good faith determination of the Issuer or its senior management, does not materially adversely affect the ability of the Issuer to meet its payment obligations under the Indenture, *provided* that (1) any such Co-Investment Vehicle that is a Restricted Subsidiary may only Incur Indebtedness and Liens that are not prohibited by the Indenture, (2) any and all Indebtedness and other obligations of any Co-Investment Vehicle outstanding at any time qualify as Non-Recourse Obligations and (3) no Co-Investment Vehicle may make any dividends or other distributions except, directly or indirectly (taking into account any other arrangement entered into among the co-investors in connection with their investment in the Co-Investment Vehicle, but excluding for the avoidance of doubt any other economic interest, including under any debt servicing arrangements), to its co-investors on a basis proportionate (or, in the case of dividends or distributions to the Issuer or any Restricted Subsidiary, on a basis at least proportionate) to the economic interest of each investor (including the Issuer or a Restricted Subsidiary).

On or prior to the time of the initial Investment by the Issuer or any Restricted Subsidiary in a Co-Investment Vehicle that is not a Restricted Subsidiary, the Issuer shall designate such Co-Investment Vehicle to be either a Leveraged Minority Co-Investment Vehicle or a Non-Leveraged Minority Co-Investment Vehicle; *provided* that such designation shall not be subsequently revoked or reclassified; *provided further* that a Non-Leveraged Minority Co-Investment Vehicle may not incur any Indebtedness at any time.

"*Commercial Paper Program*" means the Issuer's SEK 1,500,000,000 (or its euro equivalent) commercial paper program pursuant to the terms and conditions of the notes dated August 31, 2011.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Competition Laws*" means any national, federal, state, foreign, multinational or supranational antitrust, competition or trade regulation statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate actions or transactions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition or effectuating foreign investment.

"*Consolidated EBITDA*" for any period (the "*Relevant Period*") means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted or not prohibited by the Indenture (in each case whether or not successful), in each case, as determined in good faith by an Officer of the Issuer;

(6) other than with respect to any Co-Investment Vehicle, any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period; and

(7) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"*Consolidated Fixed Charge Coverage Ratio*" means, as of the date of determination, the ratio of:

(1) the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements are available to

(2) the sum of Consolidated Interest Expense for such period,

provided that the Consolidated Fixed Charge Coverage Ratio and each element thereof shall be calculated on a *pro forma* basis for each relevant period and *pro forma* calculations will be made in good faith by a responsible financial or accounting officer of the Issuer (including any *pro forma* expenses and cost savings and cost reduction synergies to the extent they have occurred or are reasonably expected to occur within the next twelve months following the date of such calculation as a result of, or that would result from any actions by the Issuer or any of its Restricted Subsidiaries including, without limitation, (i) in connection with any cost reduction or cost savings program, (ii) in connection with any transaction, investment, acquisition (including, without limitation, acquisition of business entities or property and assets constituting a division or line of business) or disposition or (iii) in connection with any restructuring, corporate reorganization or otherwise (and, in the case of sub-clauses (i) and (iii), steps have been taken to realize such expenses and cost savings and cost reduction synergies), in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Issuer (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared)); *provided*, *further*, without limiting the application of the previous proviso, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal

to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period and (b) the Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Issuer or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and the continuing Restricted Subsidiaries in connection with such Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(2) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

(4) if the Issuer or any Restricted Subsidiary has incurred any Indebtedness since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is an incurrence of Indebtedness or both, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; provided, however, that, other than for the purposes of the calculation of the Consolidated Fixed Charge Coverage Ratio under clause (5) of the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*", the pro forma calculation of the Consolidated Fixed Charge Coverage Ratio shall not give effect to (a) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*";

(5) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such period;

(6) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such period; and

(7) prior to the Completion Date, for purposes of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*", *pro forma* effect will be given to the Transactions,

including the issuance of Notes on the Issue Date and the use of proceeds thereof, as if they had occurred at the beginning of the applicable period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Issuer (including, to the extent applicable, in respect of cost savings and cost reduction synergies).

If any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement).

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of the Issuer and its Restricted Subsidiaries, whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority, in each case excluding (but only to the extent not paid or required to be remitted by the Issuer or any Restricted Subsidiary or not promptly reimbursed by such Leveraged Minority Co-Investment Vehicle) any such taxes or other payments attributable to any Leveraged Minority Co-Investment Vehicle.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, but excluding amortization of debt issuance costs, fees and expenses and the expensing of any financing fees;

(3) non-cash interest expense;

(4) the net payments (if any) on Interest Rate Agreements and Currency Agreements (excluding amortization of fees and discounts and unrealized gains and losses);

(5) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;

(6) the consolidated interest expense that was capitalized during such period;

(7) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; and

(8) interest accrued on any Indebtedness of a Parent that is Guaranteed by the Issuer or any Restricted Subsidiary or secured by a Lien on the assets of the Issuer or any Restricted Subsidiary (less any interest accrued on any Indebtedness of the Issuer or any Restricted Subsidiary that was funded with the proceeds of such Guaranteed Indebtedness).

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing and (iii) any payments on any operating leases, including without limitation any payment on any lease, sublease, rental or license of property (or guarantee thereof) which would be considered an operating lease under IFRS in effect as of the Issue Date and (iv) interest expense or other items listed above attributable to any Leveraged Minority Co-Investment Vehicle (but only to the extent not paid by the Issuer or any Restricted Subsidiary or not promptly reimbursed by such Leveraged Minority Co-Investment Vehicle).

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis (excluding (i) Hedging Obligations except to the extent provided in clause (c) of the sixth paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (ii) any Indebtedness attributable to any Leveraged Minority Co-Investment Vehicle).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of:

(1) Consolidated Leverage at such date to

(2) the Consolidated EBITDA of the Person for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements are available;

provided that for the purposes of calculating Consolidated EBITDA for such period (or, in the case of clause (4), Consolidated Leverage as of such date) if, as of such date of determination:

(1) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "*Sale*") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "*Purchase*"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

(4) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such period;

(5) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such period; and

(6) prior to the Completion Date, for purposes of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*", *pro forma* effect will be given to the Transactions, including the issuance of Notes on the Issue Date and the use of proceeds thereof, as if they had occurred at the beginning of the applicable period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income or any component thereof, calculations shall be made on a *pro forma* basis and (a) *pro forma* calculations will be made in good faith by a responsible financial or accounting officer of the Issuer (including any *pro forma* expenses and cost savings and cost reduction synergies to the extent they have occurred or are reasonably expected to occur within the next twelve months following the date of such calculation as a result of, or that would result from any actions by the Issuer or any of its Restricted Subsidiaries including, without limitation, (i) in connection with any cost reduction or cost savings program, (ii) in connection with any transaction, investment, acquisition (including, without limitation, acquisition of business entities or property and assets constituting a division or line of business) or disposition or (iii) in connection with any restructuring, corporate reorganization or otherwise (and, in the case of sub-clauses (i) and (iii), steps have been taken to realize such expenses and cost savings and cost reduction synergies), in the good faith judgment of the chief executive officer, chief operating officer, chief financial officer or any person performing a similarly senior accounting role of the Issuer (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared)); and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or (other than in the case of a Leveraged Minority Co-Investment Vehicle) could have been distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date after giving *pro forma* effect to the Transactions (including for the purpose of this sub-clause (c) any such contractual restriction on any member of the Target Group) (including pursuant to the RCF Facility Agreement and the Intercreditor Agreement) and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date after giving *pro forma* effect to the Transactions (including for the purpose of this sub-clause (c) any such contractual restriction on any member of the Target Group) and (d) restrictions specified in the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*"), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents or non-cash distributions to the extent converted into cash or Cash Equivalents actually distributed or that could have been distributed (including by way of a loan) by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or distribution to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Issuer and its Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense, or other costs related to the Transactions, in each case, as determined in good faith by the Issuer;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off;

(13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes;

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the RCF Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original RCF Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Issuer or a Subsidiary of the

Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (2) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case, on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Equity Offering*" means (1) a sale of Capital Stock of the Issuer (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than a sale to an Affiliate of the Issuer or a Restricted Subsidiary, or (2) the sale of Capital Stock or other securities (other than to an Affiliate of the Issuer or a Restricted Subsidiary), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Issuer or any of its Restricted Subsidiaries.

"*Eligible MTNs Replacement Indebtedness*" means any Indebtedness Incurred in accordance with the Indenture that refinances the MTNs; *provided* that Eligible MTNs Replacement Indebtedness shall not include any Public Debt (other than the issuance of medium term notes under the existing financing arrangement for the MTNs or any other similar customary arrangements for the issuance of medium term notes) or a syndicated Credit Facility or any refinancing thereof.

"*ERC*" means, for any date of calculation, the aggregate amount of estimated remaining gross collections projected to be received by the Issuer and its Restricted Subsidiaries (excluding any such estimated remaining gross collections attributable to a Leveraged Minority Co-Investment Vehicle) from all Portfolio Assets owned directly or indirectly by the Issuer and its Restricted Subsidiaries during the period of 84 months, as calculated by the Portfolio ERC Model, as at the last day of the month most recently ended prior to the date of calculation calculated to give pro forma effect to any Purchase and

Sales that have occurred subsequent to such period, including any such Purchase to be made with the proceeds of such Indebtedness giving rise to the need to calculate ERC.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*euro*" or "€" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Belgium, The Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer after the Issue Date as capital contributions to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or through the Capital Contribution) of the Issuer or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*Excluded Subsidiary*" means (1) any Subsidiary that is not a Wholly Owned Subsidiary of the Issuer, (2) any Subsidiary, including any regulated entity that is subject to net worth or net capital or similar capital and surplus restrictions, that is prohibited or restricted by applicable law, accounting policies or by contractual obligation existing on the Issue Date after giving pro forma effect to the Transactions (so long as such contractual obligations were not incurred in contemplation of the Transactions) and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of such agreements (or, with respect to any Subsidiary acquired by the Issuer or a Restricted Subsidiary after the Issue Date (and so long as such contractual obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so acquired) from providing a Note Guarantee, or if such Note Guarantee would require governmental (including regulatory) or third party consent, approval, license or authorization, (3) any special purpose securitization vehicle (or similar entity), including any Receivables Subsidiary, (4) any not for profit Subsidiary, (5) any Subsidiary which, in the reasonable judgment of the Issuer, would be required to register as an "investment company" within the meaning of the Investment Company Act; (6) any Subsidiary which is a Co-Investment Vehicle; and (7) each Unrestricted Subsidiary.

"*Existing Loan Note Issuance Deed*" means the loan note issuance deed, dated June 28, 2016, among, *inter alios*, Lock AS as parent, Lindorff Payment Services AB as issuer and Nordea Bank AB (publ) as facility agent and security trustee.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors, as applicable, in good faith.

"*Fitch*" means Fitch Ratings, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*Holder*" means each Person in whose name the Notes are registered on the relevant Registrar's books, which shall initially be the respective nominee of Clearstream and Euroclear.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Issuer is, or may be, required to comply; *provided* that (other than with respect to the covenant described under the caption "*Reports*" or as otherwise specified in the Indenture to be IFRS as applicable on the Issue Date or on any other specified date) at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (other than any Lien Incurred pursuant to clause (32)(i) of the definition of Permitted Liens); *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (a) Subordinated Shareholder Funding, (b) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (c) any asset retirement obligations, (d) any prepayments of deposits received from clients or customers in the ordinary course of business, or (e) any obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date (including any such license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date by the Target Group) or in the ordinary course of business. For the avoidance of doubt and notwithstanding the foregoing, the term "Indebtedness" excludes any accrued expenses and trade payables.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of

Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(3) Non-Recourse Obligations Incurred by any Restricted Subsidiary that is a Co-Investment Vehicle that primarily have the attributes of an indirect equity interest in the assets of such Co-Investment Vehicle and are not debt for borrowed money (as determined in the good faith judgment of the Issuer);

(4) payment obligations under any derivative agreement or contract related to a Synthetic Sale that represent income from, proceeds of sales of or other returns on or in respect of, the assets subject to such Synthetic Sale; or

(5) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means Nordic Capital Fund VIII Limited and any funds, partnerships or special purpose vehicles managed, advised or controlled, directly or indirectly, by Nordic Capital Fund VIII Limited or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"*Intercreditor Agreement*" means the intercreditor agreement to be entered into on or about the Issue Date between, amongst others, the Issuer, the lenders under the RCF Facility Agreement, the senior agent under the RCF Facility Agreement, and the Trustee, as may be amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Intrum 2017 Dividend*" means the ordinary dividend of the Issuer in respect of its financial results for the year ended December 31, 2016.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of the designation of such Subsidiary as an Unrestricted Subsidiary less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Company Act*" means the U.S. Investment Company Act of 1940, as amended.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive any two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB-" or higher from Fitch,

or, in each case, the equivalent of such rating by such respective rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Issue Date*" means , 2017.

"*Leveraged Minority Co-Investment Vehicle*" means a Co-Investment Vehicle that is not a Restricted Subsidiary and that at the time of the initial Investment by the Issuer or any Restricted Subsidiary in such Co-Investment Vehicle has Indebtedness outstanding or is intended to Incur any Indebtedness in the future in the good faith determination of senior management of the Issuer.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €10 million in the aggregate outstanding at any time.

"*Management Investors*" means the current or, to the extent any Voting Stock held by them were received in their capacity as such, former, officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent. For the avoidance of doubt, the expression "management team" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of the Target Group.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the Issuer on the date of the declaration of the relevant dividend or on the date of the declaration or formal approval of the relevant distribution or other payment, as applicable, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock on the Nasdaq Stockholm for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend or the date of the declaration or formal approval of the relevant distribution or other payment, as applicable.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*MTNs*" means, collectively, the SEK 1,000 million in aggregate principal amount of the Issuer's medium term notes due 2018 and the SEK 1,000 million in aggregate principal amount of the Issuer's medium term notes due 2019.

"*MTNs Negative Pledge Provision*" means the restrictions existing as of the date of the Offering Memorandum in the program governing the MTNs prohibiting the Issuer and its Subsidiaries from providing security or guarantees for market loans (including any debt securities, loans or commercial paper that are sold or placed in an organized form and can be traded on an exchange) issued by the Issuer, its Subsidiaries or any other Person.

"N*ationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding or Incurrence of any Indebtedness, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Non-Leveraged Minority Co-Investment Vehicle*" means a Co-Investment Vehicle that is not a Restricted Subsidiary other than a Leveraged Minority Co-Investment Vehicle.

"*Non-Recourse Obligations*" means, with respect to any Co-Investment Vehicle, obligations under any Indebtedness, Capital Stock, derivative instrument, profit participation note or loan, risk participation agreement or any similar arrangement of such Co-Investment Vehicle as to which neither the Issuer nor any of the Restricted Subsidiaries (other than such Co-Investment Vehicle, if applicable):

(1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), other than equity commitment, equity support undertaking or similar arrangement (*provided* that neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such Person's financial condition or cause such Person to achieve certain levels of operating results (other than its proportionate share of any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain such Person's corporate existence); or

(2) is directly or indirectly liable as a guarantor or which subjects any property or assets of the Issuer or a Restricted Subsidiary (other than such Co-Investment Vehicle, if applicable) to any Lien,

in each case, other than any guarantee and/or Lien in respect of such obligations whereby the liability of the Issuer or any Restricted Subsidiary (other than such Co-Investment Vehicle, if applicable) thereunder is limited in recourse to its interest in, or obligation of, such Co-Investment Vehicle (including, without limitation on the Capital Stock, Indebtedness, securities, derivative instruments, profit participation notes or loans, risk participation agreement and any similar arrangements of such

Co-Investment Vehicle) or its commitment in relation thereto and the assets of such Co-Investment Vehicle.

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Escrow Agreement.

"*Note Guarantee*" means a senior guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Offering Memorandum*" means the offering memorandum dated , 2017 relating to the offering of the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, General Counsel, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time becomes a Subsidiary after the Issue Date.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) general corporate overhead expenses, including (a) professional fees and expenses and other administrative, general corporate and operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) any franchise, capital, registration, or similar taxes and other fees and expenses required to maintain any Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to officers and employees of such Parent and to pay reasonable directors' fees and to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent and to pay fees and expenses, as incurred, of an acquisition, where the proceeds of such acquisition were contributed to or combined with the Issuer or its Related Subsidiaries in an aggregate amount pursuant to this clause (b) not to exceed €2 million in any fiscal year; or (c) costs and expenses with respect to any litigation or other dispute relating to the ownership, directly or indirectly, by any Parent;

(5) other fees, expenses and costs of a Parent relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent, in an amount not to exceed €2 million in any fiscal year; and

(6) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

 (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

 (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

 (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Note Guarantees.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece, Ireland, Portugal, Italy and Spain so long as European Government Obligations issued, or unconditionally guaranteed, by the governments of such jurisdictions do not have a rating of "BBB-" or higher from S&P and "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization)), Norway and the United Kingdom.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Holders*" means, collectively, (1) the Initial Investors or any Affiliate thereof, (2) Senior Management, (3) any Related Person of any of the foregoing and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of disputes or judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date after giving *pro forma* effect to the Transactions and any extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date after giving pro forma effect to the Transactions;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of €140 million and 2.3% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9), (11) and (14) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, receivables, loans, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(17) Investments in the Notes and any other Indebtedness of the Issuer or any Restricted Subsidiary;

(18) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is

not prohibited by the Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on, or made pursuant to binding commitments existing on, the date of such acquisition, merger, amalgamation or consolidation;

(19) Investments in joint ventures in a Similar Business or in Unrestricted Subsidiaries having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding not to exceed the greater of €100 million and 1.6% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(20) Investments (including, but not limited to, Investments in the form of Capital Stock, Indebtedness, derivative instruments, profit participation notes or loans and/or risk participation agreements), directly or indirectly, in any Co-Investment Vehicle (other than a Leveraged Minority Co-Investment Vehicle) that are made in the ordinary course of business; and

(21) Investments (including, but not limited to, Investments in the form of Capital Stock, Indebtedness, derivative instruments, profit participation notes or loans and/or risk participation agreements), directly or indirectly, in any Leveraged Minority Co-Investment Vehicle that are made in the ordinary course of business, when taken together with all other Investments made pursuant to this clause (21) that are at the time outstanding not to exceed the greater of €400 million and 13.0% of ERC.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens to secure all obligations in respect of Indebtedness Incurred pursuant to clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; provided, that Liens securing such Indebtedness may have priority status in respect of the proceeds from the enforcement of any collateral that may secure the Notes from time to time;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued

pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) [Reserved];

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens (including, for the avoidance of doubt, Liens created pursuant to the general banking conditions of a bank operating in the Netherlands), rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date after giving *pro forma* effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness (other than Indebtedness Incurred pursuant to clause (5)(a) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*") that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture, co-investment or similar arrangement pursuant to any joint venture, co-investment or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts securing Indebtedness incurred under clause (15) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" with local financial institutions;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed €100 million at any one time outstanding;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of any Unrestricted Subsidiary;

(27) any security granted over the marketable securities portfolio described in clause (9) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(30) Liens securing Indebtedness in an aggregate principal amount not to exceed €250 million outstanding at any one time Incurred pursuant to the first paragraph or clauses (5)(b), (11) or (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and, in each case, any Refinancing Indebtedness in respect thereof;

(31) Liens to secure all Indebtedness described under clause (6) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness"; provided, that Liens securing such Indebtedness may have priority status in respect of the proceeds from the enforcement of any collateral that may secure the Notes from time to time;

(32) (i) Liens over the Capital Stock, Indebtedness or securities of, or Investments in, any Leveraged Minority Co-Investment Vehicle to secure the Non-Recourse Obligations of such Leveraged Minority Co-Investment Vehicle and (ii) Liens over assets of a Co-Investment Vehicle that is a Restricted Subsidiary and not a Guarantor to secure Non-Recourse Obligations of such Co-Investment Vehicle under Capital Stock, Indebtedness, securities, derivative instruments, profit participation notes or loans, risk participation agreements or any similar arrangements to holders thereof (*provided* that any such Liens in favor of Persons that are not the Issuer or a Restricted Subsidiary do not entitle such Person to recover more than its *pro rata* share of such assets (or proceeds thereof) based on the direct or indirect proportionate economic interest in such assets held by such Person);

(33) a Lien over assets that are subject to a Synthetic Sale; and

(34) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (33) (other than clause (25)); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

"*Permitted Reorganization*" means, unless an Event of Default is continuing, any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving any Parent, the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intercompany receivables and payables among any Parent that is a Guarantor, the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis; *provided* that: (a) substantially all of the business and assets of the Issuer or such Restricted Subsidiaries remain owned by the Issuer (or the Successor Issuer if the Issuer is not the surviving entity) or its Restricted Subsidiaries, (b) any payments or assets distributed by the Issuer or its Restricted Subsidiaries in connection with such Reorganization remain within the Issuer (or the Successor Issuer if the Issuer is not the surviving entity) and its Restricted Subsidiaries and (c) any assignment, transfer or assumption of intercompany receivables or payables from the Issuer or a Restricted Subsidiary to a Parent in connection with a Reorganization shall only be permitted to be made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Portfolio Assets*" means all (a) Right to Collect Accounts, (b) performing, sub performing or charged-off accounts, loans, receivables, mortgages, debentures and claims, and (c) other similar assets or instruments which, for the avoidance of doubt, shall in each case exclude any Trust Management Assets and any Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, cash and bank accounts, loans, receivables, mortgages, debentures, claims or other similar assets or instruments which are or will (from acquisition) be held on trust for a third party which is not the Issuer or any Restricted Subsidiary.

"*Portfolio ERC Model*" means the models and methodologies that the Issuer uses to calculate the value of its ERC and those of its Subsidiaries, consistently with its most recent audited financial statements as of such date of determination.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Private Placement Notes*" means the €160 million aggregate principal amount of the Issuer's private placement bonds due 2023.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or any similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Offering*" means any offering of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of Receivables Assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer) and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*RCF Facility Agreement*" means the multicurrency revolving credit facility agreement entered into on or prior to the Issue Date between, amongst others, the Issuer, Swedbank AB (publ), as facility agent and security agent, as it may be amended from time to time.

"*RCF Finance Documents*" means the RCF Facility Agreement and such other documents identified as "Finance Documents" pursuant to the RCF Facility Agreement.

"*Receivables Assets*" means any receivables of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto, including all collateral securing such receivable, all contracts and all guarantees or other obligations in respect of such receivable, proceeds collected on such receivable and other assets which are the good faith determination of the Issuer required to be transferred or in respect of which security interest are in the good faith determination of the Issuer required to be granted in connection with asset securitization transactions and any related Hedging Obligations, in each case, whether now existing or arising in the future.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in any Receivables Assets.

"*Receivables Repurchase Obligation*" means any obligation of a seller of Receivables Assets in a Qualified Receivables Financing to repurchase Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Receivables Assets) which engages in no activities other than in connection with the financing of Receivables Assets of the Issuer and its Subsidiaries, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on Receivables Assets transferred by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another

Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Issuer or a Guarantor was the obligor on the Indebtedness being refinanced, such Refinancing Indebtedness is incurred either by the Issuer or by a Guarantor;

(4) if the Indebtedness being refinanced is expressly subordinated to the Notes or any Note Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Note Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced; and

(5) if the Indebtedness being refinanced constitutes Indebtedness Incurred pursuant to clause (5)(a) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*", the Refinancing Indebtedness is Incurred by the Issuer,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness; *provided* that it is used to refinance the amounts used to discharge in full such Credit Facility or other Indebtedness within three months of the relevant termination, discharge or repayment.

"*Refinancing Transactions*" shall have the meaning assigned to such term in the Offering Memorandum.

"*Related Person*" means, with respect to any Person:

(1) any controlling equityholder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Initial Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross

receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"*Required Disposal*" means the sale, lease, transfer or other disposition in one or a series of related transactions of any assets of the Issuer and its Subsidiaries or of any Person that becomes a Restricted Subsidiary (including the Target and its Subsidiaries (including the Capital Stock of the Target or any Subsidiary of the Issuer or the Target)) that is required or imposed pursuant to Competition Laws in relation to the Acquisition or is taken to avoid or eliminate any impediment under Competition Laws in relation to the Acquisition (including, without limitation, in response to any actions initiated by an administrative, regulatory or other governmental authority or private party under Competition Laws).

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Right to Collect Account*" means a performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument that is owned by a person that is not the Issuer or one of its Restricted Subsidiaries (a "*Third Party*") and in respect of which (a) such Third Party is unable or unwilling to dispose of the relevant performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument to the Issuer or a Restricted Subsidiary; and (b) the Issuer or a Restricted Subsidiary is entitled to collect and retain substantially all of the amounts due under such performing, sub-performing or charged-off account, loan, receivable, mortgage, debenture or claim, or other similar asset or instrument or to receive amounts equivalent thereto.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*SEK*" means the lawful currency of Sweden.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent and with an equity investment in excess of €50,000.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries (including the Target Group) or any Associates on the Issue Date after giving *pro forma* effect to the Transactions and (2) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Guarantees pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*Subsidiary*" means, with respect to any Person:

(1) other than any Co-Investment Vehicle, any corporation, association, *société d'exercice libéral* or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement or other arrangement that effectively transfers voting power) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof;

(2) other than any Co-Investment Vehicle, any partnership, joint venture, limited liability company or similar entity (other than entities covered by clause (a) of this definition) of which:

   (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

   (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; or

(3) in the case of any Co-Investment Vehicle, any corporation, association, partnership, joint venture, limited liability company or other entity of which more than 50% of the economic interests in the Investments held by all investors in such entity (taking into account any all arrangements entered into among the co-investors in connection with their Investment in such entity, but excluding for the avoidance of doubt any other economic interest, including under any debt servicing arrangements) are at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof and such Person or any Subsidiary of such Person otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Swedish Government Bond Rate*" means the yield to maturity at the time of computation of direct obligations of the Kingdom of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; *Sw. statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to   , 2018; *provided*, *however*, that if the period from the redemption date to

, 2018 is not equal to the constant maturity of a direct obligation of the Kingdom of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Kingdom of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such redemption date to , 2018 is less than one year, the weekly average yield on actually traded direct obligations of the Kingdom of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

"*Swedish Government Obligations*" means any security that is (1) a direct obligation of the Kingdom of Sweden, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the Kingdom of Sweden the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Target*" means Lock TopCo AS.

"*Target Group*" means Lock TopCo AS and its subsidiaries acquired pursuant to the Acquisition Agreement.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

  (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

  (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

  (a) any lender under the RCF Facility Agreement;

  (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

  (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries in accordance with IFRS (excluding any assets of a Leveraged Minority Co-Investment Vehicle) as shown on the most recent balance sheet of such Person calculated to give pro forma effect to any Purchase and Sales that have occurred subsequent to such period, including any such Purchase to be made with the proceeds of such Indebtedness giving rise to the need to calculate Total Assets.

"*Transactions*" means the Acquisition, the issuance of the Notes, the Refinancing Transactions and the payment or incurrence of any fees, expenses or charges associated with any of the foregoing.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*Trust Management Assets*" means Right to Collect Accounts, performing accounts, sub-performing accounts, charged-off accounts, loans, receivables, mortgages, debentures, claims, cash and bank accounts or other similar assets or instruments held by the Issuer or a Restricted Subsidiary on trust for a beneficiary which is not the Issuer or a Restricted Subsidiary.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but excluding the Issuer) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the "*—Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of the Notes sold to QIBs in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (a "**Rule 144A Global Note**"). Each series of the Notes sold outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (a "**Regulation S Global Note**" and, together with the Rule 144A Global Note, the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Regulation S prohibits initial purchasers of the Notes under Regulation S from offering, selling or delivering the Notes within the United States or to or for the account or benefit of U.S. persons for the period through and including the 40th day after the later of the commencement of the Offering and the closing of the Offering (the "**Distribution Compliance Period**"). Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the circumstances described below. See "*—Transfers.*" In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream, which may change from time to time.

Ownership of interests in a Rule 144A Global Note (the "**Rule 144A Book-Entry Interests**") and ownership of interests in a Regulation S Global Note, as applicable (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**"), will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold Book-Entry Interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear or Clearstream (or its nominee), as applicable, will be considered the sole holder of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither the Issuer, the Principal Paying Agent, the Transfer Agent, the Registrar nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of their Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including pool factor), *provided, however*, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Principal Paying Agent for onward payment to Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes.*" If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," the Issuer will pay additional amounts as may be necessary for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee and the agents will treat the registered holders of the Global Notes (*i.e.*, the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Euro Notes and the SEK Floating Rate Notes will be paid to holders of Book-Entry Interests in such Global Notes through Euroclear or Clearstream in euro or SEK, as applicable.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Note only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of Book-Entry Interests in the Global Notes, reserve the right to exchange the Global Notes for definitive registered notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Book-Entry Interests in the Global Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Book-Entry Interests in the Global Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Book-Entry Interests in the Global Notes must transfer its Book-Entry Interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors.*"

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in compliance with Regulation S or in accordance with Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note and vice versa with respect to transfers involving an exchange of a Rule 144A Book-Entry Interest for a Regulation S Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*," if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions.*"

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issue, or cause to be issued, Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by such Indenture or applicable law.

To the extent permitted by law, each of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers is responsible for those operations or procedures.

The Issuer understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed and admitted to trading on the Irish Stock Exchange's Global Exchange Market. Transfers of Book-Entry Interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar or the Principal Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for discussions on Additional Notes and on FATCA (as defined under "—Foreign Account Tax Compliance Act"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the IRS have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the unearned income Medicare contribution tax or the alternative minimum tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States, U.S. holders that hold Notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase Notes for cash pursuant to this offering at the offering prices indicated on the cover page hereof and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Potential Contingent Payment Debt Treatment

The contingent obligation to pay additional amounts or redeem the notes early (including a redemption in connection with the disposal of the Carveout Business) may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." We intend to take the position that the foregoing contingencies will not cause the notes to be treated as contingent payment debt instruments. Our position is uncertain and is not binding on the IRS. If the IRS successfully takes a contrary position, U.S. holders would generally be required to treat any gain recognized on the sale or other disposition of the notes as ordinary income rather than as capital gain. Furthermore, U.S. holders would be required to accrue interest income on a constant yield determined at the time of issuance of the notes, with adjustments to such accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. U.S. holders should consult their tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

Payments and accruals of stated interest

Payments and accruals of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the foreign currency interest payment (determined based on the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the foreign currency so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in foreign currency that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such accrued stated interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued stated interest income into U.S. dollars using the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate of exchange on the last day of the portion of the accrual period within the relevant taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. holder that has made the election described in the prior sentence may translate such interest using the spot rate of exchange on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued stated interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency payment received (determined based on the spot rate on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original Issue Discount

The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders will generally include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

In the event that the Notes are issued with OID, the amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. With respect to the Euro Floating Rate Notes and the SEK Floating Rate Notes, a U.S. holder that uses the accrual method will include income interest on the Euro Floating Rate Notes or the SEK Floating Rate Notes at the floating rate applicable for the first accrual period. The amount of interest income actually recognized for any accrual period for the Euro Floating Rate Notes and SEK Floating Rate Notes will increase or decrease if the actual amount of interest paid for such period is greater or lesser than the interest accrued, as the case may be, based on the floating rate applicable for the first accrual period. The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period and decreased by the amount of any payments previously made on the Notes that were not stated interest payments. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID, if any, on the Notes will be determined for any accrual period in euro and then translated into U.S. dollars in accordance with either of the two alternative methods described above in the third paragraph under "*—Payments and accruals of stated interest.*"

A U.S. holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the euro payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. The rules governing OID instruments are complex and prospective purchasers should consult their own tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

Foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign tax credit

Stated interest income and OID, if any, on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. holders, "general category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, decreased by payments on the Note other than stated interest and increased by any OID previously accrued by such U.S. holder with respect to such Note. The cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date.

If a U.S. holder receives foreign currency on such a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate on the date of taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if so elects, an accrual basis U.S. holder will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special settlement date election will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates with respect to the principal amount of a Note generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate on the date of the sale, exchange, retirement, redemption or other taxable disposition, and the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note, determined at the spot rate on the date the U.S. holder purchased the Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, if any, which will be treated as discussed above under "—*Payments and accruals of stated interest*" or "—*Original Issue Discount*," as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any exchange gain or loss (including with respect to accrued interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Additional Notes

The Issuer may issue Additional Notes as described under "*Description of the Notes.*" These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the Notes, in some cases may be treated as a series separate from such Notes for U.S. federal income tax purposes. In such case, the Additional Notes may be considered to have been issued with OID (or a greater amount of OID) for U.S. federal income tax purposes, which may adversely affect the market value of the Notes, if the Additional Notes are not otherwise distinguishable from the Notes.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest (including the accrual of OID, if any) on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Treasury Regulations that require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in certain accounts maintained by certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Legislation referred to as the Foreign Account Tax Compliance Act ("**FATCA**") generally may impose withholding at a rate of 30% on payments made after December 31, 2018 to any foreign entity on debt obligations issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case, to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes (as described under "*Description of the Notes*") are issued after the expiration of the grandfathering period, have the same Common Code or ISIN as the Notes and are subject to withholding under FATCA, then withholding agents may treat all notes in such series, including the relevant Notes, as subject to withholding under FATCA. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Certain Norwegian Tax Considerations

The following is a general presentation of certain Norwegian tax consequences resulting from the acquisition, ownership and disposition of the Notes. The description below is based on the assumption that the Notes are considered as debt instruments for tax purposes. This presentation does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes. In particular, this presentation does not consider any specific facts or circumstances that may apply to a particular purchaser subject to special tax regimes, such as banks, insurance companies or tax-exempt organizations. This summary is based on the laws currently in force and as applied on the date of this offering memorandum in the Kingdom of Norway which are subject to change, possibly with retroactive effect.

The tax treatment of each holder partly depends on the holder's specific situation, and the specific instrument issued to the holder. Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local taxes under the tax laws applicable in the kingdom of Norway and each country of which they are residents or whose tax laws apply to them for other reasons.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian holder of Notes refers to the tax residency and not the nationality of the holder.

Taxation of Interest

Norwegian holders of Notes

Both corporate and individual holders of Notes who are tax residents of Norway are subject to Norwegian tax on interest received at a flat tax rate currently at 24% (2017). For Norwegian holders holding Notes issued with a discount (compared to the nominal value) such discount will be taxed in the year of the realization of the Notes.

Any interest received in foreign currency is converted to Norwegian kroner when calculating the taxable interest income.

Non-Norwegian holders of Notes

In general, payments of interest on Notes issued to holders who are not tax residents of Norway are not subject to Norwegian tax. Payments to non-Norwegian holders of Notes may therefore be made without any withholding tax or deduction for any Norwegian taxes, duties, assessments or governmental charges.

If the Notes are held by an individual or by a company not tax resident of Norway, that is performing business activities in Norway, and the Notes are effectively connected with such business activities in Norway, interest received will be taxed in Norway with a tax rate of 24% (2017).

Withholding tax on interest

Norway does not apply withholding tax on interest payments or repayments of the principal. However, the Ministry of Finance has stated that a consultation paper relating to introduction of withholding tax on interest payments will be submitted for consultation during summer 2017. Such internal legal rule is expected to enter info force at the earliest from fiscal year 2018.

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

Taxation of capital gains or losses on disposal of Notes

Norwegian holders of Notes

Capital gains realized by Norwegian holders of Notes upon the sale, disposal or other redemption of Notes will be subject to Norwegian taxation at the rate of 24% (2017). Corresponding losses will be tax deductible.

The taxable gain or deductible loss is calculated for each Note and is, in broad terms, equal to the sales price less the Norwegian Notes holders' cost price of the Note, including costs incurred in relation to the acquisition or realization of the Note. Any gain received in foreign currency when realizing Notes is converted to Norwegian kroner when calculating the taxable gain.

Non-Norwegian holders of Notes

Capital gains realized by non-Norwegian holders of Notes upon the sale, disposal or other redemption of Notes are normally not subject to Norwegian tax. Corresponding losses will generally not be tax deductible.

Such capital gains may be taxable in Norway if the non-Norwegian holder of Notes is performing a business activity in Norway or such business is conducted in Norway and the Notes are effectively connected with such business activity.

Net Wealth Tax

Corporate holders

Both Norwegian and non-Norwegian corporate holders of Notes are exempt from Norwegian net wealth tax.

Individual holders

Individual holders of Notes who are tax residents of Norway are liable to Norwegian net wealth tax. The value of the Notes is included in the basis for the computation of net wealth tax imposed on such holders of Notes. The value for assessment purposes for listed Notes is the listed value as of 1 January in the year of assessment. Unlisted Notes will normally be valued at face value as of 1 January in the year of assessment. Currently, the marginal net wealth tax rate is 0.85% of the taxpayer's net wealth.

Non-resident individual holders of Notes are not liable to pay net wealth tax in Norway on the value of the Notes unless Notes are effectively connected with a business that the individual holder of Notes carries out in Norway or such business is conducted from Norway.

Stamp duty

There is currently no stamp duty or other charges in Norway on the purchase, sale or realization of Notes.

Inheritance tax

Norway does not impose inheritance tax or a similar tax on inheritance or gifts. However, the recipient acquires the donor's tax input value of Notes based on principles of continuity. Thus, the recipient will be taxable for any increase in value in the donor's ownership, at the time of the recipient's realization of the Notes.

VAT

Transactions regarding Notes are exempt from Norwegian value added tax.

Swedish Tax Considerations

The following is a summary of certain Swedish tax consequences which may result from this offer and refers only to private individuals and legal entities that are tax resident and/or domiciled in Sweden (including permanent establishments) unless otherwise stated. The summary is based on current Swedish tax regulations and is intended merely as general information. The tax treatment of each note holder is partly dependent on that person's particular situation. Special tax consequences which are not described below may apply to certain categories of taxpayers. For example, the description does not cover notes held as current assets by a business or held by partnerships, investment companies or investment funds. Each holder of the Notes should consult a tax adviser on the special tax consequences the offer may entail in each particular case, including, for foreign note holders the applicability of foreign income tax rules and provisions contained in tax treaties and other rules which may be applicable.

Withholding Tax

Sweden does not apply withholding tax to interest payments or repayments of the principal. However, a Swedish legal entity or permanent establishment (e.g. a guarantor) effecting an interest payment to an individual tax resident in Sweden (or an estate of a deceased resident individual) will normally be required to withhold Swedish preliminary tax (*Sw. preliminärskatt*) on the payment. The preliminary tax so withheld is normally equal to the final tax on the interest income, which means that there is generally no further tax payable on the interest payments made by the Issuer.

Taxes on Income and Capital Gains

Private individuals

Private individual tax residents in Sweden, and estates of deceased individuals, tax resident in Sweden, will be taxed at a rate of 30% on interest income as well as any capital and foreign exchange gains arising in case the Notes are sold or redeemed. Capital gains will be taxed upon the sale or redemption. Repayment of the principal amount will not be taxed.

Capital losses are deductible against capital income. Capital losses incurred from the sale or redemption of listed securities (e.g. notes that are listed) can be fully offset against taxable capital gains occurring in the same year due to the sale of listed shares and listed securities (with the exception of shares in investment funds holding only Swedish receivables, known as Swedish fixed income funds). In case of excess loss, 70% of this loss is deductible against other capital income. In case of a net capital loss, such loss may be used for tax reduction on earned income tax as well as central government and municipal property taxes. Tax reduction is granted with 30% of the net capital loss up to SEK 100,000 and 21% of any loss exceeding SEK 100,000. Note that if the taxable individual has made/makes an investment deduction (Sw. *Investeraravdrag*) in the same fiscal year, the calculation will differ. Tax losses cannot be carried forward to future income years.

The capital gain or loss is computed as the difference between the sales price (or redemption remuneration) after deduction for sales expenses and the cost basis. The cost basis is determined according to the "average method" (*Sw. Genomsnittsmetoden*), i.e., somewhat simplified, the acquisition value for the Notes of the same class and type added together taking into account any changes in the holding.

In case the Notes are held in a Swedish investment savings account (*Sw. Investeringssparkonto*) or a Swedish endowment insurance (*Sw. Kapitalförsäkring*) the taxation may differ. Please find a brief description of the said holding options below.

The holder of a *Swedish investment savings account* can only be a natural person or the estate of a deceased individual. No tax is due on the results of an investment savings account. Instead a standard amount is taxed as capital income. The standard amount of income is calculated by the party that provides the account (e.g. a bank, investment firm etc.) and this is reported as income of capital in the tax return of the person liable to pay tax. The standard amount is calculated in two steps. First the capital base is calculated and then a standard amount of income is calculated which is reported as capital income in the tax return. The capital base is calculated annually and in somewhat simplified terms comprises one quarter of the value of the assets on the account at the beginning of each quarter. However, the capital base must be increased by a value equivalent to the deposits to the account and the transfers of securities to the account during the respective quarter. The standard amount of income is derived by multiplying the capital base, as described above, by the government borrowing rate at the end of November the year before the fiscal year increased with 0.75 percentage points, but no less than 1.25%. The standard amount of income is reported as capital income and taxed at 30%.

The holder of a *Swedish endowment insurance* is not liable to pay special tax on returns (*Sw. avkastningsskatt*). Instead it is the life insurance company providing the insurance which is liable for any special tax on returns. However, please note that the holder of a foreign endowment insurance may be obliged to pay special tax on returns in Sweden. This depends on the country of residence for the assurer and if the assurer has a permanent establishment in Sweden. Special tax on returns is not charged on the capital gains, but on a standard calculated amount. The standard calculated amount used for special tax on returns purposes is calculated in two steps. First a capital base is calculated and thereafter a standard calculated amount on this capital is calculated. The capital base constitutes, somewhat simplified, the value of the insurance at the beginning of the fiscal year. The capital base should however also be increased by a value equivalent to the sum of any premiums paid during the fiscal year. However, when calculating this amount, only half of the premiums paid during the second half of the fiscal year should be included. The standard calculated amount is derived by multiplying the capital base, as described above, by the government borrowing rate at the end of November the year before the fiscal year increased with 0.75 percentage points, but no less than 1.25%. The special tax on returns amounts to 30% of the standard calculated amount.

Private individuals who are not tax resident in Sweden are not subject to Swedish taxation on interest or capital gains on the Notes.

Limited liability companies

Limited liability companies are subject to tax on all income due to, *inter alia*, a sale or redemption, i.e. including capital as well as foreign exchange gains, as business income, at a rate of 22%. Business income is in general taxed on an accrual basis. Repayment of the principal amount will not be taxed, unless it was bought for a lesser amount (discounted notes).

Capital losses arising in case the Notes are sold or redeemed are generally fully deductible against all business income. However, losses may not be deductible in case the holder of the Notes and the Issuer of the Notes are considered related parties. Tax losses may, subject to certain restrictions in case of a change of ownership or mergers, be carried forward indefinitely.

Please note that specific rules may apply in case the Notes are held as a hedge for foreign currency exposures.

A Swedish limited liability company may also hold assets in a Swedish endowment insurance. Please refer to description above under Private individuals.

A non-Swedish legal entity is not subject to tax in Sweden on interest or capital gains on the Notes, provided that the legal entity does not have a permanent establishment in Sweden through which the Notes are connected.

Gift or Inheritance Taxes

Sweden has currently no gift or inheritance tax.

Value Added Tax

No VAT is levied in relation to the investment in the Notes.

Other Taxes and Duties

No other taxes or duties other than mentioned above should be applicable.

Certain United Kingdom Tax Considerations

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("**HMRC**") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply.

Prospective noteholders should consult their own tax advisors on the UK tax consequences of owning and disposing of the Notes in their particular circumstances.

*Stamp duty and stamp duty reserve tax (**"SDRT"**)*

No liability to UK stamp duty will arise on the issue of the Notes to holders. We understand that no register of the Notes will be maintained in the UK and, accordingly, (i) UK stamp duty will not normally be payable in connection with a transfer of the Notes, provided that any instrument of transfer is executed and retained outside the UK and no other action is taken in the UK by the transferor or transferee, and (ii) no UK SDRT will be payable in respect of the issue of or any agreement to transfer the Notes. In any event, the Notes are expected to fall within an exemption for debt instruments, so there should be no charge to UK stamp duty or SDRT for a purchaser on any subsequent transfer of the Notes.

Information Reporting

Information relating to securities may be required to be provided to HMRC in certain circumstances. This may include the value of the securities, details of the holders or beneficial owners of the securities (or the persons for whom the securities are held), details of the persons to whom payments derived from the securities are or may be paid and information and documents in connection with transactions relating to the securities. Information may be required to be provided by, amongst others, the holders of the securities, persons by (or via) whom payments derived from the securities are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the securities on behalf of others and certain registrars or administrators.

In certain circumstances, the information obtained by HMRC may be provided to tax authorities in other countries.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974 ("ERISA") imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans") and certain persons (who are "parties in interest" within the meaning of Section 3(14) of ERISA, or "disqualified persons" within the meaning of Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code.

Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to an ERISA Plan, is generally considered to be a fiduciary of such ERISA Plan. Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or any Similar Law (as defined below).

Non-U.S. plans, (as described in Section 4(b)(4) of ERISA), "governmental plans" (as defined in Section 3(32) of ERISA) and certain "church plans" (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code (collectively, "Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the Initial Purchasers, the Trustee, the Transfer Agents or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA, Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by an "independent qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the

Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes, or that all of the conditions for any such exemption will be satisfied.

The foregoing is general in nature and is not intended to be all inclusive. Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes.

Nothing set forth herein constitutes a recommendation that any person take or refrain from taking any course of action within the meaning of U.S. Department of Labor Regulation §2510.3-21(b)(1).

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") to be dated as of the date of this Offering Memorandum, the Issuer has agreed to sell the Notes to the Initial Purchasers and the Initial Purchasers have agreed, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement provides that the Initial Purchasers are obligated, severally and not jointly, to purchase all the Notes, if any are purchased. In the event that an Initial Purchaser fails or refuses to purchase the Notes which it has agreed to purchase, the Purchase Agreement provides that the purchase commitments of the other Initial Purchasers may be increased up to a specified amount or that the Purchase Agreement may be terminated.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

We have agreed to provide the Initial Purchasers certain customary fees or discounts for their services in connection with the offering of the Notes and to reimburse them for certain out-of-pocket expenses.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell, issue or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, the Company during the period from the date of the Purchase Agreement through and including the date that is 90 days after the date of the Purchase Agreement.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes: (i) in the United States to "qualified institutional buyers" within the meaning of Rule 144A; and (ii) outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S. Until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a broker-dealer (whether or not it is participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A. In addition, as Nordea Bank AB (publ) and Nykredit Bank A/S and their affiliates are not registered with the SEC as U.S. registered broker-dealers, it will effect offers and sales of the Notes solely outside of the United States. Terms used in this paragraph have the meanings given to them by Rule 144A and Regulation S, as applicable. Resales of the Notes are restricted as described under "*Transfer Restrictions.*"

Each Initial Purchaser has represented, warranted and agreed with us that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us, and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions.*"

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there is currently no market. We will apply for the Notes to be admitted to the Official List of the Exchange; however, we cannot assure you that the Notes will be approved for listing or that such listing will be obtained, or if obtained, will be maintained.

The Initial Purchasers have advised us that they intend to make a market for the Notes as permitted by applicable law after completing the offering of the Notes. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. We cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + "). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+ , to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing and the next succeeding business days should consult their own advisors.

In connection with the offering of the Notes, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open market to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*."

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions, including in connection with the Transactions and the related bridge facility commitments. In connection with our strategy to review and evaluate selective acquisitions, co-investment arrangements and other business combinations, we and our shareholders regularly engage mergers and acquisition advisors and other financial advisors to assist us. Certain of the Initial Purchasers and their affiliates may be currently advising us or other interested parties, and the Initial Purchasers and their affiliates may advise us or other interested parties from time to time on other transactions in the future. The Initial Purchasers may also, from time to time, hold bonds or loans of, or acquire equity positions in the Issuer and its subsidiaries and affiliates in normal course, including allocations of the Notes, the Lindorff Existing Debt, the Intrum Justitia Existing MTNs, the Intrum Justitia Existing Private Placement Bonds or the Intrum Justitia Existing Commercial Paper Program. The Initial Purchasers and their affiliates may, from time to time, engage in transactions with, and perform services for, the Issuer and its subsidiaries and affiliates in the ordinary course of their business. The Issuer and/or Lindorff currently provide debt collection and related services to certain of the Initial Purchasers and/or their affiliates and may continue to provide such services in the future.

Goldman Sachs International and/or certain of its affiliates acted as financial advisors to the previous owners of the Lindorff AB and its subsidiaries and/or its boards in connection with the Prior Lindorff Acquisition. Deutsche Bank AG, London Branch and/or certain of its affiliates acted as financial advisors to Nordic Capital Fund VIII in connection with the Prior Lindorff Acquisition. Morgan Stanley & Co. International plc and/or certain of its affiliates acted as advisors to Nordic Capital and/or certain of its affiliates in connection with the Merger. J.P. Morgan Securities plc and/or certain of its affiliates acted as advisors to the Issuer and its subsidiaries in connection with the Merger. Affiliates of each of Deutsche Bank AG, London Branch and Nordea Bank AB (publ) have in the past and may in the future sell portfolios of overdue debt and other overdue receivables to members of the Company. UBS Limited and/or certain of its affiliates acted as financial advisors to Lindorff in connection with certain co-investment arrangements entered into by Lindorff. Nordea Bank AB (publ) or one of its affiliates is a lender under the Lindorff Existing Loan Note Issuance Deed and is also a lender to certain members of Lindorff management who participate in its management incentive program. Nordea Bank AB (publ), DNB Bank ASA and Nykredit Bank A/S are lenders under the Lindorff Existing Revolving Credit Facility Agreement and as a result will receive a portion of the proceeds of the offering of the Notes. Certain affiliates of Nordea Bank AB (publ) and Goldman Sachs International are lenders under the Lindorff and Nordea Bilateral Facility Agreement and the Lindorff and GS Bilateral Facility Agreement, respectively, and as a result will receive a portion of the proceeds of the offering of the Notes. Certain affiliates of Deutsche Bank AG, London Branch and DNB Bank ASA are lenders under certain of the Aktua Facility Agreements and as a result will receive a portion of the proceeds of the offering of the Notes. Nordea Bank AB (publ) and Swedbank AB (publ) or certain of their affiliates are lenders under the Intrum Justitia Existing Revolving Credit Facility and as a result will receive a portion of the proceeds of the offering of the Notes. Certain of the Initial Purchasers will be lenders under the Revolving Credit Facility Agreement.

In addition, certain of the Initial Purchasers or their affiliates are or may be in the future party to certain of our hedging arrangements and other financing and/or debt arrangements and may hold other proprietary positions in us, our current or future subsidiaries and affiliates and/or financial intermediaries and the financial instruments issued by any of them.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- to U.S. investors that we reasonably believe to be "qualified institutional buyers," ("QIBs") (as defined in Rule 144A) in compliance with Rule 144A; and
- outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales in reliance on Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

  (i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of a party that is a QIB; or

  (ii) a non-U.S. person purchasing the Notes in an offshore transaction in compliance with Regulation S.

(3) It acknowledges that none of the Issuer, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes sold in reliance on Rule 144A (the "Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Rule 144A Notes, as applicable, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes, as the case may be, (or any predecessor thereto) only: (i) to the Issuer or any subsidiary thereof; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB who purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States to non-U.S. persons in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer: (i) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them; and (b) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) The purchaser understands that, by its purchase, holding and disposition of the Notes or any interest therein, it shall be deemed to have represented and covenanted that, either (a) it is not acquiring the Notes or any interest therein for or on behalf of (and for so long as it holds the Notes or any interest therein will not be and will not be acting on behalf of) (i) any "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Title I of ERISA, (ii) any "plan" (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code")) that is subject to Section 4975 of the Code, (iii) any entity the assets of which are considered to include "plan assets" of any plans described above in subsections (i) or (ii) (within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as amended by Section 3(42) of ERISA), or (iv) any plan, such as a foreign plan (as described in Section 4(b)(4) of ERISA), governmental plan (as defined in Section 3(32) of ERISA) or church plan (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) that is not subject to Title I of ERISA but that is subject to any federal, state, local, non-U.S. or other laws or regulations that are similar to Title I of ERISA or Section 4975 of the Code (a "Similar Law") (each a "Plan"), or (b) (i) the acquisition, holding and disposition of the Notes or any interest therein are exempt from the prohibited transaction restrictions of Section 406 of ERISA and Section 4975 of the Code (or in the case of a plan that is subject to a Similar Law, exempt from the analogous provisions of such Similar Law), pursuant to one or more applicable statutory or administrative exemptions and (ii) if it is a Plan which is subject to ERISA or Section 4975 of the Code, the decision to purchase the Notes has been made by a duly authorized fiduciary (each, a "Plan Fiduciary") who is independent of the Issuer and its affiliates, which Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Notes, (B) is not the individual retirement account ("IRA") owner (in the case of a purchaser which is an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (D) has exercised independent judgment in evaluating whether to invest the assets of such Plan in the Notes, and (E) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control; provided, however, that Plans will not be deemed to make the representations in this clause b(ii) to the extent that the regulations under Section 3(21) of ERISA

issued by the U.S. Department of Labor on April 8, 2016 are rescinded or otherwise are not implemented in their current form.

(7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [RULE 144A NOTES: ONE YEAR] [NOTES SOLD IN RELIANCE ON REGULATION S: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER: (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE, AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ACCEPTING THIS SECURITY OR ANY INTEREST THEREIN EACH HOLDER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS SECURITY OR ANY INTEREST THEREIN EITHER

(X) IT IS NOT ACQUIRING THIS SECURITY OR ANY INTEREST THEREIN FOR OR ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS SECURITY WILL NOT BE AND WILL NOT BE ACTING ON BEHALF OF) (I) ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, (II) ANY "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) ANY ENTITY THE UNDERLYING ASSETS OF

WHICH ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY PLANS DESCRIBED ABOVE IN SUBSECTIONS (I) OR (II) (WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR REGULATION 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA), OR (IV) ANY PLAN, SUCH AS A FOREIGN PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA), GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA) OR CHURCH PLAN (AS DEFINED IN SECTION 3(33) OF ERISA OR SECTION 4975(G)(3) OF THE CODE) THAT IS NOT SUBJECT TO TITLE I OF ERISA, BUT THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW") (EACH A "PLAN"), OR (Y) (I) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR ANY INTEREST THEREIN ARE EXEMPT FROM THE PROHIBITED TRANSACTION RESTRICTIONS OF SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE (OR IN THE CASE OF A PLAN THAT IS SUBJECT TO A SIMILAR LAW, EXEMPT FROM THE ANALOGOUS PROVISIONS OF SUCH SIMILAR LAW), PURSUANT TO ONE OR MORE APPLICABLE STATUTORY OR ADMINISTRATIVE EXEMPTIONS AND (II) IF IT IS A PLAN WHICH IS SUBJECT TO ERISA OR SECTION 4975 OF THE CODE, THE DECISION TO PURCHASE THE NOTES HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY (EACH, A "PLAN FIDUCIARY") WHO IS INDEPENDENT OF THE ISSUER AND ITS AFFILIATES, WHICH PLAN FIDUCIARY (A) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO PURCHASE THE NOTES, (B) IS NOT THE INDIVIDUAL RETIREMENT ACCOUNT ("IRA") OWNER (IN THE CASE OF A HOLDER OR TRANSFEREE WHICH IS AN IRA), (C) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTES, (D) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH PLAN IN THE NOTES, AND (E) IS EITHER A BANK, AN INSURANCE CARRIER, A REGISTERED INVESTMENT ADVISER, A REGISTERED BROKER-DEALER OR AN INDEPENDENT FIDUCIARY WITH AT LEAST $50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL; PROVIDED, HOWEVER, THAT PLANS WILL NOT BE DEEMED TO MAKE THE REPRESENTATIONS IN THIS CLAUSE Y(II) TO THE EXTENT THAT THE REGULATIONS UNDER SECTION 3(21) OF ERISA ISSUED BY THE U.S. DEPARTMENT OF LABOR ON APRIL 8, 2016 ARE RESCINDED OR OTHERWISE ARE NOT IMPLEMENTED IN THEIR CURRENT FORM.

The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as to holders of the Notes.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(10) If it is a non-U.S. person in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the "distribution compliance period" (as defined below), it shall not make any offer or sale of the Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "distribution compliance period" means the 40-day period following the issue date for the Notes.

(11) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(12) It acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or an agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(13) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

(14) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance period" (as defined herein), you shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "distribution compliance period" means the 40-day period following the Issue Date.

(15) You understand that the Notes sold pursuant to Regulation S will bear an applicable restrictive U.S. Securities Act legend referred to under "Transfer Restrictions" in this Offering Memorandum. The applicable Regulation S restrictive legend will be removed at the earlier of (1) 40 days after the Issue Date and (2) the earliest date or dates permitted under U.S. federal securities laws.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York state law and English law, by Advokatfirman Vinge KB with respect to matters of Swedish law and by Advokatfirmaet Wiersholm AS with respect to matters of Norwegian law. Certain legal matters will be passed upon for the Initial Purchasers by Ropes & Gray International LLP with respect to matters of U.S. federal and New York state law and English law, by Roschier Advokatbyrå AB with respect to matters of Swedish law and by Arntzen de Besche Advokatfirma AS with respect to matters of Norwegian law.

INDEPENDENT AUDITORS

The Issuer's consolidated financial statements as of and for the years ended December 31, 2015 and 2016 included in this Offering Memorandum have been audited by Ernst & Young AB, independent auditors, as stated in their reports appearing herein. The registered office of Ernst & Young AB is Jakobsbergsgatan 24, SE-103 99 Stockholm, Sweden. Ernst & Young AB with registration number 556053-5873 is a member of FAR (the institute for the accounting profession in Sweden).

Lock Lower Holding's consolidated financial statements as of and for the years ended December 31, 2016 and 2015 included in this Offering Memorandum have been audited by PricewaterhouseCoopers AS, independent auditors, as stated in their report appearing herein. The registered office of PricewaterhouseCoopers AS is Postboks 748 Sentrum, NO-0106 Oslo, Norway. PricewaterhouseCoopers AS with registration number 987 009 713 is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants).

Lindorff AB's consolidated financial statements as of and for the years ended December 31, 2014 included in this Offering Memorandum have been audited by PricewaterhouseCoopers AB, independent auditors, as stated in their report appearing herein. The registered office of PricewaterhouseCoopers AB is Torsgatan 21, SE-113 97 Stockholm, Sweden. PricewaterhouseCoopers AB with registration number 556067-4276 is a member of FAR (the institute for the accounting profession in Sweden).

ENFORCEMENT OF FOREIGN JUDGMENTS AND SERVICE OF PROCESS

The Issuer is a public limited liability company incorporated under the laws of Sweden.

Many of our directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, most of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, we have appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Sweden upon those persons or us or over our subsidiaries provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the Issuer has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Sweden, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in Sweden or elsewhere outside the United States.

Sweden

It is not established by Swedish judicial precedent or otherwise by Swedish law that a power of attorney or a mandate of agency, including the appointment of a service of process agent, can be made irrevocable and therefore any powers of attorney or mandates of agency issued by a Swedish party can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the Swedish party giving such powers.

The principal rule is that foreign judgments are neither recognized nor enforced in Sweden, unless such judgments pertain to a civil or commercial matter (but not for example bankruptcy) rendered by a court of another Member State of the EU or EFTA (Economic Free Trade Association), or judgments rendered by a court of another Nordic country.

The United States and Sweden do not currently have a convention or treaty providing for the reciprocal recognition and enforcement of court judgments, other than arbitral awards, in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States in civil and commercial matters, whether or not predicated solely upon U.S. federal or state securities laws, would not be directly enforceable, either in whole or in part, in Sweden.

In order to enforce any such judgment in Sweden, proceedings must therefore be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in Sweden, or an administrative tribunal or executive or other public authority of Sweden. Enforcement of any such judgments in Sweden, would not be recognized or enforceable in Sweden as a matter of right without a retrial on its merits (but will be persuasive authority as a matter of evidence before the courts of law, administrative tribunals or executive or other public authorities of Sweden). However, there is Swedish case law to indicate that such judgments:

(a) that are based on contract which expressly exclude the jurisdiction of the courts of Sweden;

(b) that were rendered under observance of due process of law;

(c) against which there lies no further right to appeal; and

(d) the recognition of which would not manifestly contravene fundamental principles of the legal order or the public policy of Sweden,

should be acknowledged without retrial on its merits.

Any legal proceedings in the courts of Sweden will be conducted in Swedish and a court or enforcement authority in Sweden may require, as a further condition for admissibility and/or enforceability the translation into Swedish of any relevant document, and assistance from Swedish authorities in the service of process in connection with foreign proceedings might require the observance of certain procedural and other regulations.

Pursuant to the provisions of the Council Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**2012 Brussels I Regulation**"), a judgment entered against a company in the courts of a Member State (as defined therein, *i.e.* all Member States of the European Union) and which is enforceable in such a Member State, will be directly enforceable in Sweden upon the satisfaction of the formal requirements of the 2012 Brussels I Regulation without any declaration of enforceability being required. It should be noted, however, that a party may apply for refusal of recognition or refusal of enforcement, as applicable, in accordance with the 2012 Brussels I Regulation. Such an application shall be submitted to the relevant district court (Sw. *tingsrätt*) in Sweden.

With regard to the provisions of the 2007 Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters (the "**Lugano Convention**"), a judgment entered against a company in the courts of a Contracting State (as defined in therein, *i.e.* all Member States of the European Union and the European Free Trade Association countries other than Liechtenstein (namely Iceland, Switzerland and Norway) and which is enforceable in such Contracting State, will be directly enforceable in Sweden only upon the satisfaction of the following requirements: (a) that a motion for enforcement has been filed with the relevant district court (Sw. *tingsrätt*) in Sweden as provided by law and has been granted; (b) that no appeals lie against the judgment entered in the courts of such Contracting State; (c) that the courts of such Contracting State had jurisdiction; (d) that summons has been duly served on the respondent in the proceedings before the courts of such Contracting State; (e) that the judgment is not inconsistent with a prior judgment given between the same parties in the same matter; and (f) that the judgment does not contravene fundamental principles of the legal order or the public policy of Sweden.

Judgments which are not within the scope of the Brussels I Regulation or Brussels I Regulation Recast (as applicable) or Lugano Convention would, with very limited exceptions, not be recognized or enforced in Sweden without a retrial on the merits. This would for example apply to judgments from United States and other non-EU/EFTA countries.

Swedish courts may award judgments or give awards in currencies other than the local currency, but the judgment debtor has the right under the laws of Sweden to pay the judgment debt (even though denominated in a foreign currency) in the local currency at the rate of exchange prevailing at the date of payment (however, the judgment creditor may, subject to availability of the foreign currency, convert such local currency into the foreign currency after payment and remove such foreign currency from Sweden), and a choice of currency provisions by the parties to an agreement may not be upheld by Swedish courts to constitute a right to refuse payment in Swedish kronor.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting requirements under the reporting requirements of Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See “*Description of the Notes—Certain Covenants—Reports*.”

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application will be made to the Irish Stock Exchange (the "**Exchange**") for the Notes to be admitted to the Official List of the Exchange and to trading on the Global Exchange Market of the Exchange, in accordance with the rules and regulations of the Exchange.

For so long as the Notes are listed on the Exchange and the rules and regulations of the Exchange so require, the Company will publish or make available any notices (including financial notices) to the public in written form at places indicated by announcements to be published on the website of the Exchange (www.ise.ie) or by any other means considered equivalent by the Exchange.

For so long as the Notes are listed on the Exchange and the rules and regulations of the Exchange so require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Ireland during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the financial statements included in this Offering Memorandum;
- the annual and interim financial statements required to be provided under the caption "*Description of the Notes—Reports*";
- the Intercreditor Agreement;
- this Offering Memorandum; and
- the indenture relating to the Notes (which includes the form of the Notes).

We will maintain a principal paying agent and a transfer agent in London for as long as any of the Notes are listed on the Exchange. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Exchange (www.ise.ie).

According to the Rules and Regulations of the Irish Stock Exchange, the Notes will be freely transferable on the Exchange in accordance with applicable law.

Clearing Information

The Notes sold pursuant to Rule 144A of the U.S. Securities Act and the Notes sold pursuant to Regulation S of the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear. The Rule 144A Global Note will have a common code of and an ISIN of . The Regulation S Global Note will have a common code of and an ISIN of .

Incorporation of the Issuer

Intrum Justitia AB (publ) is a public limited liability company under the laws of Sweden, registered in 2001 (corporate identity number 556607-7581). The Issuer has been listed on the Nasdaq Stockholm exchange since June 2002 and was listed on the Nasdaq Stockholm, Large Cap list in 2016. As of December 31, 2016, the share capital in the Issuer amounted to SEK 1,594,893 and the number of shares to 72,347,726. The Issuer's registered place of business is Hesselmans Torg 14, Nacka, Sweden.

Consents and Authorizations

We have obtained all necessary consents, approvals and authorizations in the applicable jurisdiction of incorporation of the Issuer in connection with the issuance and performance of the Notes.

Offering Memorandum

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the prospects of the Company since December 31, 2016, the date of our most recent audited consolidated financial statements;
- there has been no material adverse change in the financial or trading position of the Company since March 31, 2017, the date of our most recent unaudited interim consolidated financial statements; and
- the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the date of its incorporation, which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

We accept responsibility for the information contained in this Offering Memorandum. To our best knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. No person is authorized in connection with the offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. This Offering Memorandum may only be used for the purposes for which it has been published.

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable laws.

Any websites mentioned in this Offering Memorandum do not form part of this Offering Memorandum.

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INDEX TO FINANCIAL STATEMENTS

Page

Audited Consolidated Financial Statements of Lock Lower Holding AS as of and for the Year Ended December 31, 2015, and as of and for the period from October 6, 2014 to December 31, 2014, prepared in accordance with IFRS as adopted by the European Union

Audited Consolidated Financial Statements of Lindorff AB as of and for the Year Ended December 31, 2014, prepared in accordance with IFRS as adopted by the European Union

The financial statements that follow have been extracted from Intrum Justitia's and Lindorff's annual reports, as applicable. Certain parts, including within the audit reports, may reference sections and page numbers of the annual report that have not been extracted, or are inapplicable, here.

Financial Reports

Consolidated Income Statement

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Revenues	1,609	1,408	6,088
Cost of sales	–874	–770	–3,194
Gross earnings	**735**	**638**	**2,894**
Sales and marketing expenses	–74	–59	–230
Administrative expenses	–180	–150	–678
Participation in associated companies and joint ventures	–1	–1	–8
Operating earnings (EBIT)	**480**	**428**	**1,978**
Net financial items	–46	–41	–168
Earnings before tax	**434**	**387**	**1,810**
Tax	–87	–77	–342
Net income for the period	**347**	**310**	**1,468**
Of which attributable to:			
Parent company's shareholders	345	308	1,458
Non-controlling interest	2	2	10
Net earnings for the period	**347**	**310**	**1,468**
Earnings per share before and after dilution	4.77	4.26	20.15

Consolidated Statement of Comprehensive Income

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Net income for the period	347	310	1,468
Other comprehensive income, items that will be reclassified to profit and loss:			
Currency translation difference	0	–19	71
Other comprehensive income, items that will not be reclassified to profit and loss:			
Remeasurement of pension liability	0	0	27
Comprehensive income for the period	**347**	**291**	**1,566**
Of which attributable to:			
Parent company's shareholders	345	289	1,554
Non-controlling interest	2	2	12
Comprehensive income for the period	**347**	**291**	**1,566**

Consolidated Balance Sheet

SEKm	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Intangible fixed assets			
Goodwill	3,237	2,804	3,120
Capitalized expenditure for IT development and other intangibles	254	226	240
Client relationships	64	65	63
Total intangible fixed assets	**3,555**	**3,095**	**3,423**
Tangible fixed assets	**109**	**113**	**104**
Other fixed assets			
Shares in joint ventures	12	1	12
Other shares and participations	0	5	1
Purchased debt	10,623	7,403	8,733
Deferred tax assets	49	46	25
Other long-term receivables	6	7	6
Total other fixed assets	**10,690**	**7,462**	**8,777**
Total fixed assets	**14,354**	**10,670**	**12,304**
Current Assets			
Accounts receivable	277	274	305
Client funds	651	586	588
Tax assets	132	46	87
Other receivables	618	564	557
Prepaid expenses and accrued income	197	229	167
Cash and cash equivalents	318	194	396
Total current assets	**2,193**	**1,893**	**2,100**
TOTAL ASSETS	**16,547**	**12,563**	**14,404**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	4,388	3,375	4,043
Attributable to non-controlling interest	89	82	87
Total shareholders' equity	**4,477**	**3,457**	**4,130**
Long-term liabilities			
Liabilities to credit institutions	3,743	2,514	1,520
Medium term note	3,692	2,099	3,706
Other long-term liabilities	16	2	16
Provisions for pensions	156	175	157
Other long-term provisions	2	3	0
Deferred tax liabilities	686	522	638
Total long-term liabilities	**8,295**	**5,315**	**6,037**
Current liabilities			
Liabilities to credit institutions	88	85	56
Medium term note	0	1,039	1,077
Commercial paper	1,360	745	1,124
Client funds payable	651	586	588
Accounts payable	139	131	140
Income tax liabilities	131	187	136
Advances from clients	47	13	46
Other current liabilities	671	351	325
Accrued expenses and prepaid income	668	654	718
Other short-term provisions	20		27
Total current liabilities	**3,775**	**3,791**	**4,237**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**16,547**	**12,563**	**14,404**

Consolidated Cash Flow Statement

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Operating activities			
Operating earnings (EBIT)	480	428	1,978
Depreciation/amortization and impairment write-down	41	40	171
Amortization/revaluation of purchased debt	507	374	1,606
Other adjustment for items not included in cash flow	–5	2	34
Interest received	4	2	11
Interest paid and other financial expenses	–52	–35	–141
Income tax paid	–139	–24	–257
Cash flow from operating activities before changes in working capital	**836**	**787**	**3,402**
Changes in factoring receivables	–31	13	–46
Other changes in working capital	–98	–70	18
Cash flow from operating activities	**707**	**730**	**3,374**
Investing activities			
Purchases of tangible and intangible fixed assets	–36	–36	–143
Investments in purchased debt	–2,072	–1,041	–3,374
Purchases of shares in subsidiaries and associated companies	–48	–69	–252
Other cash flow from investing activities	0	4	6
Cash flow from investing activities	**–2,156**	**–1,142**	**–3,763**
Financing activities			
Borrowings and repayment of loans	1,370	341	1,105
Share dividend to parent company's shareholders	0	0	–597
Share dividend to non-controlling interest	0	0	–5
Cash flow from financing activities	**1,370**	**341**	**503**
Change in liquid assets	**–79**	**–71**	**114**
Opening balance of liquid assets	**396**	**265**	**265**
Exchange rate differences in liquid assets	1	0	17
Closing balance of liquid assets	**318**	**194**	**396**

Consolidated Statement of Changes in Shareholders' Equity

	2017			2016		
SEKm	Attributable to Parent Company's shareholders	Non-controlling interest	Total	Attributable to Parent Company's shareholders	Non-controlling interest	Total
Opening Balance, January 1	4,043	87	4,130	3,086	80	3,166
Comprehensive income for the year	345	2	347	289	2	291
Closing Balance, March 31	**4,388**	**89**	**4,477**	**3,375**	**82**	**3,457**

Notes to the unaudited consolidated interim financial statements

Reconciliation of Key Figures

unless otherwise indicated SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full-year 2016
Service line earnings purchased debt	409	352	16	1,597
Average carrying value of purchased debt	9,678	7,215	34	7,880
Return on purchased debt, %	**17**	**20**		**20**
Collections on purchased debt	1,266	993	27	4,420
Service line costs	–365	–276	32	–1,267
Cash flow from purchased debt	**901**	**717**	**26**	**3,153**
Liabilities to credit institutions	3,831	2,599	47	1,576
Medium term note	3,692	3,138	18	4,783
Provisions for pensions	156	175	–11	157
Commercial paper	1,360	745	83	1,124
Other interest-bearing liabilities	17	4	325	16
Cash and cash equivalents	–318	–194	64	–396
Other interest-bearing assets	0	–2	–100	0
Net Debt	**8,738**	**6,465**	**35**	**7,260**
Operating earnings RTM	2,030	1,712	19	1,978
Depreciation RTM	173	163	6	171
Amortization and revaluations RTM	1,739	1,501	16	1,606
EBITDA RTM	**3,942**	**3,376**	**17**	**3,755**
Net Debt/RTM EBITDA	**2.2**	**1.9**		**1.9**

Operating Segments

Regions – Revenues from External Clients

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Northern Europe	644	645	–0	2,813
Central Europe	565	432	31	1,825
Western Europe	400	331	21	1,450
Total revenues from external clients	**1,609**	**1,408**	**14**	**6,088**

Regions – Intercompany Revenues

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Northern Europe	79	69	14	320
Central Europe	96	86	12	334
Western Europe	70	45	56	236
Eliminations	–245	–200	23	–890
Total intercompany revenues	**0**	**0**		**0**

Regions – Revaluations of Purchased Debt

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Northern Europe	–21	–1	–7
Central Europe	14	17	50
Western Europe	7	–11	6
Total revaluation	**0**	**5**	**49**

Regions – Revenues Excluding Revaluations

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Northern Europe	665	646	3	2,820
Central Europe	551	415	33	1,775
Western Europe	393	342	15	1,444
Total revenues excluding revaluations	**1,609**	**1,403**	**15**	**6,039**

Regions – Operating Earnings (EBIT)

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Northern Europe	160	197	–19	981
Central Europe	224	159	41	666
Western Europe	96	72	33	331
Total operating earnings (EBIT)	**480**	**428**	**12**	**1,978**
Net financial items	–46	–41	12	–168
Earnings before tax	**434**	**387**	**12**	**1,810**

Regions – Operating Earnings (EBIT) Excluding Revaluations

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Northern Europe	181	198	–9	988
Central Europe	210	142	48	616
Western Europe	89	83	7	325
Total operating earnings excluding revaluations	**480**	**423**	**13**	**1,929**

Regions – Operating Margin Excluding Revaluations

%	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Northern Europe	27	31	35
Central Europe	38	34	35
Western Europe	23	24	23
Operating margin for the Group	**30**	**30**	**32**

Service Lines – Revenues

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Credit Management	1,160	1,024	13	4,335
Financial Services	783	640	22	2,902
Elimination of inter-service line revenue	–334	–256	30	–1,149
Total revenues	**1,609**	**1,408**	**0**	**6,088**

Revenues by Type

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
External Credit Management	826	768	8	3,186
Collections on purchased debt	1,266	993	27	4,420
Amortization of purchased debt	–507	–379	34	–1,655
Revaluation of purchased debt	0	5	—	49
Other revenues from Financial Services	24	21	14	88
Total revenues	**1,609**	**1,408**	**14**	**6,088**

Service Lines – Service Line Earnings

SEKm	Jan-Mar 2017	Jan-Mar 2016	Change %	Full Year 2016
Credit Management	273	241	13	1,134
Financial Services	418	364	15	1,635
Common costs	–211	–177	19	–791
Total operating earnings	**480**	**428**	**12**	**1,978**

Service Lines – Service Line Margins

%	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Credit Management	24	24	26
Financial Services	53	57	56
Operating margin for the Group	**30**	**30**	**32**

Parent Company

Intrum Justitia AB (publ)

Income Statement – Parent Company

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Revenues	23	22	105
Gross earnings	**23**	**22**	**105**
Sales and marketing expenses	–6	–5	–20
Administrative expenses	–48	–25	–151
Operating earnings (EBIT)	**–31**	**–8**	**–66**
Income from subsidiaries	0	0	224
Exchange rate differences on monetary items classified as expanded investment	–10	–1	–28
Net financial items	–12	–17	–89
Earnings before tax	**–53**	**–26**	**41**
Tax	0	0	0
Net earnings for the period	**–53**	**–26**	**41**

Statement of Comprehensive Income – Parent Company

SEKm	Jan-Mar 2016	Jan-Mar 2016	Full Year 2016
Net earnings for the period	–53	–26	41
Other comprehensive income:			
Change of translation reserve (fair value reserve)	3	–30	–210
Total comprehensive income	**–50**	**–56**	**–169**

Balance Sheet – Parent Company

SEKm	31 Dec 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Fixed assets			
Financial fixed assets	10,074	7,547	8,333
Total fixed assets	**10,074**	**7,547**	**8,333**
Current assets			
Current receivables	4,230	4,522	4,629
Cash and bank balances	8	7	8
Total current assets	**4,238**	**4,529**	**4,637**
TOTAL ASSETS	**14,312**	**12,076**	**12,970**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	284	284	284
Unrestricted equity	913	1,673	963
Total shareholders' equity	**1,197**	**1,957**	**1,247**
Long-term liabilities	9,861	6,429	7,658
Current liabilities	3,254	3,690	4,065
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**14,312**	**12,076**	**12,970**

Audit Report

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

Report on the annual and consolidated accounts

Opinions

We have conducted an audit of the annual accounts and the consolidated accounts of Intrum Justitia AB (publ) for the year 2016. The company's annual and consolidated accounts are presented on pages •–• of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of December 31, 2016 and its financial performance and cash flow for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a fair portrayal of the financial position of the Group as of December 31, 2016 and its financial performance and cash flow for the year in accordance with the International Financial Reporting Standards IFRS), as adopted by the EU, and the Annual Accounts Act.

We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility in accordance with these standards is described in the section Auditor's responsibility. We are independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our opinions.

Particularly important areas

Particularly important areas are those which, in our professional judgment, were the most significant for the audit of the annual and consolidated accounts for the current period. These areas were addressed within the framework of the audit of, and in our stance on the annual accounts and the consolidated accounts as a whole, although we express no separate opinions regarding those areas.

Income recognition

Consolidated net revenues for 2016 amounted to SEK 6,088 M. As is evident from Note 2 and 3 to the annual accounts, net revenues are distributed between the various revenue sources, including collection fees, commissions and fees, as well as amounts collected on purchased receivables less amortization. The number of transactions in the various flows is extensive, which places high demands on the company's internal controls and administrative processes. We have therefore assessed revenue recognition and the related IT systems as a particularly important area in the audit.

In our audit, we examined principles for revenue recognition, processes for significant revenue streams and related IT systems. We have, among other things, tested the company's controls, performed an analytical review using data-based analysis tools and evaluated the effectiveness of the company's controls for IT systems of relevance for income recognition. On a random basis, we have also examined income against agreements and amounts paid in. Processes for program development, program changes and access management have been reviewed, as has the monitoring and handling of incidents. We have also examined the appropriateness of the disclosures made in the notes.

Goodwill

Goodwill is reported at SEK 3,120 M in the consolidated balance sheet as per December 31, 2016. The company tests, at least annually and when there is an indication of impairment, that the carrying values do not exceed the assets' recoverable amounts. The recoverable amounts are determined by calculating the value in use of each cash generating unit, in connection with which estimated future cash flows are discounted. The company's cash flow forecasts are based on historical experience, business plans and other forward-looking assessments. The impairment test for 2016 did not result in any impairment. A description of the accounting principles for goodwill is presented in Note 1 and the impairment testing, as well as critical estimates and assumptions are presented in Notes 10 and 36. As a consequence of carrying amounts being significant for the financial reporting, and of the evaluations and significant assumptions required for the calculation of value in use, we have assessed the accounting for goodwill as a particularly important area of the audit.

We have assessed the company's process for performing impairment testing. We have examined valuation methods and calculations, the reasonableness of the assumptions made and sensitivity analyses for changed assumptions supported by our valuation specialists. Comparisons have been made with historical results, and other companies in the same sector. The precision of previous forecasts has been evaluated. We have also assessed whether the disclosures made in the notes were appropriate.

Purchased debt

Purchased debt is reported at SEK 8,733 M in the consolidated balance sheet as per December 31, 2016. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of expected future cash flows. The expected cash flows are discounted at an effective interest rate determined on the acquisition of the respective portfolios. Current cash flow projections and book values are monitored over the course of the year based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information.

Accounting principles for purchased debt are presented in Note 1, critical estimates and assumptions are presented in Note 36, and a description of the purchased debt is given in Note 14.

The company's accounting of purchased debt is considered to be a particularly important area in the audit due to reported amounts being of significance for the financial reporting and the portfolio valuations require the company to make estimates, assumptions and judgments.

In our audit, we have, among other things, evaluated the company's processes for valuing purchased debt, using valuation models and the reasonableness of the assumptions made in the calculation of the effective interest rate, as well as of the ongoing reviews of book value. We have also examined whether the disclosures made in the notes were appropriate.

Information other than the annual and consolidated accounts

This document also contains information other than the annual and consolidated accounts presented on pages •–•. The Board of Directors and the President are responsible for this other information in the Audit Report.

Our opinion on the annual and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information in the Audit Report.

In connection with our audit of the annual and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the president

The Board of Directors and the President are responsible for the preparation of the annual and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, furthermore in accordance with IFRS as adopted by the EU. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual and consolidated accounts, the Board of Directors and the President are responsible for the assessment of the company's and the Group's ability to continue operating. They disclose, as applicable, conditions that could impact the company's capacity to continue operating, and the assumption of continued operation. However, the assumption of continued operation is not applied if the Board of Directors and the President intend to liquidate the company, cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the annual and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President.

- Conclude on the appropriateness of the Board of Directors' and the President's use of the going concern basis of accounting in preparing the annual and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue its operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual and consolidated accounts, including the disclosures, and whether the annual and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a opinion that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

Opinions

In addition to our audit of the annual and consolidated accounts, we have also audited the administration of the Board of Directors and the President of Intrum Justitia AB (publ) for 2016 and the proposed appropriations of the company's profit or loss.

We recommend that the Annual General Meeting appropriate the company's earnings in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the Board members and the President be discharged from liability for the financial year.

Basis for opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in the section Auditor's responsibility. We are independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our opinions.

Responsibility of the board of directors and the president

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors' responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable assurance whether any member of the Board of Directors or the President in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm, March 30, 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Income Statement – Group

SEKm	Note	2016	2015
Net revenues	2,3	6,088	5,628
Cost of sales	3	–3,194	–3,087
Gross earnings		**2,894**	**2,541**
Sales and marketing expenses	3	–230	–252
Administrative expenses	3	–678	–661
Participations in earnings of associated companies and joint ventures	5	–8	–4
Operating earnings (EBIT)	2,3,4	**1,978**	**1,624**
Financial income	6	11	11
Financial expenses	7	–179	–178
Net financial items		**–168**	**–167**
Earnings before tax		1,810	1,457
Taxes	8	–342	–285
Net earnings for the year		**1,468**	**1,172**
Of which attributable to			
Parent Company's shareholders		1,458	1,164
Non-controlling interests		10	8
Net earnings for the year		**1,468**	**1,172**
Earnings per share before and after dilution (SEK)	9	**20.15**	**15.92**

Consolidated Statement of Comprehensive Income

SEKm	Note	2016	2015
Earnings for the year		1,468	1,172
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
The year's change in translation reserve attributable to the translation of foreign operations		281	–242
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–210	155
Items that cannot be reallocated to earnings for the year			
Revaluations of pension liability for the year	8,21	27	–26
Total other comprehensive income		**98**	**–113**
Comprehensive income for the year		**1,566**	**1,059**
Of which attributable to			
Parent Company's shareholders		1,554	1,053
Non-controlling interests		12	6
Comprehensive income for the year		**1,566**	**1,059**

Consolidated Balance Sheet

SEKm	Note	Dec 31, 2016	Dec 31, 2015
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		3,120	2,810
Capitalized expenditure for IT development		193	159
Client relationships		63	61
Other intangible fixed assets		47	68
Total intangible fixed assets		**3,423**	**3,098**
Tangible fixed assets	11		
Computer hardware		41	38
Other tangible fixed assets		63	80
Total tangible fixed assets		**104**	**118**
Other fixed assets			
Shares and participations in associated companies and joint ventures	13	12	6
Other shares and participations		1	1
Purchased debt	14	8,733	7,027
Deferred tax assets	8	25	33
Other long-term receivables	15	6	11
Total other fixed assets		**8,777**	**7,078**
Total fixed assets		**12,304**	**10,294**
Current assets			
Accounts receivable	16	305	285
Client funds		588	569
Tax assets		87	42
Other receivables	17	557	510
Prepaid expenses and accrued income	18	167	180
Liquid assets	19	396	265
Total current assets		**2,100**	**1,851**
TOTAL ASSETS		**14,404**	**12,145**

SEKm	Note	Dec 31, 2016	Dec 31, 2015
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		2	2
Other paid-in capital		906	906
Reserves		404	335
Retained earnings including earnings for the year		2,731	1,843
Total shareholders' equity attributable to Parent Company's shareholders		**4,043**	**3,086**
Shareholders' equity attributable to noncontrolling interests	12	87	80
Total shareholders' equity		**4,130**	**3,166**
Long-term liabilities			
Liabilities to credit institutions	23	1,520	2,340
Bond loans	23	3,706	3,124
Other long-term liabilities		16	3
Provisions for pensions	21	157	174
Other long-term provisions	22	0	3
Deferred tax liabilities	8	638	522
Total long-term liabilities		**6,037**	**6,166**
Current liabilities			
Liabilities to credit institutions	23	56	17
Bond loans	23	1,077	0
Commercial papers	23	1,124	635
Client funds payable		588	569
Accounts payable		140	139
Income tax liabilities		136	128
Advances from clients		46	14
Other current liabilities		325	613
Accrued expenses and prepaid income	24	718	698
Other short-term provisions	22	27	0
Total current liabilities		**4,237**	**2,813**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,404**	**12,145**

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

Consolidated Cash Flow Statement

SEKm	Note	2016	2015
Operating activities			
Operating earnings	2	1,978	1,624
Not included in cash flow:			
Amortization/depreciation and impairment	4,10,11	171	164
Amortization and revaluations of purchased debt	14	1,606	1,495
Other adjustments for items not included in cash flow	2	34	15
Interest received		11	11
Interest paid		–119	–227
Payments for other financial expenses		–22	–15
Income tax paid		–257	–229
Cash flow from operating activities before changes in working capital		**3,402**	**2,838**
Changes in factoring receivables		–46	–44
Other changes in working capital		18	111
Cash flow from operating activities		**3,374**	**2,905**
Investing activities			
Purchases of intangible fixed assets	10	–117	–105
Purchases of tangible fixed assets	11	–26	–30
Debt purchases*	14	–3,374	–2,186
Purchases of shares in subsidiaries and associated companies*	35	–252	–181
Other cash flow from investing activities		6	5
Cash flow from investing activities		**–3,763**	**–2,497**
Financing activities			
Borrowings		1,928	792
Amortization of loans		–823	–270
Share repurchases		–	–400
Share dividend to Parent Company's shareholders		–597	–514
Share dividend to non-controlling interests		–5	–7
Cash flow from financing activities		**503**	**–399**
Change in liquid assets		**114**	**9**
Opening balance of liquid assets		**265**	**266**
Exchange rate difference in liquid assets		17	–10
Closing balance of liquid assets	19	**396**	**265**

* The acquisition of the Portuguese company Logicomer Gestão e Recuperação de Créditos SA in 2015, included purchased debt valued at SEK 62 M. These are reported in the row Debt Purchases.

Consolidated Statement of Changes in Shareholders' Equity

See also Note 20. SEKm	Number outstanding shares	Share capital	Other paid-in capital	Reserves	Retained earnings incl. earnings for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance. January 1, 2015	73,847,534	2	906	420	1,620	2,948	93	3,041
Comprehensive income for the year, 2015								
Earnings for the year					1,164	1,164	8	1,172
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				–228		–228	–2	–230
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				155		155		155
Revaluations of pension liability for the year					–30	–30		–30
Income tax on other comprehensive income				–12	4	–8		–8
Comprehensive income for the year				**–85**	**1,138**	**1,053**	**6**	**1,059**
Transactions with Group owners in 2015								
Share dividend					–514	–514	–7	–521
Acquired minority interest					–1	–1	–12	–13
Share repurchases	–1,499,808				–400	–400		–400
Closing balance. December 31, 2015	**73,347,726**	**2**	**906**	**335**	**1,843**	**3,086**	**80**	**3,166**
Comprehensive income for the year, 2016								
Earnings for the year					1,458	1,458	10	1,468
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				253		253	2	255
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				–210		–210		–210
Revaluations of pension liability for the year					33	33		33
Income tax on other comprehensive income				26	–6	20		20
Comprehensive income for the year				**69**	**1,485**	**1,554**	**12**	**1,566**
Transactions with Group owners in 2016								
Share dividend					–597	–597	–5	–602
Closing balance, December 31, 2016	**73,347,726**	**2**	**906**	**404**	**2,731**	**4,043**	**87**	**4,130**

Accumulated exchange rate differences since the transition to IFRS, including tax effects, amounted to SEK 404 M (335) at the end of 2016.

Income Statement – Parent Company

SEKm	Note	2016	2015
Net revenues	3	105	102
Gross earnings		**105**	**102**
Sales and marketing expenses		–20	–17
Administrative expenses		–151	–152
Operating earnings (EBIT)		**–66**	**–67**
Income from participations in Group companies	6	367	1,237
Exchange differences on monetary items classified as extended net investment in foreign subsidiaries		–28	–48
Interest income and similar income	6	102	100
Impairment of shares in subsidiaries	7	–143	0
Interest expenses and similar items	7	–191	–180
Net financial items		**108**	**1,109**
Earnings before tax		**42**	**1,042**
Tax on earnings for the year	8	0	0
Net earnings for the year		**42**	**1,042**

Consolidated Statement of Comprehensive Income

SEKm	Note	2016	2015
Earnings for the year		42	1,042
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–210	155
Comprehensive income for the year		**–168**	**1,197**

Parent Company Balance Sheet

SEKm	Note	Dec 31, 2016	Dec 31, 2015
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	12	6,221	6,321
Participations in joint ventures		24	10
Receivables from Group companies		2,087	1,205
Total financial fixed assets		**8,332**	**7,536**
Total fixed assets		**8,332**	**7,536**
Current assets			
Current receivables			
Tax assets		3	2
Receivables from Group companies		4,601	4,725
Other receivables	17	4	3
Prepaid expenses and accrued income	18	21	13
Total current receivables		**4,629**	**4,743**
Liquid assets	19		
Cash and bank balances		8	37
Total liquid assets		**8**	**37**
Total current assets		**4,637**	**4,780**
TOTAL ASSETS		**12,970**	**12,316**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital		2	2
Statutory reserve		282	282
Total restricted shareholders' equity		**284**	**284**
Non-restricted equity			
Share premium reserve		111	111
Fair value reserve		109	321
Retained earnings		701	255
Earnings for the year		42	1,042
Total non-restricted equity		**963**	**1,728**
Total shareholders' equity		**1,247**	**2,012**
Long-term liabilities			
Liabilities to credit institutions	23	1,520	2,340
Bond loans	23	3,706	3,124
Liabilities to Group companies		2,432	2,005
Total long-term liabilities		**7,658**	**7,469**
Current liabilities			
Overdraft facility	23	56	16
Bond loans	23	1,077	0
Commercial papers	23	1,124	635
Accounts payable		10	4
Liabilities to Group companies		1,670	2,063
Other current liabilities		3	2
Accrued expenses and prepaid income	24	125	115
Total current liabilities		**4,065**	**2,835**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,970**	**12,316**

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

Parent Company Cash Flow Statement

SEKm	Note	2016	2015
Operating activities			
Operating earnings		–66	–67
Interest received		102	100
Interest paid		–146	–232
Payments for other financial expenses		–22	–15
Cash flow from operating activities before changes in working capital		**–132**	**–214**
Changes in working capital		184	6
Cash flow from operating activities		**52**	**–208**
Investing activities			
Purchases of shares in subsidiaries and associated companies		–57	–10
Share dividend from subsidiaries		1,053	237
Cash flow from investing activities		**996**	**227**
Financing activities			
Borrowings		2,080	681
Amortization of loans		–823	–270
Net loans to subsidiaries		–1,738	509
Share dividend to Parent Company's shareholders		–597	–514
Share repurchases		—	–400
Cash flow from financing activities		**–1,077**	**6**
Change in liquid assets		**–29**	**25**
Opening balance of liquid assets		**37**	**12**
Closing balance of liquid assets	19	**8**	**37**

Statement of Changes in Shareholders' Equity, Parent Company

SEKm	Note	Number outstanding shares	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Earnings for the year	Total shareholders' equity
Closing balance, 31 December 2014		73,847,534	2	282	111	–986	2,237	83	1,729
Adjustment for retroactive application of RFR 2	20					1,152	–1,166	14	0
Opening balance. January 1, 2015		73,847,534	2	282	111	166	1,071	97	1,729
Comprehensive income for the year, 2015									
Earnings for the year								1,042	1,042
Other comprehensive income for the year						155			155
Comprehensive income for the year						**155**		**1,042**	**1,197**
Disposition of previous year's earnings							97	–97	
Transactions with Parent Company's shareholders in 2015									
Share dividend							–514		–514
Share repurchases		–1,499,808					–400		–400
Closing balance. December 31, 2015		72,347,726	2	282	111	321	255	1,042	2,012
Comprehensive income for the year, 2016									
Earnings for the year								42	42
Other comprehensive income for the year						–210			–210
Comprehensive income for the year						**–210**		**42**	**–168**
Disposition of previous year's earnings							1,042	–1,042	
Transactions with Parent Company's shareholders in 2016									
Share dividend							–597		–597
Closing balance, December 31, 2016		**72,347,726**	**2**	**282**	**111**	**109**	**701**	**42**	**1,247**

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

Notes to the audited consolidated financial statements

1 Significant accounting and valuation principles

General

The Parent Company Intrum Justitia AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the company's headquarters is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. In 2016, the company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors on March 30, 2017. The balance sheets and income statements will be presented to the Annual General Meeting on June 29, 2017.

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

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

Accounting standards applied

With regard to the consolidated financial statements, the annual report for Intrum Justitia AB (publ) has been prepared in accordance with the Annual Accounts Act and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies IFRS as adopted by the European Union (EU). For 2016, there are no new provisions relevant to Intrum Justitia in the IFRS issued by the IASB that have not yet been adopted by the EU. This means that the Group's application of IFRS as adopted by the EU during the year also corresponds to the application of IFRS as issued by the IASB.

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

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

Assumptions

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

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

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

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

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

Changes in accounting principles

Changes that entered into force in 2016

There are a number of minor changes and clarifications to IFRS with effect from 1 January 2016, although none of these has had any significant impact on the Intrum Justitia Group's accounting.

Effective from the 2016 Annual Report, the Parent Company applies the version of RFR 2 Accounting for Legal Entities, updated in January 2017, which contains a clarification of how the exchange differences on monetary items classified as extended net investment in a foreign subsidiary should be classified. See below under the Parent Company's accounting principles.

Changes that enter into force in or after 2017

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2017.

No significant changes in IFRS have been introduced effective from 2017.

IFRS 9 Financial Instruments is, effective from 2018, to replace *IAS 39 Financial Instruments: Recognition and Measurement.* IFRS 9 entails changes in the way financial assets are classified and valued, and introduces an impairment model based on expected rather than incurred losses, as well as changes to the principles for hedge accounting.

An assessment of the impact on the Group's accounting of the application of IFRS 9 is in progress. It has not yet been possible to estimate the effects in terms of amounts, and these will be calculated as each implementation project progresses during 2017. The following description is based on information currently known or estimated. The choice of transitional methods will be made when the analysis of IFRS 9 has reached a phase providing a more complete foundation than at present.

It is Intrum Justitia's assessment that purchased debt should, under IFRS 9 continue to be carried at amortized cost, as in IAS 39, by applying an adjusted effective interest rate reflecting anticipated actual cash flows. One difference from IAS 39 is that IFRS 9 expressly provides that a positive effect can arise if the forecast for anticipated cash flows increases, even in the event that the current forecast exceeds the initial forecast made on the acquisition of the portfolio.

The new rules for impairment also mean that a provision for expected losses on accounts receivable should generally be made somewhat earlier. As indicated in Note 16, the Group has reserved SEK 3 M for losses on accounts receivable in 2016 and SEK 11 M in 2015. Had IFRS 9 been applied, it is likely that a provision for about the same amount would have had to be made a year earlier. A more detailed assessment in terms of amounts has yet to be made.

Intrum Justitia does not intend to adopt IFRS 9 prematurely in 2017.

Effective from 2018, *IFRS 15 Revenue from customer contracts* is to replace *IAS 18 Revenue.* IFRS 15 is based on revenue being recognized when control of the good or service is transferred to the customer, which differs from the current basis in the transfer of risks and rewards. IFRS 15 introduces new ways of determining how and when revenue should be recognized, entailing a new approach compared with how revenue is currently reported. The sectors most affected are the construction and civil engineering sectors, as well as companies engaged in contract manufacturing. However, all companies will be affected by the new expanded disclosure requirements.

Intrum Justitia's principal revenue from customer contracts, derives from collection services. Revenue is generally recognized when the service has been completed successfully, that is, when the Group's customer has received payment for its claim. Intrum Justitia's assessment is currently that IFRS 15 does not cause any significant change in how revenues from collection services are to be reported.

Intrum Justitia does not intend to adopt IFRS 15 prematurely in 2017.

Effective from 2019, *IFRS 16 Leases* is to replace *IAS 17 Leases.* IFRS 16 provides that leases currently accounted for as operating leases should generally start to be reported in a manner similar to the current accounting for financial leases. This requires assets and liabilities also being reported for operating leases, with associated reporting of costs for depreciation and interest, unlike today when no accounting is performed for the leased asset and related liability, and with lease payments being amortized on a straight-line basis as a lease expense.

The main effect on Intrum Justitia's accounting is expected to be the Group's total assets will increase through an asset and a liability being recognized in respect of the leases in effect at any given time. A rough estimate, based on the 2015 figures, is that total assets during the year would have increased by about 5 percent. Another effect is that the implicit interest expense in lease agreements is recognized in financial expense and not in operating profit, which in 2015 would have entailed an improvement in operating income in the order of 1 percent.

Intrum Justitia does not intend to adopt IFRS 16 prematurely in 2017.

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

Classification issues

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

Consolidation

Subsidiaries

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

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

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

In acquisitions where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly in the income statement.

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

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

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

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

Associated companies and joint ventures

The Group applies *IAS 28 Investments in associates and joint ventures.*

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

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

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

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

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

Joint ventures

The Group applies *IFRS 11 Joint arrangements.*

Joint arrangements pertain to companies in which Intrum Justitia and other part-owners manage operations jointly in accordance with a shareholder agreement. The Group has only been engaged in joint arrangements classified as joint ventures, and these are reported in the consolidated financial statements according to the equity method. This means that participations in jointly owned companies are recognized at cost and subsequently adjusted for the Group's share of the change in the company's net assets. The consolidated income statement includes the Group's share of earnings, and this is reported under Participations in the earnings of associates and joint ventures. Dividends received from joint ventures are not recognized in the income statement and instead reduce the carrying value of the investment.

The equity method is applied from the date on which joint control is gained until the date that it ceases or transitions to the sole influence of Intrum Justitia.

Foreign currency

The Group applies *IAS 21 Effects of changes in foreign exchange rates.*

Transactions in foreign currency

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

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

Translation of the financial statements of foreign operations

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

Long-term receivables and liabilities between the Parent Company and subsidiaries can be seen as an extension or reduction of the net investment in each company. Such translation differences are therefore recognized in the consolidated financial statements in total comprehensive income.

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

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

Financial assets and liabilities

The Group applies *IAS 32 Financial Instruments:* Presentation*, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure and IFRS 13 Fair Value Measurement.*

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

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

Financial instruments are initially recognized at cost, corresponding to the instrument's fair value plus transaction expenses. Exceptions are financial instruments categorized as financial assets or liabilities recognized at fair value in income statement, which are recognized at fair value excluding transaction costs. Measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Receivables are recognized when the company has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been sent. Accounts receivable are recognized in the balance sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade accounts payable are recognized when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

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

Purchased debt

Purchased debt consists of portfolios of delinquent consumer debts purchased at prices significantly below the nominal receivable. They are recognized according to the rules for loans and receivables in IAS 39, i.e., at amortized cost according to the effective interest model.

Income from purchased debt is recognized in the income statement as the collected amount less amortization. The collection is often performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the Credit Management service line. The cost of collection is debited internally at market price and expensed in the income statement for the Purchased Debt service line as a cost of services sold.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are comprised of amortization for the period and are recognized in the income statement on the revenue line.

In connection with the purchase of each portfolio of receivables, a projection is made of the portfolio's cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection costs. With this forecast and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information. Cash flow projections are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow projections and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts.

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

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. The effects of changes in cash flow forecasts are referred to as revaluations and treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

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

Long-term receivables and other receivables

Long-term receivables and other receivables are those that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are other receivables. These receivables fall into the category Loans and accounts receivable and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

Accounts receivable

Accounts receivable are classified in the category loans and receivables. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are determined individually or according to statistical models based on historical experience in each country. Impairment needs are addressed when receivables have fallen overdue for payment by a certain number of days, which differs between countries, or if Intrum Justitia becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at accrued cost without discounting.

Legal outlays

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

Client funds

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

Liquid assets

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

Liabilities

Liabilities are classified as other financial liabilities, which means that they are initially recognized at the amount received after deducting transaction expenses. Subsequent to recognition, loans are carried at amortized cost according to the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed-interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

Accounts payable

Accounts payable are classified in the category other financial liabilities. Accounts payable have a short anticipated maturity and are carried without discounting at nominal amount.

Derivatives

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

Forward exchange contracts are classified as financial assets or liabilities recognized at fair value through profit or loss (held for trade) and assessed at fair value without deductions for transaction expenses that may arise on sale or similar.

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

Currency interest rate swaps are valued at fair value and reported in the balance sheet together with hedge accounting via Other comprehensive income. Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds in SEK that were exchanged for EUR to hedge net investments in foreign operations where the loan currency has been used in the operations. The liability in SEK was exchanged into the same liability in EUR on both the starting date and the date of maturity.

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries

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

Intangible fixed assets

Goodwill

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

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

For business combinations where the cost is less than the net value of acquired assets and assumed and contingent liabilities, the difference is recognized directly through the income statement.

Goodwill is recognized at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation. Intrum Justitia's operations in each geographical region (Northern Europe, Central Europe and Western Europe) are considered the Group's cash-generating units in this regard.

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

Capitalized expenditure for IT development

The Group applies *IAS 38 Intangible assets*.

Expenditures for IT development and maintenance are generally expensed as incurred. Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalized and recognized as intangible assets. These capitalized costs include staff costs for the development team and other direct and indirect costs. Borrowing costs are included in the cost of qualified fixed assets.

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

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

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

Client relationships

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

Other intangible fixed assets

Other intangible fixed assets relate to other acquired rights and are amortized on a straight-line basis over their estimated period of use (3–5 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment.

Tangible fixed assets

The Group applies *IAS 16 Property, plant and equipment.*

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

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

An annual determination is made of each asset's residual value and a period of use.

Tangible fixed assets are recognized as an asset in the balance sheet if it is likely that the future economic benefits will flow to the company and the cost of the asset can be reliably measured.

Leasing

The Group applies IAS 17 Leases. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When a lease means that the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognized in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognized as a liability. The portion of the lease fee that falls due for payment within one year is recognized as a current liability, while the remainder is recognized as a long-term liability. Minimum lease fees for finance leases are divided between interest expense and amortization of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the period in which they arise.

In operating leasing, lease payments are expensed over the lease term. Payments are recognized in the income statement on a straight-line basis over the lease term. Benefits received in connection with the signing of an operating lease are recognized as part of the total lease expense in the income statement.

Taxes

The Group applies *IAS 12 Income taxes.*

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement unless the underlying transaction is recognized directly in other total comprehensive income, in which case the related tax effect is recognized in other total comprehensive income.

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

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

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

Shareholders' equity

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

Provisions

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

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

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

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

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

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

Unidentified receipts and excess payments

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

Contingent liabilities

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

Impairment

The Group applies *IAS 36 Impairment of assets.*

The carrying value of the Group's assets, with certain exceptions, is tested on each balance sheet date for any indication of impairment. IAS 36 is applied to impairment testing of all assets with the exception of financial assets, which are valued according to *IAS 39*, investment assets for pension liabilities, which are valued according to *IAS 19 Employee Benefits,* and tax assets, which are valued according to *IAS 12 Income Taxes.*

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

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

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

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

Employee benefits

The Group applies *IAS 19 Employee Benefits.*

Pension obligations

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

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

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees has earned in current and previous periods; this compensation is discounted to its present value. The discount rate is the interest rate as per the balance sheet date on high-quality corporate bonds, including covered bonds, with a maturity that, if possible, corresponds to the Group's pension obligations. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum Justitia's share of any investment assets as of the balance sheet date is calculated as well.

Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. All changes in value associated with such changes in assumptions are recognized in other comprehensive income.

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

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

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

Borrowing costs

The Group applies *IAS 23 Borrowing Costs* and *IAS 39 Financial Instruments: Recognition and Measurement.*

Costs to secure bank financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability.

The Group capitalizes borrowing costs in the cost of qualifying assets, that is, fixed assets for substantial amounts with long periods of completion. No such investments were initiated in 2015 or 2016.

Income recognition

The Group applies *IAS 18 Revenue.*

Income, consisting of commissions and collection fees is recognized on collection of the debt. Subscription income is recognized proportionately over the term of the underlying service contracts, which is usually one year.

Financial income and expenses

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

Payment guarantees

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

Cash flow statement

The Group applies *IAS 7 Cash flow statements.*

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

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

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

Earnings per share

The Group applies *IAS 33 Earnings per share.*

Earnings per share consist of net earnings for the year (attributable to the Parent Company's shareholders) divided by a weighted average number of outstanding shares during the year. In this context, treasury holdings of repurchased shares are not included in outstanding shares.

Segments

The Group applies *IFRS 8 Operating Segments.*

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

Intrum Justitia's operating segments are the geographical regions Northern Europe (Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden), Central Europe (Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Portugal, Spain and the United Kingdom). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group.

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

Parent Company's accounting principles

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

Effective from the 2016 Annual Report, the Parent Company applies the updated version from January 2017 of RFR 2 Accounting for Legal Entities, which contains a clarification that, among other things, requires that exchange rate differences on monetary items classified as expanded net investment in foreign subsidiaries be reported in net financial items instead of as previously in other comprehensive income. In the Parent Company's financial statements, comparative figures from previous years have been restated in accordance with this change in accounting principle.

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

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

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company at cost, including transaction costs less any impairment. Only dividends are recognized as income.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with statement UFR 2 of the Swedish Financial Reporting Board.

Group contributions received are recognized as dividends and Group contributions paid are recognized as shareholders' contributions. Shareholders' contributions are recognized directly in the shareholders' equity of the recipient and capitalized in the shares and participating interests of the contributor, to the extent impairment is not required.

Other

The Parent Company has no leases classified as finance leases in its own accounts or the consolidated accounts.

2 Disclosures by geographic region and service line

	Group	
SEKm	**2016**	**2015**
Revenues from external clients by geographical region		
Northern Europe	2,813	2,573
Central Europe	1,825	1,705
Western Europe	1,450	1,350
Total	**6,088**	**5,628**
Revenues from external clients by country		
Finland	913	892
Sweden	886	842
Switzerland	718	759
France	722	701
Hungary	476	380
Portugal	308	218
Denmark	282	241
Poland	255	181
Other countries	1,528	1,414
Total	**6,088**	**5,628**
Intra-Group revenues by geographical region		
Northern Europe	320	288
Central Europe	334	295
Western Europe	236	171
Elimination	–890	–754
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	981	763
Central Europe	666	568
Western Europe	331	293
Total operating earnings	**1,978**	**1,624**
Net financial items	–168	–167
Earnings before tax	**1,810**	**1,457**
Tangible and intangible fixed assets by country		
Finland	527	507
Sweden	495	500
Switzerland	344	345
Netherlands	279	253
France	303	299
Other countries	1,579	1,312
Total	**3,527**	**3,216**

SEKm	Group 2016	2015
Investments in tangible and intangible fixed assets by region		
Northern Europe	73	63
Central Europe	41	51
Western Europe	24	50
Group-wide/eliminations	26	20
Total	**164**	**184**
Depreciation and amortization by geographical region		
Northern Europe	–66	–74
Central Europe	–55	–51
Western Europe	–29	–20
Group-wide/eliminations	–21	–19
Total	**–171**	**–164**
Other items not included in cash flow by geographical region		
Northern Europe	11	8
Central Europe	–3	6
Western Europe	25	–1
Group-wide/eliminations	1	2
Total	**34**	**15**
Participations in associated companies and joint ventures, by region		
Northern Europe	–8	–4
Total	**–8**	**–4**
Net revenues by service line		
Credit Management	4,335	4,194
Financial Services	2,902	2,423
Elimination of inter-service line revenue	–1,149	–989
Total	**6,088**	**5,628**
Net revenues from external clients by service line		
Credit Management	3,186	3,205
Financial Services	2,902	2,423
Total	**6,088**	**5,628**
Operating earnings by service line		
Credit Management	1,134	1,049
Financial Services	1,635	1,345
Common costs	–791	–770
Total	**1,978**	**1,624**

No individual customer is responsible for generating more than two percent of the Group's total revenue.

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

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

Intra-Group sales between the regions are made on commercial terms.

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

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

3 Net revenues and expenses

Net revenues SEKm	Group 2016	 2015	Parent Company 2016	 2015
Collection fees, commissions and debtor fees	2,804	2,834	—	—
Subscription income	66	70	—	—
Collections on purchased debt	4,420	3,802	—	—
Amortization of purchased debt	–1,655	–1,526	—	—
Revaluation purchased debt	49	31	—	—
Income from payment guarantees	27	29	—	—
Income from Group companies	—	—	105	102
Other income	377	388	—	—
Total	**6,088**	**5,628**	**105**	**102**

The revenues from purchased debt consists of the collected amounts less amortizations, i.e the decrease in the book value of the portfolio for the period. See also Note 14.

Costs SEKm	Group 2016	 2015	Parent Company 2016	 2015
Personnel expenses	–2,032	–1,971	–146	–145
Amortization, depreciation and impairment	–171	–164	0	0
Other expenses	–1,907	–1,869	–25	–24
Total	**–4,110**	**–4,004**	**–171**	**–169**

4 Amortization and depreciation

SEKm	Group 2016	 2015	Parent Company 2016	 2015
Capitalized expenditure for IT development	–67	–79	0	0
Client relationships	–21	–13	—	—
Other intangible fixed assets	–40	–30	0	—
Computer hardware	–17	–15	—	—
Other tangible fixed assets	–26	–27	0	0
Total	**–171**	**–164**	**0**	**0**

Depreciation and amortization have been charged to each function as an operating expense as follows:

SEKm	Group 2016	 2015	Parent Company 2016	 2015
Cost of sales	–161	–143	—	—
Sales and marketing expenses	–1	–2	—	—
Administrative expenses	–9	–19	0	0
Total	**–171**	**–164**	**0**	**0**

5 Participations in earnings of associated companies and joint ventures

SEKm	Group 2016	Group 2015
Joint ventures		
Avarda AB (Sweden)	–8	–4
Total participations in earnings	**–8**	**–4**

6 Financial income

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Interest income from Group companies	—	—	96	92
Other interest income	11	11	6	8
Dividends from Group companies	—	—	367	1,285
Expensed shareholder contributions to subsidiaries	—	—	0	–48
Impairment of shares in subsidiaries	—	—	–143	—
Total	**11**	**11**	**326**	**1,337**

All interest income is attributable to items that are not carried at fair value through profit or loss.

The operating earnings include interest income attributable to purchased debt amounting to SEK 2,765 M (2,276), defined as the difference between the year's collected amount and amortization for the year.

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

The item Dividends from Group companies includes Group contributions received from subsidiaries in Sweden in the amount of SEK 314 M (221), and, for 2015, an anticipated dividend from the subsidiary, Intrum Justitia International AB of SEK 1,000 M.

7 Interest expenses and similar profit items

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Interest expenses to Group companies	—	—	–18	–8
Interest expenses	–141	–133	–142	–131
Exchange rate differences	–9	–5	–4	–2
Amortization and impairment of capitalized borrowing costs	–5	–25	–5	–25
Other financial expenses	–24	–15	–22	–14
Total	**–179**	**–178**	**–191**	**–180**

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

Compared with the preceding year, the increase in Other financial expenses is primarily attributable to bank fees and borrowing costs allocated to the period.

8 Taxes

The tax expense for the year breaks down as follows:

SEKm	Group 2016	Group 2015
Current tax		
Tax expense attributable to earnings for the year	–212	–195
Other tax adjustments attributable to previous years	10	2
Deferred tax		
Deferred tax related to temporary differences	–89	–92
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	–51	0
Total tax expense	**–342**	**–285**

During the year, no taxes were recognized for operations that have been phased out or otherwise disposed, or for capital gains.

The Group has operations in some 20 countries in Europe, with various tax rates. The current tax expense for the year relates mainly to income taxes in Switzerland, Belgium, Finland, France, Norway, the Czech Republic and Hungary. The Group's Swedish companies paid no income tax for the relevant year as they were able to utilize tax-loss carryforwards from historic losses.

Intrum Justitia AB is domiciled in Sweden where the nominal corporate tax rate in 2015 and 2016 was 22 percent. The following reconciliation explains the difference between the Group's actual tax cost and the expected tax cost taking the Swedish corporate tax rate into account:

	Group			
	2016		2015	
Reconciliation	SEKm	%	SEKm	%
Earnings before tax	1,810		1,457	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–398**	**22.0**	**–320**	**22.0**
Effect of different tax rates in other countries	14	–0.8	20	–1.4
Tax effect of tax-exempt income and non-deductible expenses	–17	0.9	–10	0.7
Unrecognized tax assets pertaining to tax-loss carryforwards	–5	0.2	–14	1.0
Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards	51	–2.8	27	–2.0
Adjustments to previous years and other	13	–0.6	12	–0.7
Total tax on net earnings for the year	**–342**	**18.9**	**–285**	**19.6**

Unrecognized tax assets regarding tax-loss carryforwards relate to the negative tax effect during the year attributable to losses in countries where no deferred tax asset is recognized because it is not probable that enough taxable profit will arise within the foreseeable future. Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards relate to the positive tax effect over the year arising through the utilization of tax-loss carryforwards never previously recognized as deferred tax assets.

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

Group SEKm	2016 Asset/ liability	2016 Income/ expense	2015 Asset/ liability	2015 Income/ expense
Legal outlays	0	2	–2	0
Purchased debt	–610	–153	–487	–75
Intangible assets	–30	8	–31	–21
Provisions for pensions	21	1	27	9
Other	6	2	4	–5
Total	**–613**	**–140**	**–489**	**–92**
Deferred tax assets	25	17	33	44
Deferred tax liabilities	–638	–157	–522	–136
Total	**–613**	**–140**	**–489**	**–92**

The deferred tax assets and income tax liabilities are expected to be due for payment in over one year.

The Group has tax-loss carryforwards that can be utilized against future earnings totaling SEK 1,803 M (1,731). No deferred tax assets are recognized in the balance sheet since the tax-loss carryforwards exist in companies where it is not expected to be possible to utilize them against taxable earnings in the foreseeable future. In the calculation of deferred tax liabilities attributable to temporary differences in the recognition of purchased receivables, however, SEK 91 M (94) has been subtracted, corresponding to a cautiously calculated option to offset the deferred tax liabilities against tax losses in the same country.

Tax-loss carryforwards in countries with maturities for the utilization of those carryforwards relate to Poland with SEK 3 M (5), the Netherlands with SEK 151 M (150) and Slovakia with SEK 9 M (4). In Poland, the taxloss carryforwards can be utilized only for a period of five years from the year of the loss, in the Netherlands for nine years and in Slovakia for four years. No deferred tax assets are recognized for the tax-loss carryforwards in these two countries.

Tax-loss carryforwards for which no deferred tax assets are recognized pertain mainly to Sweden with SEK 895 M (852) and the UK with SEK 340 M (381). Most of the tax-loss carryforwards in Sweden consist of the deficit in the Parent Company. As a consequence of the costs for the head office expenses and financing costs, the Parent Company has for several years incurred a tax deficit, even when taking in to account the group contributions received from the profitable companies conducting business in Sweden. It is Intrum Justitia's assessment that tax-loss carryforwards cannot be utilized against positive taxable income in the foreseeable future without first restructuring the Group internally so that, for example, the Parent Company's interest expenses are transferred to foreign subsidiaries. If such restructuring is implemented, it may be relevant to evaluate the tax-loss carryforwards in the accounts. Because the tax-loss carryforwards exist in the Parent Company, they are not involved in the impairment testing of goodwill that pertains to the business of the subsidiaries. Loss carryforwards in Sweden may also be consumed through so-called CFC taxation on the earnings of foreign subsidiaries with revenues subject to low tax rates.

Tax expenses recognized in other comprehensive income over the year amounted to SEK 20 M (income 8). No tax has been recognized directly against equity.

Tax rate reconciliation for the parent company	2016 SEKm	2016 %	2015 SEKm	2015 %
Earnings after financial items	42		1,157	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–9**	**22.0**	**–254**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	–28	66.7	232	–20.1
Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards	37	–88.7	22	–1.9
Total tax on net earnings for the year	**0**	**0.0**	**0**	**0.0**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of share dividends from subsidiaries, paid and expensed shareholder contributions, as well as impairment of shares in subsidiaries. The Parent Company has accumulated tax-loss carryforwards of SEK 895 M (852) at year-end as a result of both income items and unrealized translation differences recognized in other comprehensive income. No deferred tax assets are recognized for these tax-loss carryforwards since the Parent Company is not expected to have a positive taxable result in the next few years.

9 Earnings per share

	Group	
	2016	**2015**
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	1,458	1,164
Number of shares outstanding at beginning of year	72,347,726	73,847,534
Share repurchases	—	–1,499,808
Number of shares outstanding at year-end	**72,347,726**	**72,347,726**
Weighted average no. of shares during the year before and after dilution	72,347,726	73,096,665
Earnings per share before and after dilution (SEK)	20.15	15.92

In accordance with the Board's proposal, the 2015 and 2016 Annual General Meetings resolved to authorize the Board, in the period until the relevant subsequent AGM, to acquire and transfer the company's own shares on the Nasdaq Stockholm exchange. The company's holding of treasury shares may not at any time exceed 10 percent of the total number of shares in the company. However, in accordance with the Board's decision, no shares were repurchased in 2016. In 2015, 1,499,808 shares were repurchased for SEK 400 M.

10 Intangible fixed assets

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Goodwill				
Acquisition cost, opening balance	2,810	2,719	—	—
Acquisitions for the year	241	140	—	—
Exchange rate differences	69	–49	—	—
Carrying values	**3,120**	**2,810**	**—**	**—**
Capitalized expenditure for IT development				
Acquisition cost, opening balance	1,035	996	5	5
Capitalized expenditures for the year	101	70	0	0
Disposals	–7	–9	0	0
Reclassification	0	3	—	—
Purchased via acquisition	1	0	—	—
Exchange rate differences	40	–24	—	—
Accumulated acquisition cost, closing balance	**1,170**	**1,035**	**5**	**5**
Accumulated amortization opening balance	–853	–801	–5	–5
Disposals	0	10	—	—
Reclassification	0	–2	—	—
Amortization for the year	–67	–79	0	0
Exchange rate differences	–34	19	—	—
Accumulated amortization closing balance	**–954**	**–853**	**–5**	**–5**
Impairments, opening balance	–23	–23	—	—
Accumulated impairment, closing balance	**–23**	**–23**	**0**	**0**
Carrying values	**193**	**159**	**0**	**0**

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Client relationships				
Acquisition cost, opening balance	176	145	—	—
Reclassification	6	0	—	—
Purchased via acquisition	14	36	—	—
Exchange rate differences	6	–5	—	—
Accumulated acquisition cost, closing balance	**202**	**176**	**0**	**0**
Accumulated amortization opening balance	–115	–108	—	—
Reclassification	1	—	—	–
Amortization for the year	–21	–13	—	—
Exchange rate differences	–4	6	—	—
Accumulated amortization closing balance	**–139**	**–115**	**0**	**0**
Carrying values	**63**	**61**	**—**	**—**
Other intangible fixed assets				
Acquisition cost, opening balance	215	174	—	—
Capitalized expenditures for the year	24	40	—	—
Reclassification	–8	—	—	—
Exchange rate differences	11	2	—	—
Accumulated acquisition cost, closing balance	**242**	**215**	**0**	**0**
Accumulated amortization opening balance	–143	–110	—	—
Reclassification	–1	—	—	—
Amortization for the year	–40	–30	—	—
Exchange rate differences	–7	–3	—	—
Accumulated amortization closing balance	**–191**	**–143**	**0**	**0**
Impairments, opening balance	–4	–4	—	—
Accumulated impairment, closing balance	**–4**	**–4**	**0**	**0**
Carrying values	**47**	**68**	**0**	**0**

Payments during the year regarding investments in intangible fixed assets amounted to SEK 117 M (105) for the Group.

Capitalized expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants.

Client relations and goodwill are acquired in connection with business acquisitions. Other intangible fixed assets are mainly acquired externally.

Impairment testing for cash-generating units containing goodwill

In 2016, the Group treated the following geographical regions as cash-generating units in the sense referred to in *IAS 36 Impairment of Assets.*

The goodwill value is distributed among the cash-generating units as follows:

SEKm	2016	2015
Northern Europe	1,665	1,482
Central Europe	434	415
Western Europe	1,021	913
Total	**3,120**	**2,810**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has compiled a projection of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The calculation is based on a detailed forecast for the years 2017–2019 and thereafter an annual increase of 1 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 5.7 percent (6.5) per year before tax, corresponding to 4.6 percent (5.2) per year after tax. The recoverable amount has been compared for each unit with the Group's net book value of the unit's assets and liabilities. The test gave no indication of a need of goodwill impairment.

Impairment testing is based on a number of assumptions, where the outcome is judged to be most sensitive to some of those assumptions in particular:

For 2018, annual revenue growth of 4 percent (4) is assumed, and for 2019, 2 percent (2), with each SEK 1,000 in increased revenue being assumed to result in an increase in working capital of SEK 250 (250), that is, an "incremental increase in earnings" of 25 percent (25). For the period after 2019, perpetual growth in cash flow of 1 percent (3) annually is assumed. The same assumptions were applied for all three geographical regions. The same discount rates were also applied, since no long-term difference can be identified between the regions' growth potential or risk.

Sensitivity analysis

A sensitivity analysis has been performed, in which cash flows were discounted at 7 percent interest after tax and a perpetual growth rate of zero percent was applied. Even with these assumptions, impairment testing did not indicate any need to recognize impairment in goodwill for any of the three regions.

11 Tangible fixed assets

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Computer hardware				
Acquisition cost, opening balance	218	214	1	1
Investments for the year	18	16	—	—
Sales and disposals	–3	–5	—	—
Exchange rate differences	7	–7	—	—
Accumulated acquisition cost, closing balance	**240**	**218**	**1**	**1**
Accumulated depreciation opening balance	–180	–174	–1	–1
Sales and disposals	3	4	—	—
Depreciation for the year	–17	–15	—	—
Exchange rate differences	–5	5	—	—
Accumulated depreciation closing balance	**–199**	**–180**	**–1**	**–1**
Carrying values	**41**	**38**	**0**	**0**

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Other tangible fixed assets				
Acquisition cost, opening balance	296	286	3	3
Investments for the year	8	17	—	—
Sales and disposals	–3	–11	—	—
Reclassification	3	—	—	—
Purchased via acquisition	0	5	—	—
Exchange rate differences	9	–1	—	—
Accumulated acquisition cost, closing balance	**313**	**296**	**3**	**3**
Accumulated depreciation opening balance	–216	–199	–2	–2
Sales and disposals	2	10	—	—
Reclassification	–3	—	—	—
Depreciation for the year	–26	–27	0	0
Exchange rate differences	–7	0	—	—
Accumulated depreciation closing balance	**–250**	**–216**	**–2**	**–2**
Carrying values	**63**	**80**	**0**	**0**

Disbursements during the year regarding investments in intangible fixed assets for the Group amounted to SEK 26 M (30).

12 Group companies

SEKm	No. of shares	2016	2015
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
Intrum Justitia Finans AB	66,050,000	75	75
Intrum Justitia Oy, Finland	14,000	1,649	1,649
Intrum Justitia SAS, France	5,000	345	345
Intrum Justitia SpA, Italy	600,000	22	50
Intrum Justitia SDC SIA, Latvia	2,000	0	0
Intrum Justitia BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	5,000	264	264
Intrum Justitia Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum Justitia AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	0	73
Collector Services Ltd, United Kingdom	88,100,002	0	0
Intrum Justitia Sverige AB, Sweden	22,000	1,649	1,649
Intrum Justitia International AB, Sweden	1,000	601	601
Intrum Justitia Holding GmbH, Germany	2,050,000	0	0
Intrum Justitia Inkasso GmbH, Austria	72,673	37	37
Total carrying value		**6,221**	**6,322**
Opening balance		6,322	6,313
Capital contributions paid		42	9
Impairment of shares in subsidiaries		–143	0
Closing balance		**6,221**	**6,322**

Impairment of shares in subsidiaries relates to the subsidiaries in Italy by SEK 43 M, in Germany by SEK 19 M and Spain by SEK 81 M, and was implemented because the development of these companies has been unsatisfactory.

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

Subsidiaries of Intrum Justitia AB and their subsidiaries in the same country	Corp. identity no.	Domicile	Equity share
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
Dansk Kreditorservice A/S	DK 27962971	Vejle	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI 25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
IJCOF Corporate SAS	B797 546 769	Lyon	58%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	90%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungsmanagement GmbH	HRB 8997	Darmstadt	100%
Intrum Justitia Bankenservice GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	100%
ITALY			
Intrum Justitia SpA	03776980488	Milan	100%
LATVIA			
Intrum Justitia SDC SIA	40103314641	Riga	100%
NETHERLANDS			
Intrum Justitia BV	33.273.472	Schiphol-Rijk	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Intrum Justitia Finans AS	913 953 517	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	503 933 180	Lisbon	100%
Logicomer Gestão e Recuperação de Créditos SA	504 027 794	Porto	100%
Seguridad en la gestión Portugal unipessoal, Lda	508 624 878	Lisbon	100%
SWEDEN			
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
Intrum Justitia Finans AB	556885-5265	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Justitia Brugg AG	CHE-109.437.651	Brugg	100%

Subsidiaries of Intrum Justitia AB and their subsidiaries in the same country	Corp. identity no.	Domicile	Equity share
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Segestion Gabinete Tecnico Empresarial, S.L	B61210696	Madrid	100%
Seguridad en la gestión, S.L	B58182973	Barcelona	100%
LGP Recuperaciones y Gestiones de Insolvencias	B84825678	Santander	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%

Subsidiaries of Intrum Justitia Sverige AB	Corp. identity no.	Domicile	Share of capital
LUXEMBOURG			
Intrum Justitia Luxembourg sarl	B 183336	Luxembourg	100%
SWEDEN			
Svensk Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Justitia Shared Services AB	556992-4318	Stockholm	100%

Subsidiaries of Intrum Justitia International AB	Corp. identity no.	Domicile	Share of capital
MAURITIUS			
ICC International Collection Center Ltd	127206	Port Louis	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CHE-100.023.266	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CHE-109.880.638	Zug	100%
Intrum Justitia Licensing AG	CHE-100.749.630	Zug	100%

Subsidiary of Intrum Justitia Debt Finance AG	Corp. identity no.	Domicile	Share of capital
LUXEMBOURG			
LDF65 sarl	B 134749	Sandweiler	100%
IJDF Luxembourg sarl	B 188281	Sandweiler	100%
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	100%
UNITED KINGDOM			
PF2 UK Ltd	10246781	Liverpool	100%

Subsidiaries of Intrum Justitia BV	Corp. identity no.	Domicile	Share of capital
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Data Centre BV	27.306.188	Schipol–Rijk	100%
Buckaroo BV	04.060.983	Utrecht	100%
èM! Payment BV	51.184.990	Utrecht	100%

Subsidiaries of Intrum Justitia BV	Corp. identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
Intrum Justitia Czech s.r.o.	27221971	Pardubice	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft undergoing change of name to Lakóingatlan-Forgalmazó Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezelő Zrt.	01-10-044857	Budapest	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Kancelaria Prawna król i Gajda SK	0000573531	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35,831,154	Bratislava	100%

Subsidiaries of Fair Pay Management AB	Corp. identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia Invest AB	556786-4854	Varberg	100%

Companies without a shareholding that are consolidated on the basis of contractual controlling interest	Corp. identity no.	Domicile
ITALY		
IJ DF ItalySrl	08438930961	Milano

Subsidiary of Fair Pay Please AB	Corp. identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%

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

	Minority interest in shareholders' equity		Minority interests in earnings	
SEKm	2016	2015	2016	2015
IJCOF SAS, France	—	—	—	2
IJCOF Corporate SAS, France	83	76	10	6
Cabinet PPN SAS, France	1	1	0	0
Inkasso Med AG, Switzerland	3	3	0	0
Total	**87**	**80**	**10**	**8**

The minority shareholder in IJCOF Corporate SAS is Ellisphère SA.The minority shareholder in Cabinet PPN SAS is L'Apave Parisienne SAS. Ärtztekasse Genossenschaft Urdorf AG is a minority shareholder in Inkasso Med AG.

13 Shares and participations in joint ventures

		Group		Parent Company	
SEKm	Corp. identity no.	2016	2015	2016	2015
Joint venture					
Avarda AB, Stockholm	556986-5560	12	6	24	10
Total, joint ventures		12	6	24	10

Avarda AB

Avarda AB is a joint venture between Intrum Justitia and TF Bank. Avarda AB's business is to offer e-merchants payment services with customized solutions according to each company's needs. The company has a subsidiary in Finland, Avarda Oy.

There are 2,000 shares outstanding in Avarda AB, of which Intrum Justitia owns 980.

Combined, Intrum Justitia and TF Bank have a controlling interest in Avarda and Intrum Justitia reports the holding as a joint venture according to the equity method.

Summary of financial information for the Avarda Group:

SEKm Income statement	2016	2015
Operating earnings	–21	–10
Taxes	4	2
Earnings for the year	**–17**	**–8**

SEKm Balance sheet	2016	2015
Fixed assets	8	4
Current assets	69	11
Total assets	**77**	**15**
Shareholders' equity	25	13
Current liabilities	52	2
Total shareholders' equity and liabilities	**77**	**15**

14 Purchased debt

	Group	
SEKm	2016	2015
Acquisition cost, opening balance	16,917	14,989
Purchased debt acquisitions	3,100	2,366
Sales of portfolios	–352	—
Purchased via business combination	—	62
Exchange rate differences	946	–501
Accumulated acquisition cost, closing balance	**20,611**	**16,916**
Opening amortizations and revaluations for the year	–9,889	–8,792
Amortizations and revaluations for the year	–1,606	–1,495
Sales of portfolios	352	—
Exchange rate differences	–735	398
Accumulated amortization and revaluations, closing balance	**–11,878**	**–9,889**
Carrying values	**8,733**	**7,027**
Amortizations and revaluations for the year		
Time and interest component	–1,655	–1,526
Revaluation in connection with changes in expectations in projections of future cash flows	277	393
Impairment in connection with changes in expectations in projections of future cash flows	–228	–362
Total amortizations and revaluations for the year	**–1,606**	**–1,495**

Disbursements during the year for Purchased Debt investments amounted to SEK 3,374 M (2,186).

For a description of Intrum Justitia's accounting principles for purchased, written-off debt, see Note 1, page •.

15 Other long-term receivables

SEKm	Group 2016	Group 2015
Deposits	6	5
Receivable for purchase consideration for shares in associated companies	0	4
Interest-bearing loans receivables	0	2
Total	**6**	**11**
Opening balances	12	18
Paid	1	0
Repaid	–7	–6
Closing balance	**6**	**12**
Accumulated impairment, opening balance	–1	–1
Repaid	1	—
Accumulated impairment, closing balance	**0**	**–1**
Carrying values	**6**	**11**

16 Accounts receivable

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Non-delinquent receivables	207	175	0	0
Accounts receivable < 30 days overdue	53	58	—	—
Accounts receivable 30–60 days overdue	18	18	—	—
Accounts receivable 61< 90 days overdue	9	13	—	—
Accounts receivable > 90 days overdue	37	44	—	—
Total accounts receivable	**324**	**308**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–23	–26	0	0
Reserve for impaired receivables for the year	–3	–11	—	—
Realized client losses for the year	3	7	—	—
Withdrawals from reserve for impaired accounts receivable for the year	5	7	—	—
Exchange rate differences	–1	1	—	—
Accumulated reserve for impaired receivables, closing balance	**–19**	**–23**	**0**	**0**
Carrying values	**305**	**285**	**0**	**0**

The reserve for impaired accounts receivable relates primarily to receivables overdue by more than 90 days. See also Note 34 on page •.

17 Other receivables

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Outlays on behalf of clients	71	68	—	—
Less: reserve for uncertainty in outlays on behalf of clients	–4	–9	—	—
Total	**67**	**59**	**—**	**—**
Factoring receivables	289	178	—	—
Acquired VAT refund claims on purchased debt	29	73	—	—
To be recovered from Netherlands bailiffs	89	80	—	—
Other	83	120	4	3
Total	**490**	**451**	**4**	**3**
Carrying values	**557**	**510**	**4**	**3**

A VAT receivable is incurred in the Netherlands when purchasing overdue receivables. The VAT portion of the receivable can be recovered from the tax authorities if it is not collected from the debtor and is therefore recognized as a separate receivable. The portion that is expected to be recovered within twelve months is recognized as current.

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

18 Prepaid expenses and accrued income

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Prepaid rent	16	14	0	0
Prepaid insurance premiums	4	3	2	1
Prepaid purchases of receivables	8	53	0	0
Accrued income	93	71	0	0
Derivatives with positive value	14	8	13	8
Other	32	30	6	4
Carrying values	**167**	**180**	**21**	**13**

19 Cash and cash equivalents

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Cash and bank balances	378	248	0	35
Restricted bank accounts	18	17	8	2
Total	**396**	**265**	**8**	**37**

20 Shareholders' equity

Share capital

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

There are 72,347,726 shares in the company, and the share capital amounts to SEK 1,594,893.02.

Share repurchase

No shares were repurchased in 2016. In 2015, 1,499,808 shares were repurchased for SEK 400 M. In accordance with a resolution by the Annual General Meeting in April 2016, the 1,073,602 treasury shares held at the time, having been repurchased in April–December 2015, were canceled and the number of registered shares in the company fell from 73,421,328 to 72,347,726. The share capital was reduced by SEK 23,322, but was immediately restored through a bonus issue and transfer from retained earnings.

Other shareholders' equity in the Group

Other paid-in capital

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

Reserves

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

Retained earnings including net earnings for the year

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

Following the balance sheet date the Board of Directors proposed a dividend of SEK 9.00 per share (8.25), or a total estimated payout of SEK 651 M (597).

Other shareholders' equity in the Parent Company

Statutory reserve

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

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve as of 2006 are non-restricted equity.

Fair value reserve

Refers to unrealized exchange rate gains or losses on external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Although, in previous years, unrealized gains or losses on non-current monetary transactions with subsidiaries were also recognized in the fair value reserve, in adapting to the new version of RFR 2 Accounting for Legal Entities, these are reported in net financial items from 2016 and with retroactive effect, and thus affect retained earnings.

The impact of the change is that the fair value reserve as of 1 January 2015 increases by SEK 1,152 M through a reclassification from retained earnings and earnings of the year. For the year 2015 the amount of SEK –48 M, and for the year 2016 the amount of SEK –28 M are reported among financial items that would under the previous principles have been reported among other comprehensive income.

Retained earnings

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totaled SEK 4,130 M (3,166).

The measure of the Group's capital structure applied for control purposes is consolidated net debt divided by operating earnings where depreciation on fixed assets as well as amortization and revaluations of purchased debt are added back.

Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board has set financial targets for the Group whereby net debt divided by operating earnings after reversal of depreciation, amortization and revaluations, on a rolling 12-month basis, should be between 2.0 and 3.0.

On December 31, 2016, this key financial indicator amounted to 1.9 (1.8), that is, lower than the targeted interval.

21 Pensions

Employees in Intrum Justitia's companies are covered by various pension benefits, some of which are defined benefit plans and others defined contribution plans. The Group applies IAS 19 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Group employees in Norway and Switzerland are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Employees in Germany are covered by an unfunded defined benefit pension plan that can be paid out as a one-time sum or as monthly payments following retirement. In France and Italy, the company makes provisions for onetime payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognized as defined contribution plans since the company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP 2 plan.

Among other things, IAS 19 requires pension costs for service in the current period to be reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. Actuarial revaluations are recognized in other comprehensive income.

Provisions for pensions reported in the balance sheet can be analyzed as follows:

	Group	
SEKm	**2016**	**2015**
Present value of fully or partly funded obligations	322	338
Fair value of plan assets	–247	–233
Surplus/deficit in the plan	**75**	**105**
Present value of unfunded obligations	82	69
Total provisions for pensions	**157**	**174**

Changes in net obligation:

	Group	
SEKm	**2016**	**2015**
Opening balance	174	133
Expenses for employment in current period	21	20
Interest expense	3	3
Pensions paid	–16	–18
Pension provisions in acquired companies	0	4
Revaluations	–33	33
Exchange rate differences	8	–1
Closing balance	**157**	**174**

Reconciliation of fair value of assets under management:

SEKm	Group 2016	2015
Opening balance	233	205
Fees paid	41	41
Compensation paid	–50	–33
Interest revenue	3	4
Assets under management in acquired operations	0	11
Revaluations	6	1
Exchange rate differences	14	4
Closing balance	**247**	**233**

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

SEKm	Group 2016	2015
Expenses for employment in current period	21	20
Net interest income/expense	3	3
Total pension expense in earnings for the year	**24**	**23**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Revaluations of the pension liability are included in other comprehensive income in the amount of SEK 33 M (negative: 33) before tax.

In calculating Provisions for pensions, the following assumptions are used:

%	Group 2016	2015
Discount rate	0.75–2.50%	0.75–2.20%
Assumed rate of increase in compensation	1.0–2.5%	1.0–2.5%
Assumed return on assets under management	1.0–1.4%	1.0–1.9%
Assumed pension increases	0.0–3.0%	0.0–3.0%
Future adjustment to social security base	2.0–4.2%	2.25–4.20%

The Group also finances a number of defined contribution plans, Consolidated expenses for these amounted to SEK 92 M (89).

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of obligatory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 246 M (268), and the fair value of the assets under management is SEK 193 M (181). Consequently, the net pension liability is SEK 53 M (87). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 38 M (15) to the plan, while disbursements to retirees amounted to SEK 46 M (32). In 2017 payments to the plan are estimated at SEK 21 M, with disbursements to retirees of SEK 15 M. For these pension plans, a discount rate of 1.0 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 7.8 percent/increasing by 9.0 percent.

For the Group's employees in Norway, there are commitments for a compulsory service pension, which are secured through insurance with the insurance company Storebrand Livforsikring. The funded commitments currently amount to SEK 77 M (70), and the fair value of the assets under management is SEK 54 M (52). Consequently, the net pension liability is SEK 23 M (18). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 1 M (1) to the plan, while disbursements to retirees amounted to SEK 3 M (2). Even in 2017, payments to the plan are estimated at SEK 1 M, with disbursements to retirees of SEK 2 M. For these pension plans, a discount rate of 1.4 percent is applied.

ITP 2 plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP 1 and ITP 2 plans. ITP 1 includes employees born in 1979 or later, while ITP 2 covers employees born in 1978 or earlier. ITP 1 is a defined contribution plan. On the other hand, according to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 plan is a multi-employer defined benefit plan. For the fiscal year, Alecta's clients have not been provided enough information to report their proportional share of the plan assets, obligations and costs of the plan whereby it has not been possible to report the plan as a defined benefit plan. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP 2 plan secured through insurance with Alecta is therefore reported by Intrum Justitia as if it were a defined contribution plan. The insurance premiums are calculated individually, depending on salary level, earlier vested pension and expected remaining service.At year-end Alecta's surplus in the form of the collective funding ratio amounted to 149 percent (153). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19.

Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

22 Other provisions

	Group	
SEKm	**2016**	**2015**
Opening balances	3	3
Amounts utilized during the year	–1	—
Unutilized amounts reversed during the year	–2	—
New provisions for the year	27	—
Closing balances	**27**	**3**
Of which long-term provisions		
Rental and restoration costs relating to leased office space in the UK	0	3
Of which short-term provisions		
Personnel redundancies and other restructuring costs	27	—
Total	**27**	**3**

Current provisions are expected to be settled within 12 months from of the balance sheet date. Long-term provisions are expected to be settled later.

23 Borrowing

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Long-term liabilities				
Bank loans	1,520	2,340	1,520	2,340
Bond loan	3,706	3,124	3,706	3,124
Current liabilities				
Commercial papers	1,124	635	1,124	635
Bond loan	1,077	—	1,077	—
Bank overdraft facilities	56	16	56	16
Short-term liabilities	0	1	—	—
Total	**7,483**	**6,117**	**7,483**	**6,115**

Intrum Justitia AB signed a three-year syndicated loan facility totaling SEK 7,500 M with Nordea Bank AB and Swedbank on December 22, 2015, to replace the previous one from 2014. The loan limit of SEK 7,500 M can be utilized for borrowing in a number of different currencies.

On December 31, 2016, the loan framework had been utilized for loans in SEK totaling SEK 0 M (500), in CHF totaling CHF 0 M (5), in EUR totaling EUR 15 M (115), in NOK totaling NOK 0 M (250), in PLN totaling PLN 240 M (240) and in HUF totaling HUF 28,300 M (0). The unutilized portion of the facility amounted to SEK 5,964 M (5,141).

The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains operations-related and financial covenants, including limits on certain financial indicators. All of these covenants were fully met in 2016. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

On November 13, 2016, Intrum Justitia AB signed a commitment letter with a banking consortium comprising among others Goldman Sachs, JP Morgan and Morgan Stanley Bank, enabling the refinancing of Lindorff 's financial debt in connection with the combination. The commitment includes a bridge financing facility of EUR 3.4 billion and a revolving credit facility of EUR 1.1 billion. The bridge financing facility has a maturity of five years, but is expected to be replaced or refinanced through the issuance of new bonds in the capital market. The revolving credit facility is supplied by five Scandinavian banks and is both intended to provide support for the merged company's liquidity needs and to accommodate future investment opportunities. According to this commitment letter, certain restrictions apply to the Group's opportunities to incur new debt, extend existing revolving facilities, or to sell assets and shares, and there are limits in terms of Intrum Justitia AB's opportunities to pay dividends.

In 2016, Intrum Justitia AB issued a private placement of EUR 160 M, compared with SEK 0 M in the preceding year, and thus has total outstanding bonds of SEK 4,783 M (3,124).

In 2016, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 1,124 M (635).

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,622	1,034	1,622	1,034
Between 2 and 3 years	1,567	1,852	1,567	1,851
Between 3 and 4 years	2,037	1,799	2,037	1,798
Between 4 and 5 years	—	779	—	779
Total	**5,226**	**5,464**	**5,226**	**5,464**
Unused lines of credit excluding guarantee facility				
Expiring within one year	—	—	—	—
Expiring beyond one year	5,964	5,141	5,964	5,141
Total	**5,964**	**5,141**	**5,964**	**5,141**

24 Accrued expenses and prepaid income

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Accrued social security expenses	71	70	16	19
Accrued vacation pay	117	110	12	10
Accrued bonus expense	147	157	32	34
Prepaid subscription revenues	47	39	0	0
Provisions for losses on payment guarantees	1	3	0	0
Accrued interest	10	6	9	5
Provision for expenses to pay to bailiffs in the Netherlands	19	20	0	0
Other accrued expenses	306	293	56	47
Total	**718**	**698**	**125**	**115**

25 Pledged assets, contingent assets and contingent liabilities

SEK M	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Pledged assets				
Deposits	6	2	—	—
Restricted bank accounts	18	17	8	2
Total	**24**	**19**	**8**	**2**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	124	230	—	—
Total	**124**	**230**	**0**	**0**

Pledged assets

Refers to deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum Justitia were not to meet its contractual obligations.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their ustomers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 124 M (230), of which receivables overdue by more than 30 days amounted to SEK 16 M (99). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of debtors credit status. As of year-end Intrum Justitia had allocated SEK 1 M (3) in the balance sheet to cover payments that may arise due to the guarantee.

Other

The planned combination, subject to approval of the EU commission, is expected according to a preliminary assessment to entail that Intrum Justitia and Lindorff in total will be charged with transaction costs for refinancing and advisors by over SEK 1 billion. SEK 30 M of the costs for advisors has been expensed in the income statement of Intrum Justitia for 2016. The majority of the expected future costs would be avoided if the transaction would not be completed as planned. The apportionment of transaction costs between Intrum Justitia and Lindorff was taken into consideration when determining the ownership percentage that Lindorff's owners will obtain in the combined entity.

In 2012, when Intrum Justitia acquired the Dutch company Buckaroo BV, a contingent additional purchase consideration to the sellers was agreed that would be based on the results achieved by the company during the period 2012–2014. Only part of the additional purchase consideration has been paid. In 2015, the sellers initiated legal proceedings, bringing claims against Intrum Justitia and some of its executives, demanding payment of additional purchase consideration. These demands are motivated by claims that the actions of Intrum Justitia (and its executives) caused a worse result in Buckaroo than expected, and thus a lower additional purchase consideration. Intrum Justitia refutes all of these demands and has not made any provisions with regard to these disputes.

In the Netherlands, there is also a dispute between Intrum Justitia and two telecommunications companies regarding accounts receivable acquired from those companies, where Intrum Justitia's opportunities to collect these receivables has been impeded as a result of a ruling by the Dutch Supreme Court in combination with deficiencies in some of the telecommunication companies' client agreements. Intrum Justitia has partially withheld payment for the purchased accounts receivable and has submitted a claim for compensation. One case has been referred to an arbitration panel for a ruling. There is also a risk that former debtors may require repayments.

In Sweden, the Supreme Court issued a judgment in December 2016 regarding a claim against a private individual that had been acquired by a financial company. The claim had originally arisen through the sale of goods to a company that has subsequently been declared bankrupt, and where the private individual liable for the claim has been a member of the board. According to the Supreme Court, the private individual is not liable against the financial company for the portion of the claim relating to VAT, since the company that originally sold the goods had recovered the VAT from the Swedish Tax Agency. Intrum Justitia is assessing the judgment with the help of legal expertise to consider whether this could have any impact on the Group's purchased debt operations. The best assessment is currently that the judgment cannot be applied generally to the type of assets purchased by the Group and that any impact on the Group's earnings would not be material in any case.

The Group is otherwise involved in legal actions in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

26 Average number of employees

	Group				Of which the Parent Company			
	2016		2015		2016		2015	
	Men	Women	Men	Women	Men	Women	Men	Women
Austria	14	24	13	25	—	—	—	—
Belgium	47	47	44	52	—	—	—	—
Czech Republic	37	53	36	55	—	—	—	—
Denmark	40	82	32	68	—	—	—	—
Estonia	6	24	6	27	—	—	—	—
Finland	123	295	83	333	—	—	—	—
France	203	480	177	484	—	—	—	—
Germany	39	89	41	95	—	—	—	—
Hungary	76	158	61	140	—	—	—	—
Ireland	27	41	23	40	—	—	—	—
Italy	28	70	35	87	—	—	—	—
Latvia	101	25	83	27	—	—	—	—
Luxembourg	1	0	1	1	—	—	—	—
Mauritius	10	23	6	13	—	—	—	—
Netherlands	143	90	146	100	—	—	—	—
Norway	45	65	43	65	—	—	—	—
Poland	110	209	112	185	—	—	—	—
Portugal	50	97	29	64	—	—	—	—
Slovakia	29	58	27	53	—	—	—	—
Spain	67	196	59	211	—	—	—	—
Sweden	153	256	162	261	35	20	37	17
Switzerland	124	119	124	116	—	—	—	—
UK	0	1	0	1	—	—	—	—
Total	**1,473**	**2,502**	**1,343**	**2,503**	**35**	**20**	**37**	**17**
		3,975		**3,846**		**55**		**54**

Of the Group's employees 26 percent are younger than 30 years old, 36 percent are 30–39 years, 23 percent are 40–49 years and 15 percent are 50 years or older.

	2016		2015	
Gender distribution of senior executives	Men	Women	Men	Women
Board of Directors	4	3	5	4
Group Management Team	9	1	8	1
Country Managers	18	2	18	2
Board members in subsidiaries (percent)	94	6	89	11

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

27 Salaries and remunerations

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Salaries and other remuneration to Board members, Presidents (Country Managers) and Executive Vice Presidents	**89**	**87**	**10**	**25**
Salaries and remunerations to other employees				
Northern Europe	638	616	—	—
Central Europe	313	307	—	—
Western Europe	375	389	—	—
Head offices and central operations	182	149	88	74
Total salaries and other remuneration, Group	**1,597**	**1,547**	**98**	**98**
Social security expenses	435	424	48	47
Of which pension expenses	113	109	16	16
Total	**2,032**	**1,971**	**144**	**145**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidized car, housing and meals. Parent Company figures strictly refer to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

28 Terms and conditions of employment for senior executives

Remuneration principles for senior executives

The 2016 Annual General Meeting adopted the following principles of remuneration for senior executives, the President and the members of the Group Management Team. The proposal has been prepared by the Board and its Remuneration Committee.

Salary and remuneration philosophy

Intrum Justitia is dependent on its employees to achieve ambitious objectives in a challenging environment. The salary and remuneration philosophy seeks to ensure that they can be rewarded for their valuable contributions to the company. In addition, behaviors and accomplishments are encouraged and promoted that best support the Group's business strategies and ensure that the Group can attract the skills needed to be successful.

Remuneration levels should reflect the individual's competence, responsibility and performance, and should be competitive compared with similar companies in similar sectors in the same geographic area. To ensure that appropriate behaviors are encouraged, and that efforts are focused in the appropriate areas, remuneration levels need to be related to the objectives closely associated with the Group's business strategy and its four core values. Total remuneration consists of salary, short-term variable salary long-term variable salary and other benefits.

Short-term variable salary

Short-term variable salary is linked mainly to financial targets and rewards short-term performance by being fixed for a year at a time. The metrics are set individually for each member of Group Management to reflect the Group's business strategy and priorities. The financial metrics may reflect either financial targets or other value generated for the company as detailed below. Short-term salary means that the company's expenses vary alongside the Group's financial development and the employees' individual performance.

Short-term variable salary is capped at 20–50 percent of fixed annual salary.

The cost for Intrum Justitia's short-term variable salary programs for the President and other senior executives for 2016 is estimated to amount to at most SEK 11 M, excluding social security expenses.

Long-term variable salary

Through the long-term variable salary program, Group Management's long-term interests and perspectives are brought onto an equal footing with those of shareholders, while commitment to the company is also reinforced. This encourages the long-term generation of value over a three-year period, allowing Group Management to participate financially in the company's success. Growth in Intrum Justitia's earnings per share is applied as a metric because this is considered a good indicator of the Group's long-term success. As with short-term salary, an effect of the program's design is that the cost varies alongside the Group's financial performance.

Long-term variable salary is capped at 50 percent of fixed annual salary for the CEO and at 20–50 percent for other members of Group Management.

Guidelines for individual share ownership

To further encourage shareholder-like behavior and commitment among Group Management, there is an expectation of individual share ownership that directly links the personal financial situation of members of Group Management to the company's development. This means that each member of the Group Management is expected to own shares in Intrum Justitia equivalent to a certain percentage of their annual salary before taxes – 100 percent for the President and 50 percent for other members of Group Management. Share ownership should persist as long as these individuals remain employees and members of Group Management.

Guidelines for share ownership were introduced in 2015, and each person has a certain amount of time (based on individual agreements) to acquire shares.

Other

In the event of termination by Intrum Justitia, a maximum of 12 months' severance pay shall apply (if at all). Deviations exist in the case of a few existing employment contracts. The Board of Directors shall have the right to depart from the established principles if there is particular justification for doing so in individual cases.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises three Board members. Since the 2016 Annual General Meeting, the Remuneration Committee has consisted of Lars Lundquist (Chairman), Synnöve Trygg and Magnus Yngen. The CEO and the company's Chief Human Resources Officer are co-opted to the committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2016, Mikael Ericson, CEO and President between March and December 2016, received remuneration in accordance with the Group's principles as detailed above. His fixed annual salary for 2016 amounted to SEK 4,210,000. In addition, he had the opportunity to receive variable compensation up to 100 percent of his base salary, 50 percent within the framework of the short-term variable salary program and 50 percent within the framework of the 2014 long-term remuneration program, in proportion to his period of employment. In addition to his salary, the company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidized meals under the same terms as other Group employees in Sweden.

Lars Wollung was President and CEO January–October 2015. His fixed annual salary for 2015 amounted to SEK 5,650 thousand, and he had the opportunity to receive variable compensation of up to 200 percent of his annual salary, of which 50 percent was within the framework of the shortterm remuneration program and 150 percent within the framework of the 2013 long-term remuneration program. In addition to his salary, the company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He had a company car in accordance with the Group's car policy, as well as subsidized meals under the same terms as other Group employees in Sweden.

Lars Wollung left his position as President and CEO in early November 2015, in accordance with a decision by the Board of Directors, and he thus received salary during the period of notice, as well as severance pay, as set out in the employment agreement. Earnings for 2015 were burdened by a provision for expenses for future payments to Lars Wollung regarding salary during the period of notice, severance pay totaling SEK 11 M and SEK 10 M regarding variable remuneration. In addition, primarily social security expenses and pension expenses for this remuneration were charged against earnings for 2015 in the amount of SEK 9 M. In 2016, disbursements have been made in accordance with the provisions made in 2015.

The provision for variable compensation is included below in the table showing variable compensation earned in 2015.

Terms of employment and remuneration for other members of Group Management

During 2016, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes their fixed annual salary and the opportunity to receive variable remuneration of up to 100 percent of their annual salary, of which 20–50 percent was under the short-term remuneration program and 20–50 percent under the long-term remuneration program. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidized meals and travel.

During the period November 2015 – February 2016, the Group's Chief Financial Officer, Erik Forsberg, was the acting CEO and he received a salary supplement totaling SEK 300,000 during this period, whereof SEK 100,000 in 2016.

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

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages •–•) other than the CEO. The figures include remuneration to Alessandro Pappalardo who was a member of Group Management in 2015 and almost all of 2016, but who left the company shortly before the end of 2016. Consequently, a total of nine people are included for both years.

SEK thousands	2016	2015
Senior executives		
Lars Wollung 2015 (refers to the period from January to October 2015). Mikael Ericson, 2016 (refers to the period from March to December 2016).		
Base salary	4,210	5,650
Variable compensation	2,520	10,240
Other benefits	40	94
Pension expenses	1,470	1,857
Total, President and CEO	**8,240**	**17,841**

SEK thousands	2016	2015
Other senior executives (nine people)		
Base salary	21,437	22,222
Variable compensation	11,943	13,569
Other benefits	743	1,306
Severance pay	0	13,113
Pension expenses	5,585	4,073
Total other senior executives	**39,708**	**54,283**

Amounts given correspond to full compensation for the relevant year, including earned but not yet paid variable remuneration for the relevant year. This entails, for example, that the variable remuneration accrued and expensed by the company in 2015 was disbursed in 2016, while the variable remuneration for 2016 was disbursed in 2017.

No share-based remunerations were paid in 2015 or 2016.

Trend in remuneration levels in recent years

As shown above, the trend in earnings per share is assessed to be the best indicator of the company's long-term growth in shareholder value, and accordingly the outcome of the long-term variable salary program is based primarily on the trend in earnings per share.

The short-term variable salary program is measured primarily against financial targets in the annual business plans, such as operational performance, operating profit or operating profit after cost of capital. By consistently meeting these targets, value is generated for shareholders and growth in earnings per share is supported over time.

In 2015 and 2016, the company enjoyed strong growth in earnings per share and, over both years, the company had a favorable earnings trend compared both with previous years the business plans. The favorable growth in value and in earnings per share that has benefited shareholders is reflected in total variable remuneration to Group Management also having increased over the same period:

	2016	2015	2014	2013
Variable salary, SEK M	14,463	23,809	25,145	27,058
Earnings per share, SEK	20.15	15.92	13.48	10.30
Annual growth in variable remuneration, %	–39	–5	–7	66
Annual growth in earnings per share, %	27	18	31	41

Variable remuneration for 2014 and 2015 was lower than in 2013 because the number of members of Group Management entitled to variable remuneration decreased through personnel leaving the company. Variable remuneration for 2016 was lower than in 2015 due to the change of CEO.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 3,715,000 (3,605,000). Board fees are distributed between Directors as determined by the AGM according to the proposal of the Nomination Committee. The Directors have no pension benefits or severance agreements.

SEK thousands	2016	2015
Board fees		
Lars Lundquist, Chairman	975	945
Tore Bertilsson	540	—
Matts Ekman	—	530
Charlotte Strömberg	—	440
Synnöve Trygg	455	445
Fredrik Trägårdh	370	360
Ulrika Valassi	460	—
Ragnhild Wiborg	460	445
Magnus Yngen	455	440
Total Board fees	**3,715**	**3,605**

Board fees pertain to the period from the 2015 Annual General Meeting until the 2016 Annual General Meeting and from the 2016 Annual General Meeting until the 2017 Annual General Meeting respectively. Some members of the Board of Directors issue invoices for their fees through their own companies, in which case those invoices include social security expenses and VAT.

29 Auditor's fees

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
External audit assignments				
Ernst & Young	10	8	2	1
Other assignments				
Ernst & Young review activities beyond the audit assignment	1	2	0	0
Total	**11**	**10**	**2**	**1**

30 Operational leasing

SEKm	Group 2016	Group 2015	Parent Company 2016	Parent Company 2015
Obligations for rental payments on non-cancelable rental contracts				
Year 1	134	119	1	1
Years 2–4	277	251	2	1
Year 5 and thereafter	110	135	0	0
Total	**521**	**505**	**3**	**2**

Lease costs for operating leases amounted to SEK 135 M (120) during the year, of which SEK 1 M (1) in the Parent Company.

Operating leasing primarily refers to offices for the Group's operations in its countries. No single lease is of material significance to the Group in terms of amount.

31 Financial leasing

SEKm	Group 2016	Group 2015
Minimum lease payments and their present value		
Within one year	1	1
Later than one year	0	0
Total	**1**	**1**

The present value of future lease payments according to finance leases is recognized in the balance sheet in the item Other liabilities.

32 Investing commitments

Commitments to acquire fixed assets amounted to SEK 0 M (0) at year-end.

33 Financial instruments

SEKm	Group Dec 31, 2016	Group Dec 31, 2015	Parent Company Dec 31, 2016	Parent Company Dec 31, 2015
Fair value and carrying value of financial instruments				
Financial assets valued at amortized cost	10,678	8,749	6,700	6,969
Financial assets valued at fair value	14	8	14	8
Financial liabilities valued at amortized cost	9,239	8,100	11,710	10,294
Financial liabilities valued at fair value	13	10	13	10

The only financial instruments that are regularly restated at fair value are derivatives (for example forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables.

The total recognized value of consolidated financial assets amounted to SEK 10,692 M (8,757) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 10,678 M (8,749) and financial assets recognized at fair value through profit or loss amounted to SEK 14 M (8).

The total recognized value of the Parent Company's financial assets amounted to SEK 6,714 M (6,977) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 6,700 M (6,969) and financial assets recognized at fair value through profit or loss amounted to SEK 14 M (8).

Financial liabilities include the balance sheet items: non-current and current liabilities to credit institutions, bond loans, commercial papers, client funds payable, accounts payable, advances from clients, other current liabilities, accrued expenses, prepaid income and, for the Parent Company, intra-Group liabilities.

The total recognized value of consolidated financial assets amounted to SEK 9,252 M (8,110) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 9,239 M (8,100) and financial liabilities recognized at fair value amounted to SEK 13 M (10).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 11,723 M (10,304) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 11,710 M (10,294) and financial liabilities recognized at fair value amounted to SEK 13 M (10).

Purchased debt

Purchased debt is classified as loan receivables and recognized at amortized cost according to an effective interest method. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognized in the income statement. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the company's opinion. On the balance sheet date, the recognized value of purchased debt amounted to SEK 8,733 M (7,027). An account of purchased debt by year acquired is provided in Note 34.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 305 M (285) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 1,259 M (1,180) on the balance sheet date. The item includes derivatives valued at SEK 14 M (8), which are classified as assets measured at fair value through profit or loss (held for sale). The remaining SEK 1,245 M (1,172) is classified as loan receivables. For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 6,707 M (6,939). The item includes derivatives valued at SEK 14 M (8), which are classified as assets measured at fair value through profit or loss (held for sale). The remaining SEK 6,693 M (6,931) is classified as loan receivables.

Liquid assets

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Cash and bank balances are classified as loan receivables and amounted at year-end to SEK 396 M (265). For the Parent Company, the corresponding amount was SEK 8 M (37) on the balance sheet date).

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 1,576 M (2,356) and for the Parent Company, they amounted to SEK 1,576 M (2,355).

Bond loan

The Parent Company and the Group had bond loans outstanding for a value of SEK 4,783 M (3,124) on the balance sheet date.

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 1,124 M (635) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 140 M (139). For the Parent Company, the equivalent amount was SEK 10 (4).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 1,629 M on the balance sheet date (1,856). The item includes derivatives for SEK 13 M (10), recognized at fair value in the income statement (held for sale). Other liabilities, excluding these derivatives amounted to SEK 1,616 M (1,846).

For the Parent Company, other liabilities amounted to SEK 4,230 M (4,185) on the balance sheet date and included liabilities to Group companies and accrued expenses. Derivatives are recognized at fair value through profit or loss (held for sale) and amounted to SEK 13 M (10). Other liabilities, excluding these derivatives amounted to SEK 4,217 M (4,175).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise currency derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's currency derivatives suspend their payments. At the end of the year, Intrum Justitia had financial assets totaling SEK 2 M (6) that could be offset against debts should the counterparties suspend their payments.

34 Financial risks and financial policies

Principles of financing and financial risk management

The financial risks that arise in Intrum Justitia's operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in the Group's Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum Justitia's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary cash surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Justitia Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF), the Danish krone (DKK), the Norwegian krone (NOK) and the Polish zloty (PLN).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

Currency	Dec 31, 2016	Dec 31, 2015	Average 2016	Average 2015
EUR	9.58	9.20	9.47	9.36
CHF	8.91	8.51	8.69	8.77
HUF	0.0308	0.0293	0.0304	0.0302
DKK	1.29	1.23	1.27	1.25
NOK	1.05	0.96	1.02	1.05
PLN	2.16	2.17	2.17	2.24

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum Justitia operates in 20 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate against these currencies affect consolidated income and earnings, as well as equity and other items in its financial statements.

The Group's revenues are distributed by currency as follows:

SEKm	2016	2015
SEK	886	842
EUR	3,032	2,838
CHF	718	759
HUF	476	380
DKK	282	241
NOK	255	181
PLN	219	209
Other currencies	220	178
Total	**6,088**	**5,628**

An appreciation of the Swedish krona of 10 percentage points on average in 2016 against EUR would thus, all else being equal, have affected revenues by SEK –303 M, against CHF by SEK –72 M, against HUF by SEK –48 M, against DKK by SEK –28 M, against PLN by SEK –26 M and against NOK by SEK –22 M.

In terms of net assets by currency, shareholders' equity in the Group, excluding non-controlling interests, is distributed as follows:

SEKm	2016	2015
SEK	1,119	551
EUR	6,176	5,377
– less EUR hedged through foreign currency loans	–4,708	–3,888
+ plus EUR hedged through derivatives	257	0
CHF	974	380
– less CHF hedged through foreign currency loans	–251	–256
– less CHF hedged through derivatives	–446	0
DKK	180	30
HUF	1,150	303
– less HUF hedged through foreign currency loans	–861	0
NOK	372	304
– less NOK hedged through foreign currency loans	0	–239
PLN	753	730
– less PLN hedged through foreign currency loans	–519	–520
– less PLN hedged through derivatives	–337	0
Other currencies	271	394
Total	**4,130**	**3,166**

An appreciation of the Swedish krona of 10 percentage points as per December 31, 2016 against EUR would have affected shareholders' equity in the Group by SEK –172 M, against CHF by SEK –28 M, against DKK by SEK –2 M, against HUF by SEK –29 M, against NOK by SEK –4 M and against PLN by SEK –10 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

Interest rate risks

Interest rate risks relate primarily to the Group's interestbearing net debt, which amounted to SEK 7,260 M (6,026) on December 31, 2016. The loan rate is tied to the market rate.

Intrum Justitia has a strong cash flow which gives the Group the option of repaying loans, repurchasing treasury shares or investing in overdue receivables. The Group's loans have short fixed interest terms – currently about eight months (seven) for the entire loan portfolio.

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 66 M. A five-percent increase would have adversely affected net financial items by SEK 332 M.

In 2012 the Parent Company issued bonds for SEK 1,000 M, in 2013 for a further SEK 1,000 M, and in 2014 for a further SEK 1,000 M. No new bonds were issued in 2015. In 2016, bonds were issued for EUR 160 M through a private placement to the Swedish Export Credit Corporation. On the balance sheet date, reported debt totaled SEK 4,783 M (3,124). To achieve suitable currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the company used currency interest rate swaps. Consequently, the Parent Company has exchanged the liability to the bond holders in SEK with one of the relation banks, receiving EUR at the same rate on both the start and closing dates. The company has thus maintained the level at which it secures shareholders' equity in EUR at the same level as prior to the issue and has also maintained its currency exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected costs to ensure the Group's ability to fulfill its short and long-term payment obligations to outside parties.

The Group's long-term financing risk is limited through long-term financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

The Group has a syndicated loan facility of SEK 7,500 M from Nordea and Swedbank. The maturity structure means that the bank loan matures by SEK 2.5 billion each year in 2018, 2019 and 2020 respectively.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK, EUR, CHF, HUF, NOK or PLN and usually with maturities of three to six months. The loan is carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden.

The Group's loan facility is subject to operational and financial conditions. If the limits are exceeded the loans fall due. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that a limit may be exceeded.

Intrum Justitia AB has signed a commitment letter with a banking consortium, enabling the refinancing of Lindorff 's financial debt in connection with the combination. The commitment includes a bridge financing facility of EUR 3.4 billion and a revolving credit facility of EUR 1.1 billion. The bridge financing facility has a maturity of five years, but is expected to be replaced or refinanced through the issuance of new bonds in the capital market. The revolving credit facility is supplied by five Scandinavian banks, and is both intended to provide support for the merged company's liquidity needs and to accommodate future investment opportunities.

In 2012 bond program for SEK 3,000 M was launched in which the Parent Company issued SEK 1,000 M over five years with an interest margin of 3.10 percent in 2012, a further SEK 1,000 M over five years with an interest margin of 2.22 percent in 2013, and a further SEK 1,000 M over five years with an interest margin of 1.60 percent in 2014. No new bonds were issued in 2015. In 2016, bonds were issued for EUR 160 M through a private placement to the Swedish Export Credit Corporation with an interest margin on market terms.

Intrum Justitia has also issued commercial papers with a carrying amount of SEK 1,124 M (635) at year-end.

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M more than the unutilized portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months agree with the reported amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group

SEKm	Within one year	2–5 years	Later than 5 years	Total
Dec 31, 2016				
Accounts payable and other liabilities	1,769			1,769
Liabilities to credit institutions	86	1,536		1,622
Bond loan	1,155	2,174	1,532	4,861
Commercial papers	1,124			1,124
Total	**4,134**	**3,710**	**1,532**	**9,376**
Dec 31, 2015				
Accounts payable and other liabilities	1,994			1,994
Liabilities to credit institutions	49	2,359		2,408
Bond loan	84	3,127		3,211
Commercial papers	635			635
Total	**2,762**	**5,486**	**0**	**8,248**

Financial liabilities in the balance sheet – Parent Company

SEKm	Within one year	2–5 years	Later than 5 years	Total
Dec 31, 2016				
Accounts payable and other liabilities	138			138
Liabilities to credit institutions	86	1,536		1,622
Bond loan	1,155	2,174	1,532	4,861
Commercial papers	1,124			1,124
Liabilities to Group companies	1,670	2,432		4,102
Total	**4,173**	**6,142**	**1,532**	**11,847**
Dec 31, 2015				
Accounts payable and other liabilities	122			122
Liabilities to credit institutions	48	2,359		2,407
Bond loan	84	3,127		3,211
Commercial papers	635			635
Liabilities to Group companies	2,063	2,005		4,068
Total	**2,952**	**7,491**	**0**	**10,443**

Credit risks

Credit risk consists of the risk that Intrum Justitia's counterparties are unable to fulfill their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees. For financial assets owned by Intrum Justitia, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

Liquid assets

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity of less than three months. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

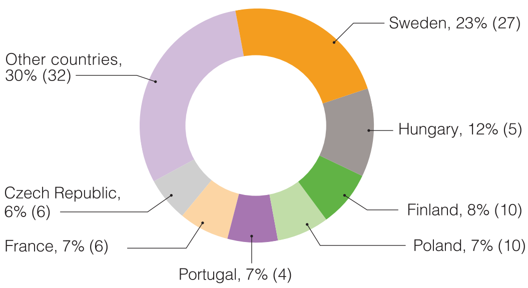
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum Justitia, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 8,733 M (7,027) would become worthless and have to be written off.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 11,950. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions generally involve unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralized receivables. Intrum Justitia places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In these calculations Intrum Justitia benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum Justitia therefore believes that it has the expertise required to evaluate these types of receivables. To enable acquisitions of larger portfolios at attractive risk levels, Intrum Justitia has, on occasion, partnered with other companies such as Crédit Agricole, Goldman Sachs and East Capital to share the capital investment and return.

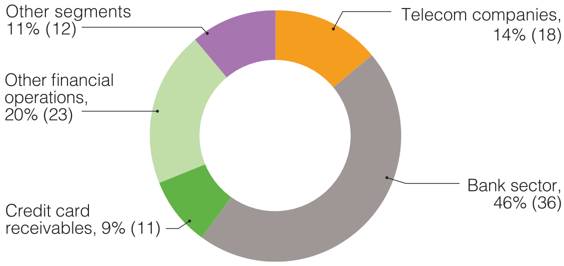
The currency risk is attributable to the translation of the balance sheet item Purchased debt is limited due to currency hedging using loans in the same currency as the assets, and currency forwards.

A considerable proportion of purchased debt acquisitions take place through forward flow agreements – that is, Intrum Justitia may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are overdue by a certain number of days. In most of these agreements, however, Intrum Justitia has the opportunity to decline to acquire the receivables if, for example, their quality decreases.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 21 countries. The Group's total carrying amount for purchased debt is distributed as follows:



The Group's purchased debt portfolios are distributed by sector as follows:



Of the total carrying value on the balance sheet date, 33 percent represents portfolio acquisitions in 2016, 20 percent acquisitions in 2015, 12 percent acquisitions in 2014 and 14 percent acquisitions in 2013. The remaining 21 percent relates to receivables acquired in or before 2012, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line Other receivables.

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, assets regarding forward exchange contracts were valued at SEK 14 M (8), and liabilities at SEK 13 M (10). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized in the income statement. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK –5 M (–61). The purpose of these forward exchange contracts has been to minimize exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency. These exchange rate differences amounted to SEK 1 M (59) during the year. The net effect through profit or loss of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK –4 M (–2).

Outstanding forward exchange contracts as of year-end of the Parent Company and the Group include the following currencies:

Currency	**Local currency, buy**	**Hedged amount, sell**
CHF	5,352,474	–50,588,101
CZK	52,229,970	–504,589,403
DKK	68,234	–475,900,269
EUR	108,216,803	–573,402
GBP	24,026	–1,654,118
HUF	2,145,418,916	–1,777,424,580
NOK	110,337,713	–320,103,003
PLN	12,252,204	–30,527,491

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 124 M (230), of which receivables overdue by more than 30 days amounted to SEK 16 M (99). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of debtors' credit status. As of year-end Intrum Justitia had allocated SEK 1 M (3) in the balance sheet to cover payments that may arise due to the guarantee.

35 Acquisitions of operations

In the cash flow statement, SEK 252 M (181) is reported under the item Acquisitions of subsidiaries and associated companies. For 2016, the amounts consist of the acquisitions of Segestión for SEK 38 M, Dansk Kreditorservice for SEK 123 M, Debitoren Services for SEK 65 M and C&J Services for SEK 13 M in accordance with the specifications below, and a shareholder contribution of SEK 14 M made to Avarda AB. For 2015, the amounts consist of the acquisitions of Credita for SEK 33 M, Logicomer for SEK 112 M and other acquisitions for SEK 36 M.

Acquisition of 100 percent of the shares in Segestión

On October 14, Intrum Justitia acquired the Spanish company Segestión Gabinete Tecnico Empresarial, SL, and its subsidiaries,for a purchase consideration of EUR 10 M on net debt-free basis. Segestión is a credit management company with a leading market position in the customer segment for small and medium-sized enterprises, with 170 employees. The acquired company was consolidated effective from October 2016 and has contributed to consolidated revenues by SEK 17 M and to operating earnings by SEK 2 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 70 M and to the operating result by SEK 10 M.

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

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	1	10	10
Tangible fixed assets	1	0	1
Financial fixed assets	1	0	0
Current assets	25	15	40
Liquid assets	22	0	22
Deferred tax liability/asset	–3	–6	–9
Current liabilities	–69	0	–69
Net assets	**–22**	**19**	**–4**

Consolidated goodwill	90
Purchase consideration paid	–61
Acquired cash and cash equivalents	22
Net effect on cash and cash equivalents	**–38**

The goodwill recognized is attributable to synergies in the form of expected cost savings and economies of scale achieved when integrated with Intrum Justitia's operations in Spain.

Acquisition of 100 percent of the shares in Dansk Kreditorservice

On October 3, Intrum Justitia acquired the Danish company Dansk Kreditorservice A/S (DKS) for a consideration of DKK 95 M on a net debt-free basis. An additional DKK 15 M may be payable in 2018 if certain financial targets for 2017 are reached. DKS is a credit management company with a leading market position in the segment for small and medium-sized enterprises, with 47 employees. DKS was consolidated effective from October 2016 and has contributed to consolidated revenues by SEK 12 M and to operating earnings by SEK 2 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 50 M and to profit after tax by SEK 14 M.

The acquisition is reported in the consolidated accounts in accordance with the following:

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Financial fixed assets	1		1
Current assets	4		4
Liquid assets	7		7
Deferred tax liability/asset	1		1
Other liabilities	–10		–10
Net assets	**3**		**3**
Consolidated goodwill			127
Purchase consideration paid			–129
Acquired cash and cash equivalents			7
Net effect on cash and cash equivalents			**–123**

The goodwill recognized is attributable to synergies in the form of expected cost savings and economies of scale achieved when integrated with Intrum Justitia's operations in Denmark.

Acquisition of 100 percent of the shares in Debitoren Services

In February, Intrum Justitia acquired a small factoring company in Switzerland, Debitoren Services AG, at a purchase consideration on a net debt-free basis of SEK 67 M. The company was consolidated effective from February 2016 and has contributed to consolidated revenues by SEK 15 M and to operating earnings by SEK 10 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 16 M and to the operating result by SEK 9 M.

During the year, the company merged with Intrum Justitia Debt Finance Domestic AG.

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

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	0	2	2
Current assets	90	–18	72
Liquid assets	3	0	3
Deferred tax liability/asset	17	–3	14
Current liabilities	–23	–1	–24
Net assets	**87**	**–21**	**67**
Consolidated goodwill			0
Purchase consideration paid			–67
Acquired cash and cash equivalents			1
Net effect on cash and cash equivalents			**–65**

Other acquisitions in 2016

On April 1, Intrum Justitia acquired a small credit management company in Belgium, C&J Credit Services BVBA, for a purchase consideration of SEK 13 M. Consolidated goodwill amounted to SEK 15 M. C&J Services merged with Intrum NV on June 30, 2016.

Acquisitions after the balance sheet date

Intrum Justitia concluded on November 10, 2016 an agreement to acquire 1st Credit, a medium-sized company active in purchased debt in the UK. The purchase sum amounted to GBP 130 M on an enterprise value basis attributable to a diversified debt portfolio from various sellers in the financial sector. 1st Credit's operating earnings before depreciation and amortization on purchased debt amounted to approximately GBP 33 M in 2015. The transaction was concluded in February 2017. The purchase price allocation has not been finalized.

Intrum Justitia announced November 14, 2016, that Intrum Justitia and Lindorff 's owners had reached an agreement on a planned combination between Intrum Justitia and Lindorff, a Norwegian credit management group with a similar business model as Intrum Justitia. Lindorff had revenues of approximately SEK 6.4 billion for the twelve months ending September 30, 2016, and operating earnings of approximately SEK 2.4 billion for the same period, pro forma for acquisitions and excluding certain non-recurring items. Lindorff had approximately 4,200 employees in 13 countries in Europe. The aim of the planned merger is to create the industry's leading provider of credit management services. The transaction will be carried out by Intrum Justitia acquiring all outstanding shares in Lindorff in exchange for newlyissued shares in Intrum Justitia. An Extraordinary General Meeting on December 14, 2016 resolved to approve the combination with Lindorff and authorized the Board to decide on a new issue of shares as consideration for the shares in Lindorff. The number of new shares to be issued shall not exceed the number of shares equivalent to 45 percent of the total number of shares outstanding in the company after the issue. The completion of the transaction is subject to the approval by the regulatory authorities in the relevant jurisdictions as well as by the EU Competition Authorities.

The transaction is expected to be completed during the second quarter of 2017, depending on the time needed to secure the aforementioned regulatory approvals. The purchase price allocation has not been finalized.

Acquisition in 2015 of 100 percent of the shares in Credita

In February, Intrum Justitia acquired a smaller credit management company in Switzerland, Credita AG, with a good market position in the public sector and health insurance. Credita AG had 19 employees. The purchase price amounted to SEK 51 M. The acquired company was consolidated effective from September 2015. The acquisition analysis was detailed in the 2015 annual report.

Acquisition in 2015 of 100 percent of the shares in Logicomer

In September, Intrum Justitia agreed to acquire the Portuguese company Logicomer Gestão e Recuperação de Créditos SA, which operates primarily in credit management services, but also has a purchased debt portfolio with a nominal value of approximately SEK 1.2 billion. The company has 40 employees and very good profitability. The purchase price amounted to SEK 187 M. The acquired company was consolidated effective from September 2015. The acquisition analysis was detailed in the 2015 annual report.

36 Critical estimates and assumptions

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognized amounts for assets and liabilities in future financial years are primarily the following:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was performed prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Purchased debt

As indicated in Note 14, the recognition of purchased debt is based on the company's own projection of future cash flows from acquired portfolios.

Although the company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalized decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, the decision to amend a cash flow projection is preceded by a discussion between the local management in the country in question and the management of the service line. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Divestment of purchased debt

In an uncommon move, the Group divested certain purchased debt portfolios in 2016. Sales of portfolios are not included in the business model for this type of asset, and consequently no accounting principle had previously been developed for such transactions. Intrum Justitia has assessed the transactions and concluded that a sale of purchased debt should be recognized in the same way as if an amount equivalent to the selling price had been collected as part of normal operations. For Intrum Justitia's accounting, it does not matter if the same amount is received through collection from debtors or by sale to an external party. The entire sale price for the portfolios sold has been reported as the amount collected on purchased debt, and the entire carrying value remaining prior to the sale has been reported as amortization of purchased debt.

Useful lifetimes of intangible and tangible fixed assets

Group management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lifetimes. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognized values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognized to the extent it is deemed likely that the deduction can be made against future taxable surpluses. Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Reporting of Polish investment fund

The Group has operated in Poland since 2006 through an investment fund designed to purchase and own portfolios of written-off receivables. Intrum Justitia is the fund's only owner, and from the Group's perspective it essentially operates like a subsidiary. Against this backdrop, Intrum Justitia has resolved to consolidate the investment fund in the consolidated financial statements as a subsidiary.

37 Related parties

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

All transactions with related parties are conducted on market terms and at arm's length.

In 2016, Intrum Justitia purchased services for SEK 2 M (1) from Caperio AB, an IT company whose country manager in Sweden, Per-Henrik Persson is a Board member.

Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.

Over the year, the Parent Company received SEK 105 M (102) in income from sales of services to subsidiaries, and incurred SEK 11 M (9) in expenses attributable to services purchased from subsidiaries.

38 Reconciliation of key figures

	Group	
SEKm	**2016**	**2015**
Earnings from purchased debt	1,597	1,329
Average carrying value of purchased debt	7,880	6,612
Return on purchased debt, percent	**20**	**20**
Collections on purchased debt	4,420	3,802
Service line expenses	–1,267	–1,078
Cash flow from purchased debt	**3,153**	**2,724**
Liabilities to credit institutions	1,576	2,357
Bond loan	4,783	3,124
Provisions for pensions	157	174
Commercial papers	1,124	635
Other interest-bearing liabilities	16	3
Liquid assets	–396	–265
Other interest-bearing assets	0	–2
Net debt	**7,260**	**6,026**
Operating earnings	1,978	1,624
Depreciation/amortization	171	164
Amortization and revaluation	1,606	1,495
Operating earnings before depreciation and amortization	**3,755**	**3,283**
Net debt/operating earnings before depreciation and amortization (EBITDA)	**1.9**	**1.8**

Audit Report

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

Report on the annual and consolidated accounts

We have conducted an audit of the annual accounts and the consolidated accounts of Intrum Justitia AB (publ) for the year 2015. The annual and consolidated accounts of the company are included in this document on pages •–•.

Responsibility of the board of directors and the president for the annual and consolidated accounts

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with the International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and for the internal controls deemed necessary by the Board of Directors and President in preparing annual accounts that do not contain material misstatements, whether these are due to irregularities or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of December 31, 2015 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a fair portrayal of the financial position of the Group as of December 31, 2015 and its financial performance and its cash flows for the year in accordance with the Interim Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

Report on other legal and regulatory requirements

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the company's earnings and the administration of Intrum Justitia AB (publ) by the Board of Directors and the President in 2015.

Responsibility of the board of directors and the president

The Board of Directors is responsible for the proposed appropriation of the company's earnings, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

Auditors' responsibility

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the company's earnings and the administration of the company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the company's earnings, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the company to ascertain whether any director or the President is liable for compensation to the company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

We recommend that the Annual General Meeting appropriate the company's earnings in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the financial year.

Stockholm, March 24, 2016

Ernst & Young AB
Erik Åström
Authorized Public Accountant

Consolidated Income Statement

SEKm	Note	2015	2014
Revenues	2,3	5,628	5,184
Cost of sales		–3,087	–2,963
Gross earnings		**2,541**	**2,221**
Sales and marketing expenses		–252	–262
Administrative expenses		–661	–585
Goodwill impairment	10	0	–111
Reversal of liability for additional purchase consideration for shares in subsidiaries	35	0	164
Participations in associated companies and joint ventures	5	–4	3
Operating earnings (EBIT)	2,3,4	**1,624**	**1,430**
Financial income	6	11	13
Financial expenses	7	–178	–196
Net financial items		**–167**	**–183**
Earnings before tax		**1,457**	**1,247**
Taxes	8	–285	–206
Net earnings for the year		**1,172**	**1,041**
Of which attributable to:			
Parent Company's shareholders		1,164	1,031
Non-controlling interests		8	10
Net earnings for the year		**1,172**	**1,041**
Earnings per share before and after dilution (SEK)	9	15.92	13.48

Consolidated Statement of Comprehensive Income

SEKm	Note	2015	2014
Net earnings for the year		1,172	1,041
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
The year's change in translation reserve attributable to the translation of foreign operations		–242	373
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		155	–251
Items that cannot be reallocated to earnings for the year			
Remeasurements of pension liability for the year	8,21	–26	–22
Comprehensive income for the year		**1,059**	**1,141**
Of which attributable to:			
Parent Company's shareholders		1,053	1,126
Non-controlling interests		6	15
Comprehensive income for the year		**1,059**	**1,141**

Consolidated Balance Sheet

SEKm	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		2,810	2,719
Capitalized expenditure for IT development		159	171
Client relationships		61	37
Other intangible fixed assets		68	59
Total intangible fixed assets		**3,098**	**2,986**
Tangible fixed assets	11		
Computer hardware		38	40
Other tangible fixed assets		80	87
Total tangible fixed assets		**118**	**127**
Other fixed assets			
Shares and participations in associated companies and joint ventures	13	6	0
Other shares and participations		1	0
Purchased debt	14	7,027	6,197
Deferred tax assets	8	33	35
Other long-term receivables	15	11	17
Total other fixed assets		**7,078**	**6,249**
Total fixed assets		**10,294**	**9,362**
Current assets			
Accounts receivable	16	285	307
Client funds		569	568
Tax assets		42	48
Other receivables	17	510	633
Prepaid expenses and accrued income	18	180	157
Liquid assets	19	265	266
Total current assets		**1,851**	**1,979**
TOTAL ASSETS		**12,145**	**11,341**

SEKm	Note	Dec 31, 2015	Dec 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		2	2
Other paid-in capital		906	906
Reserves		335	420
Retained earnings including net earnings for the year		1,843	1,620
Total shareholders' equity attributable to Parent Company's shareholders		**3,086**	**2,948**
Shareholders' equity attributable to non-controlling interests	12	80	93
Total shareholders' equity		**3,166**	**3,041**
Long-term liabilities			
Liabilities to credit institutions	23	2,340	1,727
Bond loan	23	3,124	3,231
Other long-term liabilities		3	4
Provisions for pensions	21	174	133
Other long-term provisions	22	3	3
Deferred tax liabilities	8	522	390
Total long-term liabilities		**6,166**	**5,488**
Current liabilities			
Liabilities to credit institutions	23	17	85
Commercial papers	23	635	728
Client funds payable		569	568
Accounts payable		139	159
Income tax liabilities		128	142
Advances from clients		14	16
Other current liabilities		613	325
Accrued expenses and prepaid income	24	698	789
Total current liabilities		**2,813**	**2,812**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,145**	**11,341**

Consolidated Cash Flow Statement

SEKm	Note	2015	2014
Operating activities			
Operating earnings	2	1,624	1,430
Amortization, depreciation and impairment	4,10,11	164	170
Amortization and revaluations of purchased debt	14	1,495	1,395
Other adjustments for other items not included in cash flow	2	15	–45
Interest received		11	13
Interest paid		–227	–135
Payments for other financial expenses		–15	–27
Income tax paid		–229	–138
Cash flow from operating activities before changes in working capital		**2,838**	**2,650**
Changes in factoring receivables		–44	–38
Other changes in working capital		111	60
Cash flow from operating activities		**2,905**	**2,672**
Investing activities			
Purchases of intangible fixed assets	10	–105	–90
Purchases of tangible fixed assets	11	–30	–52
Debt purchases*	14	–2,186	–1,950
Purchases of shares in subsidiaries and associated companies*	35	–181	–148
Other cash flow from investing activities		5	–10
Cash flow from investing activities		**–2,497**	**–2,250**
Financing activities			
Borrowings		792	1,685
Amortization of loans		–270	–770
Share repurchases		–400	–968
Share dividend to Parent Company's shareholders		–514	–445
Share dividend to non-controlling interests		–7	–3
Cash flow from financing activities		**–399**	**–501**
Change in liquid assets		**9**	**–79**
Opening balance of liquid assets		**266**	**340**
Exchange rate differences in liquid assets		–10	5
Closing balance of liquid assets	19	**265**	**266**

* The acquisition of the Portuguese company Logicomer Gestão e Recuperação de Créditos SA in 2015 included purchased debt of SEK 62 M, and the acquisition of Czech company Profidebt sro in 2014 included purchased debt of SEK 276 M. These are reported in the row Debt Purchases.

Consolidated Statement of Changes in Shareholders' Equity

See also Note 20. SEKm	Number outstanding shares	Share capital	Other paid-in capital	Reserves	Retained earnings incl. earnings for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance. January 1, 2014	78,546,878	2	906	303	2,024	3,235	81	3,316
Comprehensive income for the year, 2014								
Net earnings for the year					1,031	1,031	10	1,041
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				342		342	5	347
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				–251		–251		–251
Reameasurements of pension liability for the year					–24	–24		–24
Income tax on other comprehensive income				26	2	28		28
Comprehensive income for the year				**117**	**1,009**	**1,126**	**15**	**1,141**
Transactions with Group owners in 2014								
Share dividend					–445	–445	–3	–448
Share repurchases	–4,699,344				–968	–968		–968
Closing balance. December 31, 2014	**73,847,534**	**2**	**906**	**420**	**1,620**	**2,948**	**93**	**3,041**
Comprehensive income for the year, 2015								
Net earnings for the year					1,164	1,164	8	1,172
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				–228		–228	–2	–230
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				155		155		155
Reameasurements of pension liability for the year					–30	–30		–30
Income tax on other comprehensive income				–12	4	–8		–8
Comprehensive income for the year				**–85**	**1,138**	**1,053**	**6**	**1,059**
Transactions with Group owners in 2015								
Share dividend					–514	–514	–7	–521
Acquired minority interest					–1	–1	–12	–13
Share repurchases	–1,499,808				–400	–400		–400
Closing balance. December 31, 2015	**72,347,726**	**2**	**906**	**335**	**1,843**	**3,086**	**80**	**3,166**

Accumulated exchange rate differences since the transition to IFRS, including tax effects, amounted to SEK 335 M (420) at the end of 2015.

Income Statement – Parent Company

SEKm	Note	2015	2014
Revenues	3	102	92
Gross earnings		**102**	**92**
Sales and marketing expenses		–17	–22
Administrative expenses		–152	–130
Operating earnings (EBIT)		**–67**	**–60**
Income from participations in Group companies	6	1,237	321
Interest income and similar income	6	100	127
Impairment of shares in subsidiaries	7	0	–100
Interest expenses and similar items	7	–180	–186
Net financial items		**1,157**	**162**
Earnings before tax		1,090	102
Tax on earnings for the year	8	0	–19
Net earnings for the year		**1,090**	**83**

Statement of Comprehensive Income – Parent Company

SEKm	Note	2015	2014
Net earnings for the year	3	1,090	83
Items that can be reallocated to earnings for the year			
Exchange rate difference on monetary items classified as expanded investment		–48	–14
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		155	–257
Comprehensive income for the year	4	**1,197**	**–154**

Parent Company Balance Sheet

SEKm	Note	Dec 31, 2015	Dec 31, 2014
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	12	6,321	6,313
Participations in joint ventures		10	—
Receivables from Group companies		1,205	1,272
Total financial fixed assets		**7,536**	**7,585**
Total fixed assets		**7,536**	**7,585**
Current assets			
Current receivables			
Tax assets		2	2
Receivables from Group companies		4,725	3,518
Other receivables	17	3	2
Prepaid expenses and accrued income	18	13	48
Total current receivables		**4,743**	**3,570**
Liquid assets	19		
Cash and bank balances		37	12
Total liquid assets		**37**	**12**
Total current assets		**4,780**	**3,582**
TOTAL ASSETS		**12,316**	**11,167**

SEKm	Note	Dec 31, 2015	Dec 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital		2	2
Statutory reserve		282	282
Total restricted shareholders' equity		**284**	**284**
Non-restricted equity			
Share premium reserve		111	111
Fair value reserve		–879	–986
Earnings brought forward		1,406	2,237
Net earnings for the year		1,090	83
Total non-restricted equity		**1,728**	**1,445**
Total shareholders' equity		**2,012**	**1,729**
Long-term liabilities			
Liabilities to credit institutions	23	2,340	1,726
Bond loan	23	3,124	3,232
Liabilities to Group companies		2,005	1,710
Total long-term liabilities		**7,469**	**6,668**
Current liabilities			
Overdraft facility	23	16	85
Commercial papers	23	635	728
Accounts payable		4	7
Liabilities to Group companies		2,063	1,805
Other current liabilities		2	11
Accrued expenses and prepaid income	24	115	134
Total current liabilities		**2,835**	**2,770**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,316**	**11,167**
Pledged assets		None	None
Contingent liabilities		None	None

Parent Company Cash Flow Statement

SEKm	Note	2015	2014
Operating activities			
Operating earnings		–67	–60
Interest received		100	127
Interest paid		–232	–156
Payments for other financial expenses		–15	–22
Income tax paid		0	–19
Cash flow from operating activities before changes in working capital		**–214**	**–130**
Changes in working capital		6	25
Cash flow from operating activities		**–208**	**–105**
Investing activities			
Purchases of shares in subsidiaries and associated companies		–10	—
Share dividend from subsidiaries		237	216
Cash flow from investing activities		**227**	**216**
Financing activities			
Borrowings		681	1,698
Amortization of loans		–270	–770
Net loans to subsidiaries		509	380
Share dividend to Parent Company's shareholders		–514	–445
Share repurchases		–400	–968
Cash flow from financing activities		**6**	**–105**
Change in liquid assets		**25**	**6**
Opening balance of liquid assets		**12**	**6**
Closing balance of liquid assets	19	**37**	**12**

Statement of Changes in Shareholders' Equity, Parent Company

SEKm	Number of shares outstanding	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Earnings for the year	Total shareholders' equity
Opening balance. January 1, 2014	78,546,878	2	282	111	–748	3,739	–90	3,296
Comprehensive income for the year, 2014								
Net earnings for the year							83	83
Other comprehensive income for the year					–237			–237
Comprehensive income for the year					**–237**		**83**	**–154**
Disposition of previous year's earnings						–90	90	
Transactions with Parent Company's shareholders in 2014								
Share dividend						–445		–445
Share repurchases	–4,699,344					–968	83	–968
Closing balance. December 31, 2014	**73,847,534**	**2**	**282**	**111**	**–986**	**2,237**	**83**	**1,729**
Comprehensive income for the year, 2015								
Net earnings for the year							1,090	1,090
Other comprehensive income for the year:					107			107
Comprehensive income for the year					**107**		**1,090**	**1,197**
Disposition of previous year's earnings						83	–83	
Transactions with Parent Company's shareholders in 2015								
Share dividend						–514		–514
Share repurchases	–1,499,808					–400		–400
Closing balance. December 31, 2015	**72,347,726**	**2**	**282**	**111**	**–879**	**1,406**	**1,090**	**2,012**

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

Notes to the audited consolidated financial statements

1 Significant accounting and valuation principles

General

The Parent Company Intrum Justitia AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the company's headquarters is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. In 2015, the company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors and Chief Executive Officer on March 24, 2016.

The balance sheets and income statements will be presented to the Annual General Meeting on April 20, 2016.

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

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

Accounting standards applied

With regard to the consolidated financial statements, the annual report for Intrum Justitia AB (publ) has been prepared in accordance with the Annual Accounts Act and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies IFRS as adopted by the European Union (EU). For 2015, there are no provisions relevant to Intrum Justitia in the IFRS issued by the IASB that have not been adopted by the EU. This means that the Group's application of IFRS as adopted by the EU during the year also corresponds to the application of IFRS as issued by the IASB.

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

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

Assumptions

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

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

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

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

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

Changes in accounting principles

Changes that entered into force in 2015

Applicable effective from 2015 is interpretation IFRIC 21 Levies, which addresses how various fees imposed by the central government are to be reported.

Intrum Justitia is not affected by this interpretation, and the annual accounts for 2015 have therefore been prepared applying the same accounting policies and calculation methods as for the annual accounts for 2014.

Changes that enter into force in or after 2016

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2016.

IFRS 9 Financial instruments is intended to replace IAS 39 Financial instruments: Recognition and Measurement. The IASB has prepared a package of changes regarding the accounting of financial instruments. The package contains a model for the classification and measurement of financial instruments, a forward-looking impairment model and a revised model for hedge accounting. IFRS 9 is expected to enter into force in 2018 and early adoption is permitted on the condition that the EU adopts the standard. The EU plans to approve the standard during the second half of 2016. Intrum Justitia's preliminary assessment is that the overdue receivables purchased by the Group shall, in accordance with IFRS 9, continue to be recognized at amortized cost, as in IAS 39, and that the effect on the consolidated financial statements will consequently not be significant. Intrum Justitia does not intend to adopt IFRS 9 prematurely in 2016.

IFRS 15 Revenue from contracts with customers is intended to replace *IAS 18 Revenue.* The purpose of a new revenue standard is to have a single principle-based standard for all sectors that will replace existing standards and statements regarding revenue. The sectors deemed most affected are the construction and civil engineering sectors, as well as companies engaged in contract manufacturing. However, all companies will be affected by the new expanded disclosure requirements. IFRS 15 is expected to enter into force in 2018 and early adoption is permitted on the condition that the EU adopts the standard. The EU plans to approve the standard during the first half of 2016. Intrum Justitia has begun to map the effects of IFRS 15 on its financial statements and has yet to identify any significant impact. The Group currently has no plans to adopt the standard early.

IFRS 16 Leases was published in early 2016 and is intended to replace *IAS 17 Leases.* The new standard contains rules entailing that leases, with certain exceptions, are to be reported as assets and liabilities in the balance sheet, for both operational and financial leases. The most important effect on Intrum Justitia's accounts is that total assets will increase. IFRS 16 is expected to enter into force from 2019. The Group currently has no plans to adopt the standard early.

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

Classification issues

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

Consolidation

Subsidiaries

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

The consolidated accounts include the annual accounts of all subsidiaries, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise can exercise control over operations. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is achieved through existing rights that give it the ability to direct the relevant activities, i e the activities that significantly affect the investee's returns.

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

In acquisitions where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly in the income statement.

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

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

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

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

Associated companies and joint ventures

The Group applies *IAS 28 Investments in Associates and joint ventures.*

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

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

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

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

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

Joint ventures

The Group applies *IFRS 11 Joint arrangements.*

Joint arrangements pertain to companies in which Intrum Justitia and other part-owners manage operations jointly in accordance with a shareholder agreement. The Group has only been engaged in joint arrangements classified as joint ventures, and these are reported in the consolidated financial statements according to the equity method. This means that participations in jointly owned companies are recognized at cost and subsequently adjusted for the Group's share of the change in the company's net assets. The consolidated income statement includes the Group's share of earnings, and this is reported under Participations in the earnings of associates and joint ventures. Dividends received from joint ventures are not recognized in the income statement and instead reduce the carrying value of the investment.

The equity method is applied from the date on which joint control is gained until the date that it ceases or transitions to the sole control of Intrum Justitia.

Foreign currency

The Group applies *IAS 21 Effects of changes in foreign exchange rates.*

Transactions in foreign currency

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

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

Translation of the financial statements of foreign operations

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

Long-term receivables and liabilities between the Parent Company and subsidiaries can be seen as an extension or reduction of the net investment in each company. Such translation differences are therefore recognized in the consolidated financial statements in total comprehensive income.

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

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

Financial assets and liabilities

The Group applies *IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure and IFRS 13 Fair Value Measurement.*

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

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

Financial instruments are initially recognized at cost, corresponding to the instrument's fair value plus transaction expenses. Exceptions are financial instruments categorized as financial assets or liabilities recognized at fair value in income statement, which are recognized at fair value excluding transaction costs. Measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Receivables are recognized when the company has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivable are recognized in the balance sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognized when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

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

Purchased debt

Purchased debt consists of portfolios of delinquent consumer debts purchased at prices significantly below the nominal receivable. They are recognized according to the rules for loans and receivables in IAS 39, i.e., at amortized cost according to the effective interest model.

Income from purchased debt is recognized in the income statement as the collected amount less amortization. The collection is performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the Credit Management service line. The cost of collection is debited internally at market price and expensed in the income statement for the Purchased Debt service line as a cost of services sold.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are comprised of amortization for the period and are recognized in the income statement on the revenue line.

In connection with the purchase of each portfolio of receivables, a projection is made of the portfolio's cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection costs. With this projection and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information. Cash flow projections are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow projections and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts.

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

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. The effects of changes in cash flow forecasts are referred to as revaluations and treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

Long-term receivables and other receivables

Long-term receivables and other receivables are those that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are other receivables. These receivables fall into the category Loans and accounts receivable and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

Accounts receivable

Accounts receivable are classified in the category loans and receivables. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are determined individually or according to statistical models based on historical experience in each country. Impairment needs are addressed when receivables have fallen overdue for payment by a certain number of days, which differs between countries, or if Intrum Justitia becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at accrued cost without discounting.

Factoring Receivables

Receivables acquired in the Group's factoring operations are recognized at accrued costs, ie the discounted present value of contractual future payments, less a provision for credit losses. Provisions for credit losses are made for overdue factoring receivables, using different percentages depending on how long the receivables have been past due date.

Legal outlays

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

Client funds

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

Liquid assets

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

Liabilities

Liabilities are classified as other financial liabilities, which means that they are initially recognized at the amount received after deducting transaction expenses. Subsequent to acquisition, loans are carried at amortized cost according to the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed-interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

Accounts payable

Accounts payable are classified in the category other financial liabilities. Accounts payable have a short anticipated maturity and are carried without discounting at nominal amount.

Derivatives

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

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

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

Currency interest rate swaps are valued at fair value and reported in the balance sheet together with hedge accounting via Other comprehensive income. Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds in SEK that were exchanged for EUR to hedge net investments in foreign operations where the loan currency has been used in the operations. The liability in SEK was exchanged into the same liability in EUR on both the starting date and the date of maturity.

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries

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

Intangible fixed assets

Goodwill

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

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

For business combinations where the cost is less than the net value of acquired assets and assumed and contingent liabilities, the difference is recognized directly through the income statement.

Goodwill is recognized at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation. Intrum Justitia's operations in each geographical region (Northern Europe, Central Europe and Western Europe) are considered the Group's cash-generating units in this regard.

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

Capitalized expenses for IT development

The Group applies *IAS 38 Intangible assets.*

Expenditures for IT development and maintenance are generally expensed as incurred. Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalized and recognized as intangible assets. These capitalized costs include staff costs for the development team and other direct and indirect costs. Borrowing costs are included in the cost of qualified fixed assets.

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

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

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

Client relationships

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

Other intangible fixed assets

Other intangible fixed assets relate to other acquired rights are amortized on a straight-line basis over their estimated period of use (3–5 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment.

Tangible fixed assets

The Group applies *IAS 16 Property, plant and equipment.*

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

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

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

Leasing

The Group applies IAS 17 Leases. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When a lease means that the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognized in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognized as a liability. The portion of the lease fee that falls due for payment within one year is recognized as a current liability, while the remainder is recognized as a long-term liability. Minimum lease fees for finance leases are divided between interest expense and amortization of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the period in which they arise.

In operating leasing, lease payments are expensed over the lease term. Payments are recognized in the income statement on a straight-line basis over the lease term. Benefits received in connection with the signing of an operating lease are recognized as part of the total lease expense in the income statement.

Taxes

The Group applies *IAS 12 Income taxes.*

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement unless the underlying transaction is recognized directly in other total comprehensive income, in which case the related tax effect is recognized in other total comprehensive income.

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

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

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

Shareholders' equity

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

Provisions

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

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

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

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

A provision is recognized for an onerous contract when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable costs to fulfill the obligations as set out in the contract.

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

Unidentified receipts and excess payments

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

Contingent liabilities

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

Impairment

The Group applies *IAS 36 Impairment of assets.*

The carrying value of the Group's assets, with certain exceptions, is tested on each balance sheet date for any indication of impairment. IAS 36 is applied to impairment testing of all assets with the exception of financial assets, which are valued according to IAS 39, investment assets for pension liabilities, which are valued according to IAS 19 Employee Benefits, and tax assets, which are valued according to IAS 12 Income Taxes.

If there is any indication of impairment, the asset's recoverable value is estimated. For goodwill and other intangible assets with an indeterminate useful life and intangible assets not yet brought into use, recoverable values are calculated annually. If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest level where essentially independent cash flows can be identified, i.e., a cash-generating unit. Intrum Justitia's operations in each geographical region are considered to be the Group's cash-generating units in this regard. Impairment is recognized when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment is recognized in the income statement. Impairment attributable to a cash-generating unit is mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit. The recoverable amount of cash-generating units is the higher of their fair value less costs to sell and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

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

Employee benefits

The Group applies *IAS 19 Employee Benefits.*

Pension obligations

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

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

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees have earned in current and previous periods; this compensation is discounted to its present value. The discount rate is the interest rate as per the balance sheet date on high-quality corporate bonds, including housing bonds, with a maturity that, if possible, corresponds to the Group's pension obligations. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum Justitia's share of any investment assets as of the balance sheet date is calculated as well.

Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. All changes in value associated with such changes in assumptions are recognized in other comprehensive income.

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

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

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

Borrowing costs

The Group applies *IAS 23 Borrowing costs* and *IAS 39 Financial Instruments: Recognition and Measurement.*

Costs to secure bank financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability.

The Group capitalizes borrowing costs in the cost of qualifying assets, that is, fixed assets for substantial amounts with long periods of completion. No such investments were initiated in 2014 or 2015.

Income recognition

The Group applies *IAS 18 Revenue.*

Income, consisting of commissions and collection fees is recognized on collection of the debt. Subscription income is recognized proportionately over the term of the underlying service contracts, which is usually one year.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations. The net interest income attributable to the Group's factoring operations are recognized in net revenues.

Payment guarantees

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

Cash flow statement

The Group applies *IAS 7 Cash flow statements.*

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

Cash flow from investing activities includes only actual disbursements for investments during the year.

Payments for investments in portfolios of Purchased Debt are accounted for under cash flow from investing activities, whereas collections and amortizations on such portfolios are accounted for under cash flow from operating activities.

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

At an acquisition of a subsidiary that holds a portfolio of purchased debt, the fair value of the receivables on the acquisition date is reported on the line Debt Purchases in the consolidated cash-flow statement.

Earnings per share

The Group applies *IAS 33 Earnings per share.*

Earnings per share consist of net earnings for the year (attributable to the Parent Company's shareholders) divided by a weighted average number of outstanding shares during the year. In this context, treasury holdings of repurchased shares are not included in outstanding shares.

Segments

The Group applies *IFRS 8 Operating Segments.*

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

Intrum Justitia's operating segments are the geographical regions Northern Europe (Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden), Central Europe (Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Portugal, Spain and the United Kingdom). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group.

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

Parent Company's accounting principles

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

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

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

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company at cost, including transaction costs less any impairment. Only dividends are recognized as income.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with statement UFR 2 of the Swedish Financial Reporting Board.

Group contributions received are recognized as dividends and Group contributions paid are recognized as shareholders' contributions. Shareholders' contributions are recognized directly in the shareholders' equity of the recipient and capitalized in the shares and participating interests of the contributor, to the extent impairment is not required.

Other

The Parent Company has no leases classified as finance leases in its own accounts or the consolidated accounts.

2 Disclosures by geographic region and service line

	Group	
SEKm	**2015**	**2014**
Revenues from external clients by geographical region		
Northern Europe	2,573	2,556
Central Europe	1,705	1,433
Western Europe	1,350	1,195
Total	**5,628**	**5,184**
Revenues from external clients by country		
Finland	892	830
Sweden	842	833
Switzerland	759	597
France	701	618
Hungary	380	323
Other countries	2,054	1,983
Total	**5,628**	**5,184**

SEKm	Group 2015	2014
Intra-Group revenues by geographical region		
Northern Europe	288	265
Central Europe	295	261
Western Europe	171	121
Elimination	–754	–647
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	763	749
Central Europe	568	432
Western Europe	293	249
Total operating earnings	**1,624**	**1,430**
Net financial items	–167	–183
Earnings before tax	**1,457**	**1,247**
Assets by geographical region		
Northern Europe	6,714	6,080
Central Europe	2,777	2,625
Western Europe	2,662	2,570
Group-wide/eliminations	–8	66
Total	**12,145**	**11,341**
Tangible and intangible fixed assets by country		
Finland	507	532
Sweden	500	497
Switzerland	345	287
Netherlands	253	268
France	299	289
Other countries	1,312	1,240
Total	**3,216**	**3,113**
Liabilities and provisions by geographical region		
Northern Europe	2,143	2,425
Central Europe	1,066	1,070
Western Europe	983	954
Group-wide/eliminations	4,787	3,851
Total	**8,979**	**8,300**
Investments in tangible and intangible fixed assets by region		
Northern Europe	63	49
Central Europe	51	47
Western Europe	50	22
Group-wide/eliminations	20	28
Total	**184**	**146**
Amortization, depreciation and impairment, excluding goodwill impairment by geographical region		
Northern Europe	–74	–91
Central Europe	–51	–48
Western Europe	–20	–16
Group-wide/eliminations	–19	–15
Total	**–164**	**–170**

SEKm	Group 2015	2014
Goodwill impairment		
Northern Europe	—	–111
Total	**—**	**–111**
Other items not included in cash flow		
Northern Europe	8	–46
Central Europe	6	5
Western Europe	–1	–4
Group-wide/eliminations	2	0
Total	**15**	**–45**
Participations in associated companies and joint ventures, by region		
Northern Europe	–4	3
Total	**–4**	**3**
Revenues by service line		
Credit Management	4,194	3,844
Financial Services	2,423	2,173
Elimination of inter-service line revenue	–989	–833
Total	**5,628**	**5,184**
Revenues from external clients by service line		
Credit Management	3,205	3,011
Financial Services	2,423	2,173
Total	**5,628**	**5,184**
Operating earnings by service line		
Credit Management	1,049	912
Financial Services	1,345	1,159
Common costs	–770	–641
Total	**1,624**	**1,430**

No individual client generates more than two percent of the Group's total revenues.

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

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

Intra-Group sales between the regions are made on commercial terms.

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

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

3 Net revenues and expenses

Net revenues SEKm	Group 2015	2014	Parent Company 2015	2014
Collection fees, commissions and debtors fees	2,834	2,673	—	—
Subscription income	70	72	—	—
Collections on purchased debt	3,802	3,469	—	—
Amortization of purchased debt	–1,526	–1,430	—	—
Revaluation purchased debt	31	35	—	—
Revenues from payment guarantees	29	36	—	—
Income from Group companies	—	—	102	92
Other income	388	329	—	—
Total	**5,628**	**5,184**	**102**	**92**

The revenues from Purchase Debt consists of collected amounts less amortizations, i.e. the reductions of the portfolio's carrying value. See also Note 14.

Costs SEKm	Group 2015	2014	Parent Company 2015	2014
Personnel costs	–1,971	–1,865	–145	–131
Amortization, depreciation and impairment	–164	–281	—	—
Other expenses	–1,869	–1,608	–24	–21
Total	**–4,004**	**–3,754**	**–169**	**–152**

4 Amortization, depreciation and impairment

SEKm	Group 2015	2014	Parent Company 2015	2014
Capitalized expenses for IT development	–79	–97	0	0
Client relationships	–13	–6	—	—
Other intangible fixed assets	–30	–29	—	—
Computer hardware	–15	–15	—	—
Other tangible fixed assets	–27	–23	0	0
Goodwill impairment	—	–111	—	—
Total	**–164**	**–281**	**0**	**0**

Depreciation, amortization and impairment have been charged to each function as an operating expense as follows:

SEKm	Group 2015	2014	Parent Company 2015	2014
Cost of sales	–143	–157	—	—
Sales and marketing expenses	–2	–2	—	—
Administrative expenses	–19	–11	0	0
Goodwill impairment	—	–111	—	—
Total	**–164**	**–281**	**0**	**0**

5 Participations in earnings of associated companies and joint ventures

SEKm	Group 2015	2014
Joint ventures		
EE-DF AG, Zug (Switzerland)	—	3
Avarda AB (Sweden)	–4	0
Total participations in earnings	**–4**	**3**

6 Financial income

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Interest income from Group companies	—	—	92	119
Other interest income	11	13	8	8
Dividends from Group companies	—	—	1,285	519
Total	**11**	**13**	**1,385**	**646**

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

The operating earnings include interest income attributable to purchased debt amounting to SEK 2,276 M (2,039), defined as the difference between the year's collected amount and amortization for the year. Amortization comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

The item Dividends from Group companies includes Group contributions received from subsidiaries in Sweden in the amount of SEK 221 M (303), and an anticipated dividend from the subsidiary, Intrum Justitia International AB of SEK 1,000 M (0).

7 Interest expenses and similar items

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Interest expenses to Group companies	—	—	–8	–12
Interest expenses	–133	–166	–131	–150
Translation differences	–5	1	–2	3
Amortization and impairment of capitalized borrowing costs	–25	–11	–25	–11
Expensed shareholder contributions to subsidiaries	—	—	–48	–198
Impairment of shares in subsidiaries	—	—	—	–100
Other financial expenses	–15	–20	–14	–16
Total	**–178**	**–196**	**–228**	**–484**

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

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

8 Taxes

The tax expense for the year breaks down as follows:

SEKm	Group 2015	Group 2014
Current tax		
Tax expense attributable to earnings for the year	–195	–173
Tax attributable to settled tax disputes	0	18
Other tax adjustments attributable to previous years	2	4
Deferred tax		
Deferred tax related to temporary differences	–92	–29
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	0	–26
Total	**–285**	**–206**

During the year, no taxes were recognized for discontinued operations, not for capital gains.

The Group has operations in some 20 countries in Europe, with various tax rates. The current tax expense for the year mainly relates to income taxes in Switzerland, France, Sweden, Norway, Finland

and the Czech Republic. However, several of the Group's Swedish companies paid no income tax for the relevant year as they were able to utilize taxloss carryforwards from historic losses.

Intrum Justitia AB is domiciled in Sweden where the nominal corporate tax rate in 2014 and 2015 was 22 percent. The following reconciliation explains the difference between the Group's actual tax cost and the expected tax cost taking the Swedish corporate tax rate into account:

	Group			
	2015		2014	
Reconciliation	**SEKm**	**%**	**SEKm**	**%**
Earnings before tax	1,456		1,247	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–320**	**22.0**	**–274**	**22.0**
Effect of different tax rates in other countries	20	–1.4	30	–2.4
Tax effect of tax-exempt income and non-deductible expenses	–10	0.7	–16	1.3
Unrecognized tax assets pertaining to tax-loss carryforwards	–14	1.0	–66	5.3
Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards	27	–2.0	89	–7.1
Adjustments to previous years and other	12	–0.7	31	–2.6
Total tax on net earnings for the year	**–285**	**19.6**	**–206**	**16.5**

Unrecognized tax assets regarding tax-loss carryforwards relate to the negative tax effect during the year attributable to losses in countries where no deferred tax asset is recognized because it is not sufficiently probable that enough taxable profit will arise within the foreseeable future. Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards relate to the positive tax effect over the year arising through the utilization of tax-loss carryforwards never previously recognized as deferred tax assets. Adjustments for previous years and other items include resolved tax disputes in 2014.

Corresponding reconciliation for the Parent Company:

	Parent Company			
	2015		2014	
Reconciliation	**SEKm**	**%**	**SEKm**	**%**
Earnings after financial items	1,090		102	
Income tax calculated at standard rates in Sweden, 22.0 percent	**–240**	**22.0**	**–22**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	232	–21.3	–19	18.6
Effect on deferred tax assets of change in tax rate in Sweden	8	–0.7	41	–40.6
Adjustments to previous years and other	0	0.0	–19	18.6
Total tax on net earnings for the year	**0**	**0.0**	**–19**	**18.6**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of dividends from subsidiaries, impairment of shares in connection with shareholder contributions, as well as impairment in 2014 of shares in subsidiaries. For 2014, Adjustments to previous years and other concerns a tax surcharge paid that related to the 2009 income year. The Parent Company has accumulated tax-loss carryforwards of SEK 852 M (1,037) at year-end as a result of both income items and unrealized translation differences recognized in other comprehensive income.

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

Group SEKm	2015 Asset/ liability	2015 Income/ expense	2014 Asset/ liability	2014 Income/ expense
Legal expenses	–2	0	–2	0
Purchased debt	–487	–75	–388	–41
Intangible assets	–31	–21	–7	5
Tax-loss carryforwards	0	0	0	–26
Provisions for pensions	27	9	34	0
Other	4	–5	8	7
Total	**–489**	**–92**	**–355**	**–55**
Deferred tax assets	33	44	35	22
Deferred tax liabilities	–522	–136	–390	–77
Total	**–489**	**–92**	**–355**	**–55**

The deferred tax assets and income tax liabilities are expected to be due for payment in over one year.

The Group has tax-loss carryforwards that can be utilized against future earnings totaling SEK 1,731 M (1,776). In the calculation of deferred tax liabilities attributable to temporary differences in the recognition of purchased receivables, however, SEK 94 M (102) has been subtracted, corresponding to a cautiously calculated option to offset the deferred tax liabilities against tax losses in the same country.

Tax-loss carryforwards in countries with maturities for the utilization of those carryforwards relate to Poland with SEK 5 M (48), the Netherlands with SEK 150 M (50) and Slovakia with SEK 4 M (3). In Poland, the tax-loss carryforwards can be utilized only for a period of five years from the year of the loss, in the Netherlands for nine years and in Slovakia for four years. No deferred tax assets are recognized for the tax-loss carryforwards in these three countries.

Loss carryforwards for which no deferred tax assets are recognized pertain mainly to Sweden with SEK 852 M (1,037) and the UK with SEK 381 M (371). Most of the tax-loss carryforwards in Sweden consist of the deficit in the Parent Company. As a consequence of the costs for the head office expenses and financing costs, the Parent Company has for several years incurred a tax deficit, even when taking in to account the group contributions received from the profitable companies conducting business in Sweden. It is Intrum Justitia's assessment that tax-loss carryforwards cannot be utilized against positive taxable income in the foreseeable future without first restructuring the Group internally so that, for example, the Parent Company's interest expenses are transferred to foreign subsidiaries. If and when such restructuring is implemented, it may be relevant to evaluate the tax-loss carryforwards in the accounts. Because the tax-loss carryforwards exist in the Parent Company, they are not involved in the impairment testing of goodwill that pertains to the business of the subsidiaries. Loss carryforwards in Sweden may also be consumed through so-called CFC taxation on the earnings of foreign subsidiaries with revenues subject to low tax rates.

Tax expenses recognized in other comprehensive income over the year amounted to SEK 8 M (28). No tax has been recognized directly against equity.

9 Earnings per share

	Group 2015	Group 2014
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	1,164	1,031
Number of shares outstanding at beginning of year	73,847,534	78,546,878
Share repurchases	–1,499,808	–4,699,344
Number of shares outstanding at year-end	**72,347,726**	**73,847,534**
Weighted average no. of shares during the year before and after dilution	73,096,665	76,461,901
Earnings per share before and after dilution (SEK)	15.92	13.48

In accordance with the Board's proposal, the 2014 and 2015 Annual General Meetings resolved to authorize the Board, in the period until the relevant subsequent AGM, to acquire and transfer the company's own shares on the Nasdaq Stockholm exchange. The company's holding of treasury shares may not at any time exceed 10 percent of the total number of shares in the company. Over the year, 1,499,808 shares (4,699,344) shares were repurchased in accordance with decisions by the Board of Directors for SEK 400 M (968).

10 Intangible fixed assets

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Goodwill				
Acquisition cost, opening balance	2,719	2,542	—	—
Acquisitions for the year	140	150	—	—
Impairment for the year	—	–111	—	—
Translation differences	–49	138	—	—
Carrying values	**2,810**	**2,719**	**0**	**0**

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Acquisition cost, opening balance	996	918	5	5
Capitalized expenditures for the year	70	58	0	0
Disposals	–9	–29	0	0
Reclassification	3	–3	—	—
Purchased via acquisition	0	3	—	—
Translation differences	–24	49	—	—
Accumulated acquisition cost, closing balance	**1,036**	**996**	**5**	**5**
Accumulated depreciation/amortization, opening balance	–802	–701	–5	–5
Disposals	10	29	—	—
Reclassification	–2	1	—	—
Depreciation/amortization for the year	–79	–91	0	—
Translation differences	19	–40	—	—
Accumulated depreciation/amortization, closing balance	**–854**	**–802**	**–5**	**–5**
Impairments, opening balance	–23	–17	—	—
Impairments for the year	0	–6		
Accumulated impairment, closing balance	**–23**	**–23**	**0**	**0**
Carrying values	**159**	**171**	**0**	**0**

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Client relationships				
Acquisition cost, opening balance	145	124	—	—
Reclassification	0	–11	—	—
Purchased via acquisition	36	23	—	—
Translation differences	**–5**	**9**	—	—
Accumulated acquisition cost, closing balance	**176**	**145**	**0**	**0**
Accumulated depreciation/amortization, opening balance	–108	–97	—	—
Depreciation/amortization for the year	–13	–6	—	—
Translation differences	6	–5	—	—
Accumulated depreciation/ amortization, closing balance	**–115**	**–108**	**0**	**0**
Carrying values	**61**	**37**	**0**	**0**

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Other intangible fixed assets				
Acquisition cost, opening balance	174	128	—	—
Capitalized expenditures for the year	40	35	—	—
Translation differences	1	11	—	—
Accumulated acquisition cost, closing balance	**215**	**174**	**0**	**0**

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Depreciation/amortization for the year	–30	–25	—	—
Translation differences	–2	–10	—	—
Accumulated depreciation/ amortization, closing balance	**–143**	**–111**	**0**	**0**
Impairments, opening balance	–4	—	—	—
Impairments for the year	0	–4	—	—
Accumulated impairment, closing balance	**–4**	**–4**	**0**	**0**
Carrying value	**68**	**59**	**0**	**0**

Payments during the year regarding investments in intangible fixed assets amounted to SEK 105 M (90) for the Group.

Capitalized expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants. Client relations and goodwill are acquired in connection with business acquisitions. Other intangible fixed assets are mainly acquired externally.

Impairment testing for cash-generating units containing goodwill

In 2015, the Group treated the following geographical regions as cashgenerating units in the sense referred to in *IAS 36 Impairment of assets.*

The carrying amounts for goodwill are distributed among the regions as follows:

SEKm	2015	2014
Northern Europe	1,482	1,535
Central Europe	415	368
Western Europe	913	816
Total	**2,810**	**2,719**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has compiled a projection of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The calculation is based on a detailed forecast for the years 2016–2018 and thereafter an annual increase of 1 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 6.5 percent (8.0) per year before tax, corresponding to 5.2 percent (6.2) per year after tax. The recoverable amount has been compared for each unit with the Group's net book value of the unit's assets and liabilities. The test gave no indication of a need of goodwill impairment.

Impairment testing is based on a number of assumptions, where the outcome is judged to be most sensitive to some of those assumptions in particular:

For 2017, annual revenue growth of 4 percent (10) is assumed, and for 2018, 2 percent (10), with each SEK 1,000 in increased revenue being assumed to result in an increase in working capital of SEK 250 (300), that is, an "incremental increase in earnings" of 25 percent (30). For the period after 2018, perpetual growth in cash flow of 2 percent (3) annually is assumed. The same assumptions were applied for all three geographical regions. The same discount rates were also applied, since no long-term difference can be identified between the regions' growth potential or risk.

Sensitivity analysis

A sensitivity analysis has been performed, in which cash flows have been discounted at 8 percent interest after tax and an eternal growth of only 1 percent was assumed. Even with these assumptions, the impairment testing did not indicate any need to recognize impairment in goodwill for any of the three regions.

11 Tangible fixed assets

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Computer hardware				
Acquisition cost, opening balance	214	191	1	1
Investments for the year	16	21	—	—
Sales and disposals	–5	–12	—	—
Reclassification		1	—	—
Purchased via acquisition		2	—	—
Translation differences	–7	11	—	—
Accumulated acquisition cost, closing balance	**218**	**214**	**1**	**1**
Accumulated depreciation/ amortization, opening balance	–174	–160	–1	–1
Sales and disposals	4	11	—	—
Reclassification	–	–1	—	—
Purchased via acquisition	–	–1	—	—
Depreciation/amortization for the year	–15	–15	0	0
Translation differences	5	–8	—	—
Accumulated depreciation/ amortization, closing balance	**–180**	**–174**	**–1**	**–1**
Carrying values	**38**	**40**	**0**	**0**
Other tangible fixed assets				
Acquisition cost, opening balance	286	249	2	2
Investments for the year	17	33	0	0
Sales and disposals	–11	–13	—	—
Reclassification	–	1	—	—
Purchased via acquisition	5	2	—	—
Translation differences	–1	14	—	—
Accumulated acquisition cost, closing balance	**296**	**286**	**2**	**2**
Accumulated depreciation/ amortization, opening balance	–199	–175	–2	–2
Sales and disposals	10	13	—	—
Reclassification	–	–1	—	—
Purchased via acquisition	–	–1	—	—
Depreciation/amortization for the year	–27	–23	0	0
Translation differences	0	–12	—	—
Accumulated depreciation/ amortization, closing balance	**–216**	**–199**	**–2**	**–2**
Carrying values	**80**	**87**	**0**	**0**

Disbursements during the year regarding investments in intangible fixed assets for the Group amounted to SEK 30 M (52).

12 Group companies

SEKm	No. of shares	2015	2014
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
Intrum Justitia Finans AB	66,050,000	75	66
Intrum Justitia Oy, Finland	14,000	1,649	1,649
Intrum Justitia SAS, France	5,000	345	345
Intrum Justitia SpA, Italy	600,000	50	50
Intrum Justitia SDC SIA, Latvia	2,000	0	0
Intrum Justitia BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	5,000	264	264
Intrum Justitia Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum Justitia AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	73	73
Collector Services Ltd, United Kingdom	88,100,002	0	0
Intrum Justitia Sverige AB, Sweden	22,000	1,649	1,649
Intrum Justitia International AB, Sweden	1,000	601	601
Intrum Justitia Holding GmbH, Germany	2,050,000	0	0
Intrum Justitia Inkasso GmbH, Austria	72,673	37	37
Total carrying value		**6,322**	**6,313**
Opening balance		6,313	6,413
Capital contributions paid		9	0
Impairment of shares in subsidiaries		0	–100
Closing balance		**6,322**	**6,313**

For 2014, the impairment of participations in subsidiaries relates to the subsidiary in Spain, applied when the development of this business was unsatisfactory.

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

Subsidiaries of Intrum Justitia AB and their subsidiaries in the same country	Corporate identity no.	Domicile	Equity share
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
Advis A/S	DK 27167179	Valby	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI 25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
IJCOF Corporate SAS	B797 546 769	Lyon	58%
IJCOF SAS	B518 528 769	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	90%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungsmanagement GmbH	HRB 8997	Darmstadt	100%
Intrum Justitia Bankenservice GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	100%

Subsidiaries of Intrum Justitia AB and their subsidiaries in the same country	Corporate identity no.	Domicile	Equity share
ITALIA			
Intrum Justitia SpA	03776980488	Milan	100%
LATVIA			
Intrum Justitia SDC SIA	40103314641	Riga	100%
NETHERLANDS			
Intrum Justitia BV	33.273.472	Schiphol-Rijk	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Intrum Justitia Finans AS	913,953,517	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
Logicomer Gestão e Recuperação de Créditos SA	504 027 794	Porto	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
LGP Recuperaciones y Gestiones de Insolvecias Logi comer SL	B84825678	Santander	100%
SWEDEN			
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
Intrum Justitia Finans AB	556885-5265	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Justitia Brugg AG	CHE-109.437.651	Brugg	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%

Subsidiaries of Intrum Justitia Sverige AB	Corporate identity no.	Domicile	Share of capital
LUXEMBOURG			
Intrum Justitia Luxembourg sarl	B 183336	Luxembourg	100%
SWEDEN			
Intrum Justitia 3PDC AB	556442-5816	Uppsala	100%
Svensk Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Justitia Shared Services AB	556992-4318	Stockholm	100%

Subsidiaries of Intrum Justitia International AB	Corporate identity no.	Domicile	Share of capital
MAURITIUS			
ICC International Collection Center Ltd	127206	Port Louis	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CHE-100.023.266	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CHE-109.880.638	Zug	100%
Intrum Justitia Licensing AG	CHE-100.749.630	Zug	100%

Subsidiary of Intrum Justitia Debt Finance AG	Corporate identity no.	Domicile	Share of capital
LUXEMBOURG			
LDF65 sarl	B 134749	Sandweiler	100%
IJDF Luxembourg sarl	B 188281	Sandweiler	100%
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	100%

Subsidiary of Fair Pay Please AB	Corporate identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
Intrum Justitia Czech s.r.o.	27221971	Pardubice	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezelő Zrt.	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default Investigation (Ireland) Limited	358355	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Data Centre BV	27.306.188	Schipol–Rijk	100%
Buckaroo BV	04.060.983	Utrecht	100%
èM! Payment BV	51.184.990	Utrecht	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Kancelaria Prawna Krol i Gajda SK	0000573531	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35,831,154	Bratislava	100%

Subsidiaries of Fair Pay Management AB	Corporate identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia Invest AB	556786-4854	Varberg	100%

Companies without a shareholding that are consolidated on the basis of contractual controlling interest	Corporate identity no.	Domicile
ITALY		
IJ DF ItalySrl	08438930961	Milano

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

SEKm	Minority interest in shareholders' equity 2015	2014	Minority interests in earnings 2015	2014
IJCOF Corporate SAS, France	76	76	6	6
IJCOF SAS, France	—	15	2	4
Cabinet PPN SAS, France	1	—	0	—
Inkasso Med AG, Switzerland	3	2	0	0
Total	**80**	**93**	**8**	**10**

Ellisphère SA is a minority shareholders in IJCOF Corporate SAS and SAS IJCOF. During 2015, however, Intrum Justitia acquired the minority shares in IJCOF SAS. The minority shareholder in Cabinet PPN SAS is L'Apave Parisienne SAS. Ärztekasse Genossenschaft Urdorf AG is a minority shareholder in Inkasso Med AG.

13 Shares and participations in joint ventures

SEKm	Corporate identity no.	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Joint venture					
Avarda AB, Stockholm	556986-5560	6	—	10	—
Total, joint ventures		**6**	**0**	**10**	**0**

Avarda AB

Avarda AB is a joint venture between Intrum Justitia and TF Bank. Avarda AB's business is to offer e-merchants payment services with customized solutions according to each company's needs. The company has a subsidiary in Finland, Avarda Oy.

There are 2,000 shares outstanding in Avarda AB, of which Intrum Justitia owns 980.

Combined, Intrum Justitia and TF Bank have a controlling interest in Avarda and Intrum Justitia reports the holding as a joint venture according to the equity method.

Summary of financial information for the Avarda Group:

SEKm Income statement	2015
Operating earnings	**–10**
Taxes	2
Net earnings for the year	**–8**

SEKm Balance sheet	2015
Fixed assets	4
Current assets	11
Total assets	**15**
Shareholders' equity	13
Current liabilities	2
Total equity and liabilities	**15**

14 Purchased debt

SEKm	Group 2015	2014
Acquisition cost, opening balance	14,989	12,334
Purchase of debts	2,366	1,661
Reclassification	0	6
Purchased via acquisition	62	276
Translation differences	–501	712
Accumulated acquisition cost, closing balance	**16,916**	**14,989**
Amortization, opening balance	–8,792	–6,923
Amortizations and revaluations for the year	–1,495	–1,395
Reclassification	0	4
Translation differences	398	–478
Accumulated amortization, closing balance	**–9,889**	**–8,792**
Carrying values	**7,027**	**6,197**

SEKm	Group 2015	2014
Amortizations and revaluations for the year		
Time and interest component	–1,526	–1,430
Revaluation in connection with changes in expectations in projections of future cash flows	393	262
Impairment in connection with changes in expectations in projections of future cash flows	–362	–227
Total amortizations and revaluations for the year	**–1,495**	**–1,395**

Payments during the year for investments in purchased debt amounted to SEK 2,186 M (1,950).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1, page •.

15 Other long-term receivables

SEKm	Group 2015	2014
Deposits	5	5
Receivable for purchase consideration for shares in associated companies	4	3
Interest-bearing loans receivables	2	9
Total	**11**	**17**
Opening balances	18	7
Paid	0	12
Repaid	–6	–1
Closing balance	**12**	**18**
Accumulated impairment, opening balance	–1	–1
Accumulated impairment, closing balance	**–1**	**–1**
Carrying values	**11**	**17**

16 Accounts receivable

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Non-delinquent receivables	175	189	0	0
Accounts receivable < 30 days overdue	58	64	—	—
Accounts receivable 30-60 days overdue	18	19	—	—
Accounts receivable 61<90 days overdue	13	10	—	—
Accounts receivable > 90 days overdue	44	51	—	—
Total accounts receivable	**308**	**333**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–26	–24	0	0
Reserve for impaired receivables for the year	–11	–12	—	—
Realized client losses for the year	7	9	—	—
Withdrawals from reserve for impaired accounts receivable for the year	7	2	—	—
Translation difference	1	–1	—	—
Accumulated reserve for impaired receivables, closing balance	**–23**	**–26**	**0**	**0**
Carrying values	**285**	**307**	**0**	**0**

The reserve for impaired receivables relates primarily to receivables overdue by more than 90 days.

See also Note 34.

17 Other receivables

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Outlays on behalf of clients	68	78	—	—
Less: reserve for uncertainty in outlays on behalf of clients	–9	–9	—	—
Total	**59**	**69**	**—**	**—**
Factoring receivables	178	138	—	—
Acquired VAT refund claims on purchased debt	73	167	—	—
To be recovered from Netherlands bailiffs	80	105	—	—
Other	120	154	3	2
Total	**451**	**564**	**3**	**2**
Carrying values	**510**	**633**	**3**	**2**

A VAT receivable is incurred in the Netherlands when purchasing overdue receivables. The VAT portion of the receivable can be recovered from the tax authorities if it is not collected from the debtor and is therefore recognized as a separate receivable. The portion that is expected to be recovered within twelve months is recognized as current.

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

18 Prepaid expenses and accrued income

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Prepaid expenses and accrued expenses				
Prepaid rent	14	14	0	0
Prepaid insurance premiums	3	1	1	1
Prepaid expenses for purchased debt	53	9	0	0
Accrued income	71	62	0	0
Derivatives with positive value	8	43	8	43
Other	30	28	4	4
Carrying values	**180**	**157**	**13**	**48**

19 Cash and cash equivalents

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Cash and bank balances	248	237	35	5
Restricted bank accounts	17	29	2	7
Total	**265**	**266**	**37**	**12**

20 Shareholders' equity

Share capital

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

There are 73,421,328 shares in the company, and the share capital amounts to SEK 1,594,893.02.

Share repurchase

During the year 1,499,808 shares were repurchased (4,699,344) for SEK 400 M (968). The amount for the repurchased shares is recognized as a reduction of retained earnings. The Board's intention is to reduce the share capital by canceling the shares that are repurchased. In accordance with the resolution by the Annual General Meeting in April 2015, the 3,939,616 shares repurchased between January 2014 and March 2015 were canceled and the number of registered shares in the company fell from 77,360,944 to 73,421,328. The share capital was reduced by SEK 81,220, but was immediately restored through a bonus issue and transfer from retained earnings.

The 1,073,602 shares repurchased in April-December 2015 represent the company's treasury holding as of the balance sheet date. Consequently, excluding treasury shares, 72,347,726 shares were outstanding on the balance sheet date.

Other shareholders' equity in the Group

Other paid-in capital

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

Reserves

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

Retained earnings including net earnings for the year

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

Following the balance sheet date the Board of Directors proposed a dividend of SEK 8.25 per share (7.00), or a total estimated payout of SEK 597 M (514), calculated on the number of shares outstanding, excluding treasury holdings, as per December 31, 2015.

Other shareholders' equity in the Parent Company

Statutory reserve

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

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve since 2006 are non-restricted equity.

Fair value reserve

Refers to unrealized exchange rate gains or losses on long-term monetary transactions with subsidiaries as well as external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Earnings brought forward

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totaled SEK 3,166 M (3,041).

The measure of the Group's capital structure applied for control purposes is consolidated net debt divided by earnings before interests, taxes, depreciation, amortization and Purchased Debt revaluations (EBITDA).

Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board has set financial targets for the Group whereby net debt divided by EBITDA, on a rolling 12-month basis, should be between 2.0 and 3.0.

On December 31, 2015, this key figure amounted to 1.8 (1.9), that is, lower than the targeted interval

21 Pensions

Employees in Intrum Justitia's companies are covered by various pension benefits, some of which are defined benefit plans and others defined contribution plans. The Group applies *IAS 19 Employee Benefits*, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Group employees in Norway and Switzerland are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Employees in Germany are covered by an unfunded defined benefit pension plan that can be paid out as a one-time sum or as monthly payments following retirement. In France and Italy, the company makes provisions for one-time payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognized as defined contribution plans since the company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP 2 plan.

Among other things, IAS 19 requires pension costs for service in the current period to be reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. Actuarial revaluations are recognized in other comprehensive income.

Provisions for pensions reported in the balance sheet can be analyzed as follows:

	Group	
SEKm	**2015**	**2014**
Present value of fully or partly funded obligations	338	269
Fair value of plan assets	–233	–205
Deficit in the plan	**105**	**64**
Present value of unfunded obligations	69	69
Total provisions for pensions	**174**	**133**

Changes in net obligation:

	Group	
SEKm	**2015**	**2014**
Opening balance	133	102
Costs for employment in current period	20	12
Interest expense	3	3
Pensions paid	–18	–14
Pension provisions in acquired operations	4	—
Remeasurements	33	24
Translation differences	–1	6
Closing balance	**174**	**133**

Reconciliation of fair value of plan assets:

	Group	
SEKm	**2015**	**2014**
Opening balance	205	182
Fees paid	41	50
Compensation paid	–33	–40
Interest revenue	4	4
Plan assets in acquired operations	11	—
Remeasurements	1	0
Translation differences	4	9
Closing balance	**233**	**205**

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

	Group	
SEKm	**2015**	**2014**
Costs for employment in current period	20	12
Net interest income/expense	3	3
Total pension cost in earnings for the year	**23**	**15**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Remeasurements of the pension liability are included in other comprehensive income in the negative amount of SEK 33 M (24) before tax.

In calculating Provisions for pensions, the following assumptions are used:

%	Group 2015	Group 2014
Discount rate	0.75–2.20	1.50–2.70
Assumed rate of increase in compensation	1.0–2.5	1.0–3.2
Assumed return on plan assets	1.0–1.9	2.0–2.7
Assumed pension increases	0.0–3.0	0.0–3.0
Future adjustment to social security base	2.25–4.20	3.0–4.5

The Group also finances a number of defined contribution plans, the costs of which amounted to SEK 89 M (89).

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of compulsory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 268 M (202), and the fair value of the assets under management is SEK 181 M (148). Consequently, the net pension liability is SEK 87 M (54). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 15 M (11) to the plan, while disbursements to retirees amounted to SEK 32 M (39). In 2016 payments to the plan are estimated at SEK 14 M, with disbursements to retirees of SEK 15 M. For these pension plans, a discount rate of 0.75 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 8.8 percent/increasing by 10.2 percent.

For the Group's employees in Norway, there are commitments for a compulsory service pension, which are secured through insurance with the insurance company Storebrand Livforsikring. The funded commitments currently amount to SEK 70 M (68), and the fair value of the assets under management is SEK 52 M (57). Consequently, the net pension liability is SEK 18 M (11). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 1 M (1) to the plan, while disbursements to retirees amounted to SEK 2 M (1). Even in 2016, payments to the plan are estimated at SEK 1 M, with disbursements to retirees of SEK 1 M. For these pension plans, a discount rate of 1.9 percent is applied.

ITP 2 plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP 2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 plan is a multi-employer defined benefit plan. For the fiscal year, Alecta's clients have not been provided enough information to report the plan as defined benefit. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP 2 plan secured through insurance with Alecta is therefore reported by Intrum Justitia as if it were a defined contribution plan. At year-end Alecta's surplus in the form of the collective funding ratio amounted to 153 percent (143). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19.

Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

22 Other provisions

SEKm	Group 2015	Group 2014
Opening balances	3	3
Closing balances	**3**	**3**

Long-term provisions are expected to be settled later than in 2016.

These provisions relate to the costs of restoring the company's former premises in the UK. Intrum Justitia guarantees the current tenant's contractual obligations.

23 Borrowing

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Long-term liabilities				
Bank loans	2,340	1,727	2,340	1,726
Bond loan	3,124	3,231	3,124	3,232
Current liabilities				
Commercial papers	635	728	635	728
Bank overdraft facilities	16	85	16	85
Short-term liabilities	1	—	—	—
Total	**6,117**	**5,771**	**6,115**	**5,771**

Intrum Justitia AB signed a three-year syndicated loan facility totaling SEK 7,500 M with Nordea Bank AB and Swedbank on December 23, 2015, to replace the previous one from 2014. The loan limit of SEK 7,500 M can be utilized for borrowing in a number of different currencies.

During 2015, Intrum Justitia AB issued no bonds under the Company's MTN program, compared to SEK 1,000 M in the preceding year.

On December 31, 2015, the loan framework had been utilized for loans in SEK totaling SEK 500 M (0), in CHF totaling CHF 5 M (12), in EUR totaling EUR 115 M (75), in NOK totaling NOK 250 M (200) and in PLN totaling PLN 240 M (330). The unutilized portion of the facilities amounted to SEK 5,141 M (3,250).

The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. All such conditions were met throughout 2015 and on December 31, 2015. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

In 2015, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 635 M (728).

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,034	—	1,034	—
Between 2 and 3 years	1,852	1,760	1,851	1,760
Between 3 and 4 years	1,799	1,799	1,798	1,799
Between 4 and 5 years	779	1,399	779	1,399
Total	**5,464**	**4,958**	**5,464**	**4,958**
Unused lines of credit excluding guarantee facility				
Expiring within one year	—	—	—	—
Expiring beyond one year	5,141	3,250	5,141	3,250
Total	**5,141**	**3,250**	**5,141**	**3,250**

24 Accrued expenses and prepaid income

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Accrued social security expenses	70	75	19	18
Accrued vacation pay	110	107	10	10
Accrued bonus cost	157	150	34	40
Prepaid subscription revenues	39	40	—	—
Provisions for losses on payment guarantees	3	39	—	—
Accrued interest	6	45	5	44
Provision for expenses to pay to bailiffs in the Netherlands	20	36	—	—
Other accrued expenses	293	297	47	22
Total	**698**	**789**	**115**	**134**

25 Pledged assets, contingent assets and contingent liabilities

SEKm	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Pledged assets				
Deposits	2	3	—	—
Restricted bank accounts	17	29	2	7
Total	**19**	**32**	**2**	**7**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	230	1,961	—	—
Total	**230**	**1,961**	**0**	**0**

Pledged assets

Refers to deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum Justitia were not to meet its contractual obligations.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 230 M (1,961), of which receivables overdue by more than 30 days amounted to SEK 99 M (63). The change compared to previous year is attributable to changed volumes. Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 3 M (22) in the balance sheet to cover payments that may arise due to the guarantee.

Other

When Intrum Justitia acquired the Dutch subsidiary Buckaroo BV in 2012, a potential additional purchase consideration for the sellers was agreed upon, to be paid out based on the achieved earnings in the company for the years 2012–2014. Additional purchase consideration has only partly been paid out. One of the sellers sued Intrum Justitia and a few of its employees in 2015, demanding further payments of additional purchase consideration. The demand is explained by an allegation that Intrum Justitia's behavior would have induced lower than expected earnings in Buckaroo, and thereby a lower additional purchase consideration. Intrum Justitia contests all demands and has not posted any accrual or provision for this dispute.

The Group is otherwise involved in legal actions in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

26 Average number of employees

	Group				of which the Parent Company			
	2015		2014		2015		2014	
	Men	Women	Men	Women	Men	Women	Men	Women
Austria	13	25	13	25	—	—	—	—
Belgium	44	52	44	47	—	—	—	—
Czech Republic	36	55	52	37	—	—	—	—
Denmark	32	68	20	43	—	—	—	—
Estonia	6	27	6	26	—	—	—	—
Finland	83	333	101	285	—	—	—	—
France	177	484	173	469	—	—	—	—
Germany	41	95	45	95	—	—	—	—
Hungary	61	140	51	115	—	—	—	—
Ireland	23	40	18	44	—	—	—	—
Italy	35	87	50	100	—	—	—	—
Latvia	83	27	85	29	—	—	—	—
Luxembourg	1	1	2	0	—	—	—	—
Mauritius	6	13	0	0	—	—	—	—
Netherlands	146	100	153	111	—	—	—	—
Norway	43	65	41	66	—	—	—	—
Poland	112	185	129	220	—	—	—	—
Portugal	29	64	22	59	—	—	—	—
Slovakia	27	53	25	42	—	—	—	—
Spain	59	211	64	228	—	—	—	—
Sweden	162	261	166	277	37	17	35	18
Switzerland	124	116	114	108	—	—	—	—
UK	0	1	0	1	—	—	—	—
Total	**1,343**	**2,503**	**1,374**	**2,427**	**37**	**17**	**35**	**18**
		3,846		**3,801**		**54**		**53**

Of the Group's employees 28 percent are younger than 30 years old, 34 percent are 30–39 years, 23 percent are 40–49 years and 15 percent are 50 years or older.

	2015		2014	
Gender distribution of senior executives	**Men**	**Women**	**Men**	**Women**
Board of Directors	5	4	5	2
Group Management Team	8	1	8	1
Country Managers	18	2	13	3
Board members in subsidiaries (percent)	89	11	95	5

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

27 Salaries and other remuneration

	Group		Parent Company	
SEKm	**2015**	**2014**	**2015**	**2014**
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	**87**	**83**	**25**	**18**
Salaries and other remuneration to other employees				
Northern Europe	616	610	—	—
Central Europe	307	263	—	—
Western Europe	389	375	—	—
Head offices and central operations	149	139	74	71
Total salaries and other remuneration, Group	**1,547**	**1,470**	**98**	**89**
Social security costs	424	395	47	42
Of which pension costs	109	101	16	14
Total	**1,971**	**1,865**	**145**	**131**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidized car, housing and meals. Parent Company figures strictly refer to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

28 Terms and conditions of employment for senior executives

Remuneration principles for senior executives

The 2015 Annual General Meeting adopted the following principles of remuneration for senior executives, the President and the members of the Group Management Team. The proposal has been prepared by the Board and its Remuneration Committee. The guidelines contains among other:

Salary and remuneration philosophy

At Intrum Justitia, we depend on our people to deliver on our ambitious goals in challenging environments. Our reward philosophy has as the purpose to ensure that they are rewarded for their valuable contributions to our Company. It also drives and promotes the behaviors and performance that best support our business strategy and ensures that we are able to attract the key talent we need to be successful.

Remuneration in Intrum Justitia should reflect individual competence, responsibility and performance, and it should be competitive in comparison to that of similar companies within similar industries in the relevant geography. To ensure that we drive the right behaviors and focus our efforts in the right areas, performance is measured against goals that are closely linked to our business strategy and our four core values.

Short term incentive

Our short term incentive rewards the achievement of primarily financial business goals and drives short term performance, and so it is set for one year at a time. The metrics are individually decided for each senior executive, in order to reflect the business strategy and our key priorities. Financial metrics either reflect business goals or enterprise value creation as described below. In addition, the short term incentive allows for our total remuneration costs to vary based on both business and individual performance.

The short term incentive pays out a maximum amount corresponding to 20 to 50 percent of annual base salary.

The cost for short-term incentive awarded to the CEO and senior executives is estimated not to exceed MSEK 12.2 excluding social charges during 2015.

Long-term incentive

Our long term incentive aligns the interests and perspectives of our senior executives with those of our shareholders and creates a close commitment to the Company. It rewards long term value creation over a period of 3 years, and lets our senior executives share in the success of the business. As we believe it to be the best indicator of our Company's long term success, we use growth in Earnings Per Share (EPS) as the measurement of value created. Similarly to the short term incentive, it also allows for our total remuneration costs to vary based on business performance.

The long term incentive can at maximum pay out an amount corresponding to 75 percent of annual base salary for the CEO and 20 to 50 percent for other senior executives.

Shareholding guidelines

To further promote ownership behavior and the commitment among our senior executives, we have put in place shareholding guidelines that directly link the individual wealth of senior executives to the success of our business. The guideline means that each senior executive is asked to hold a percentage of their gross base salary in Intrum Justitia shares, 100 percent for the CEO and 50 percent for other senior executives. The shares are to be held for as long as the senior executives are employed in the Company and members of the Group Management Team.

2015 is the first year that the shareholding guidelines are in effect, and each senior executive will be given an amount of time (to be individually agreed) to build up their holdings.

Miscellaneous

In case of termination of employment by Intrum Justitia, severance payments (if any) will not exceed 12 months' base salary. There are deviations from this in a few existing employment agreements.

If unusual or special reasons are at hand in an individual case, the board reserves the possibility to deviate from these principles.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises three Board members. Since the 2015 Annual General Meeting, the Remuneration Committee has consisted of Lars Lundquist (Chairman), Charlotte Strömberg and Magnus Yngen. The CEO and the company's Chief Human Resources Officer are co-opted to the committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2015, Lars Wollung, CEO and President between January and October 2015, received remuneration in accordance with the Group's principles as detailed above. His fixed annual salary for 2015 amounted to SEK 5,650,000 (5,253,000). In addition, he had the opportunity to receive variable compensation up to 200 percent of his base salary, 50 percent within the framework of the short-term variable salary program and 150 percent within the framework of the long-term remuneration program year 2013. In addition to his salary, the company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidized meals under the same terms as other Group employees in Sweden.

Lars Wollung was required to give six months' notice if he had chosen to leave the company and Intrum Justitia was required to give him 12 months' notice when terminating his employment. On termination by the company, he was also entitled to severance pay equivalent to 12 months' salary, which is considered to be in accordance with the practice for CEOs employed by listed companies in Scandinavia.

Lars Wollung left his position as President and CEO in early November 2015, in accordance with a decision by the Board of Directors, and he thus receives salary during the period of notice as set out in the employment agreement.

Against earnings for 2015 an accrual has been charged for costs related to future payments to Lars Wollung of salary during the notice period and severance pay, totaling 11 MSEK, and 10 MSEK for variable compensation. Furthermore, mainly social security expenses and pension payments for such compensation are charged against the 2015 earnings in the amount of 9 MSEK. The accrual for variable compensation is included in the table below as compensation vested in 2015.

Terms of employment and remuneration for other members of Group Management

During 2015, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes their fixed annual salary and the opportunity to receive variable remuneration of up to 100 percent of their annual salary, of which 50 percent was under the short-term remuneration program and 50 percent under the long-term remuneration program. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidized meals and travel. One member of the Group Management enjoys free housing, since he moved to be able to take up his post.

During the period November 2015–February 2016, the Group's Chief Financial Officer, Erik Forsberg, was the acting CEO and he received a salary supplement of SEK 300,000 in total during this period, in addition to his regular monthly salary.

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

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages 80–81) other than the CEO. They amount to nine people.

SEK thousands	2015	2014
Senior executives		
Lars Wollung, President and CEO until October 2015		
Basic salary	5,650	5,253
Variable compensation	10,240	9,946
Other benefits	94	101
Pension costs	1,857	1,869
Total Lars Wollung	**17,841**	**17,169**

In 2015 an accrual has been charged against earnings of SEK 11 M for salary during notice period and severance pay, in accordance with the table above.

Other senior executives (nine people)		
Basic salary	22,222	21,015
Variable compensation	13,569	15,199
Other benefits	1,306	1,679
Severance pay	13,113	0
Pension costs	4,073	5,095
Total other senior executives	**54,283**	**42,988**

Amounts given correspond to full compensation for the relevant year, including earned but not yet paid variable remuneration for the relevant year. This entails, for example, that the variable remuneration accrued and expensed by the company in 2014 was disbursed in 2015, while the variable remuneration for 2015 was disbursed in 2016.

No share-based remunerations were paid in 2014 or 2015.

Development of total remuneration over the last years

As outlined above, we have currently assessed year-on-year EPS growth as the best indicator of the long term value that we create for our shareholders, which is why our long term incentive program generally rewards EPS growth as the key measurement.

Our short term incentive is measured mainly on financial goals that more closely align to our annual business plans such as service line earnings, EBIT or EBIT after cost of capital. If we consistently deliver on such goals, we are also creating value for our shareholders supporting the growth in EPS.

In 2014 and 2015, we have reported a strong EPS growth, and we have delivered solid and consistent results relating to our short term financial goals. Reflecting the high value delivered for our shareholders and following our EPS growth, the aggregate variable remuneration payouts for the CEO and Executives have also grown during this period:

	2015	2014	2013	2012
Variable salary, kSEK	23,809	25,145	27,058	10,160
Earnings per share, SEK	15.92	13.48	10.30	7.32
Change in variable salary, year-on-year	–5%	–7%	66%	0%
Change in EPS, year-on-year	18%	31%	41%	6%

The total variable remuneration payout for 2014 and 2015 are lower than for 2013 as the number of senior executives who were eligible for payouts in 2014 and 2015 was less, due to departures.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 3,605,000. Board fees are distributed between Directors as determined by the AGM according to the proposal of the Nomination Committee. The Directors have no pension benefits or severance agreements.

SEK thousands	2015	2014
Board fees		
Lars Lundquist, Chairman	945	920
Matts Ekman	530	520
Joakim Rubin	—	430
Charlotte Strömberg	440	350
Synnöve Trygg	445	435
Fredrik Trägårdh	360	435
Ragnhild Wiborg	445	—
Magnus Yngen	440	430
Total Board fees	**3,605**	**3,520**

Board fees pertain to the period from the 2014 Annual General Meeting until the 2015 Annual General Meeting and from the 2015 Annual General Meeting until the 2016 Annual General Meeting respectively. Some members of the Board of Directors issue invoices for their fees through their own companies, in which case those invoices include social security expenses and VAT.

29 Fees to auditors

	Group		Parent Company	
SEKm	2015	2014	2015	2014
External audit assignments				
Ernst & Young	8	8	1	1
Other assignments				
Ernst & Young review activities beyond the audit assignment	2	1	0	0
Audit assignments, other auditors	0	3	0	0
Total	**10**	**12**	**1**	**1**

30 Operational leasing

	Group		Parent Company	
SEKm	2015	2014	2015	2014
Obligations for rental payments on non-cancelable rental contracts				
Year 1	119	121	1	1
Years 2–4	251	266	1	1
Year 5 and thereafter	135	122	0	0
Total	**505**	**509**	**2**	**2**

Lease costs for operating leases amounted to SEK 134 M (120) during the year, of which SEK 1 M (2) in the Parent Company.

Operating leasing primarily refers to offices for the Group's operations in its countries. No single lease is of material significance to the Group in terms of amount.

31 Finance leasing

SEKm	Group 2015	2014
Minimum lease payments and their present value		
Within one year	1	1
Later than one but within five years	0	1
Later than five years	0	0
Total	**1**	**2**

The present value of future lease payments according to finance leases is recognized in the balance sheet in the item Other liabilities.

32 Investing commitments

Commitments to acquire fixed assets amounted to SEK 0 M (0) at year-end.

33 Financial instruments

SEKm	Group Dec 31, 2015	Dec 31, 2014	Parent Company Dec 31, 2015	Dec 31, 2014
Fair value and carrying value of financial instruments				
Financial assets valued at amortized cost	8,749	8,048	6,969	4,803
Financial assets measured at fair value	8	43	8	43
Financial liabilities valued at amortized cost	8,100	7,585	10,294	9,431
Financial assets valued at fair value	10	7	10	7

The only financial instruments that are regularly restated at fair value are derivatives (forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables.

The total recognized value of consolidated financial assets amounted to SEK 8,757 M (8,091) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 8,749 M (8,048) and financial assets recognized at fair value through profit and loss amounted to SEK 8 M (43).

The total recognized value of the Parent Company's financial assets amounted to SEK 6,977 M (4,846) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 6,969 M (4,803) and financial assets recognized at fair value through profit and loss amounted to SEK 8 M (43).

Financial liabilities include the balance sheet items: non-current and current liabilities to credit institutions, bond loans, commercial papers, client funds payable, accounts payable, advances from clients, other current liabilities, accrued expenses, prepaid income and, for the Parent Company, intra-Group liabilities.

The total recognized value of consolidated financial assets amounted to SEK 8,110 M (7,592) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 8,100 M (7,585) and financial liabilities recognized at fair value amounted to SEK 10 M (7).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 10,304 M (9,438) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 10,294 M (9,431) and financial liabilities recognized at fair value amounted to SEK 10 M (7).

Purchased debt

Purchased debt is classified as loan receivables and recognized at amortized cost according to an effective interest method. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Revaluations are recognized in the income statement. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the company's opinion. On the balance sheet date, the recognized value of purchased debt amounted to SEK 7,027 M (6,197). An account of purchased debt by year acquired is provided in Note 34.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 285 M (307) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 1,180 M (1,321) on the balance sheet date. The item includes forward exchange contracts valued at SEK 8 M (43), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 1,172 M (1,278) is classified as loan receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 6,939 M (4,834). The item includes forward exchange contracts valued at SEK 8 M (43), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 6,931 M (4,791) is classified as loan receivables.

Liquid assets

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Cash and bank balances are classified as loan receivables and amounted at year-end to SEK 265 M (266). For the Parent Company, the corresponding amount was SEK 37 M (12) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 2,356 M (1,812) and for the Parent Company, they amounted to SEK 2,356 M (1,811).

Bond loan

The Parent Company and the Group had bond loans outstanding for a value of SEK 3,124 M (3,231) on the balance sheet date.

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 635 M (728) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 139 M (159). For the Parent Company, the equivalent amount was SEK 5 (7).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 1,856 M on the balance sheet date (1,661). The item includes forward exchange contracts for SEK 10 M (7), recognized at fair value through profit and loss (held for sale). Other liabilities, excluding these forward exchange contracts amounted to SEK 1,846 M (1,654).

For the Parent Company, other liabilities amounted to SEK 4,185 M (3,660) on the balance sheet date and included liabilities to Group companies and accrued expenses. Forward exchange contracts are recognized at fair value through profit and loss (held for sale) and amounted to SEK 10 M (7). Other liabilities, excluding these forward exchange contracts amounted to SEK 4,175 M (3,653).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise currency derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's currency derivatives suspend their payments. At the end of the year, Intrum Justitia had financial assets totaling SEK 6 M (2) that could be offset against debts should the counterparties suspend their payments.

34 Financial risks and financial policies

Principles of financing and financial risk management

The financial risks that arise in Intrum Justitia's operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in the Group's Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum Justitia's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/ or cash flows. The most important currencies for the Intrum Justitia Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF), the Danish krone (DKK), the Norwegian krone (NOK) and the Polish zloty (PLN).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

Currency	Dec 31, 2015	Dec 31, 2014	Average 2015	Average 2014
EUR	9.20	9.52	9.36	9.10
CHF	8.51	7.91	8.77	7.49
HUF	0.0293	0.0302	0.0302	0.0295
DKK	1.23	1.28	1.25	1.22
NOK	0.96	1.05	1.05	1.09
PLN	2.17	2.21	2.24	2.17

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum Justitia operates in around 20 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate against these currencies affect consolidated income and earnings, as well as equity and other items in its financial statements. The Group's revenues are distributed by currency as follows:

SEKm	2015	2014
SEK	842	833
EUR	2,838	2,674
CHF	759	597
HUF	380	323
DKK	241	158
NOK	209	226
PLN	181	222
Other currencies	178	151
Total	**5,628**	**5,184**

An appreciation of the Swedish krona of 10 percentage points on average in 2015 against the Euro would thus, all else being equal, have affected revenues by SEK –284 M, against CHF by SEK –76 M, against HUF by SEK –38 M, against DKK by SEK –24 M, against NOK by SEK –21 M and against PLN by SEK –18 M.

In terms of net assets by currency, shareholders' equity in the Group, including non-controlling interests, is distributed as follows:

SEKm	2015	2014
SEK	551	1,189
EUR	5,377	4,696
– less EUR hedged through foreign currency loans	–3,888	–3,707
CHF	380	347
– less CHF hedged through foreign currency loans	–256	–305
HUF	303	164
DKK	30	27
NOK	304	334
– less NOK hedged through foreign currency loans	–239	–210
PLN	730	904
– less PLN hedged through foreign currency loans	–520	–731
Other currencies	394	333
Total	**3,166**	**3,041**

An appreciation of the Swedish krona of 10 percentage points as per December 31, 2015 against EUR would have affected shareholders' equity in the Group by SEK –149 M, against CHF by SEK –12 M, against HUF by SEK –30 M, against DKK by SEK –3 M, against NOK by SEK –6 M and against PLN by SEK –21 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 6,026 M (5,635) on December 31, 2015. The loan rate is tied to the market rate.

Intrum Justitia has a strong cash flow which gives the Group the option of repaying loans, repurchasing treasury shares or investing in the operations. The Group's loans have short fixed interest terms – currently about seven months (ten) for the entire loan portfolio.

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 58 M. A five-percent increase would have adversely affected net financial items by SEK 292 M.

In 2012 the Parent Company issued bonds for SEK 1,000 M, in 2013 for a further SEK 1,000 M, and in 2014 for a further SEK 1,000 M. No new bonds were issued in 2015. On the balance sheet date, reported debt totaled EUR 3,124 M. To achieve correct currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the company used currency interest rate swaps. Consequently, the Parent Company has exchanged the liability to the bond holders in SEK with one of the relation banks, receiving EUR at the same rate on both the start and closing dates. The company has thus maintained the level at which it secures shareholders' equity in EUR at the same level as prior to the issue and has also maintained its currency exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected costs to ensure the Group's ability to fulfill its short and long-term payment obligations to outside parties.

The Group's long-term financing risk is minimized through longterm financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months. The Group has a syndicated loan facility of EUR 7,500 M from Nordea and Swedbank. The maturity structure means that the bank loan matures by SEK 2.5 billion each year in 2018, 2019 and 2020 respectively.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK, EUR, CHF, NOK or PLN and usually with maturities of three to six months. The loan is carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden.

The Group's loan facility is subject to a number of operational and financial conditions. If the limits are exceeded the loans fall due. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that a limit may be exceeded.

In 2012 bond program for SEK 3,000 M was launched in which the Parent Company issued SEK 1,000 M over five years with an interest margin of 3.10 percent in 2012, a further SEK 1,000 M over five years with an interest margin of 2.22 percent in 2013, and a further SEK 1,000 M over five years with an interest margin of 1.60 percent in 2014. No new bonds were issued in 2015.

Intrum Justitia has also issued commercial papers with a carrying amount of SEK 635 M (728) at year-end.

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M more than the unutilized portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months agree with the reported amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group

SEKm	Within one year	2–5 years	Later than 5 years	Total
Dec 31, 2015				
Long-term receivables and other receivables	1,994			1,994
Liabilities to credit institutions	49	2,359		2,408
Bond loan	84	3,127		3,211
Commercial papers	635			635
Total	**2,762**	**5,486**	**0**	**8,248**
Dec 31, 2014				
Long-term receivables and other receivables	1,820			**1,820**
Liabilities to credit institutions	122	1,749		**1,871**
Bond loan	90	3,235		**3,325**
Commercial papers	730	0		**730**
Total	**2,762**	**4,984**	**0**	**7,746**

Financial liabilities in the balance sheet – Parent Company

SEKm	Within one year	2–5 years	Later than 5 years	Total
Dec 31, 2015				
Long-term receivables and other receivables	122			122
Liabilities to credit institutions	48	2,359		2,407
Bond loan	84	3,127		3,211
Commercial papers	635			635
Liabilities to Group companies	2,063	2,005		4,068
Total	**2,952**	**7,491**	**0**	**10,443**
Dec 31, 2014				
Long-term receivables and other receivables	152			152
Liabilities to credit institutions	122	1,749		1,871
Bond loan	90	3,235		3,325
Commercial papers	730			730
Liabilities to Group companies	1,805	1,710		3,515
Total	**2,899**	**6,694**	**0**	**9,593**

Credit risks

Credit risk consists of the risk that Intrum Justitia's counterparties are unable to fulfill their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees. For financial assets owned by Intrum Justitia, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

Liquid assets

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity of less than three months. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

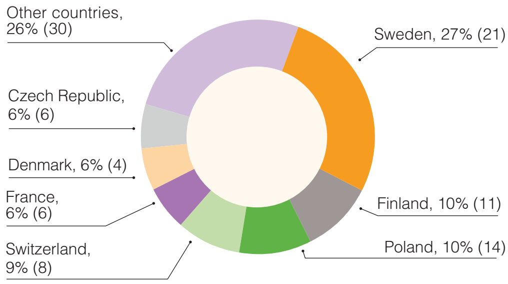
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum Justitia, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 7,027 M (6,197) would become worthless and have to be written off.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 9,300. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions generally involve unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralized receivables. Intrum Justitia places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In these calculations Intrum Justitia benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum Justitia therefore believes that it has the expertise required to evaluate these types of receivables. To enable acquisitions of larger portfolios at attractive risk levels, Intrum Justitia has, on occasion, partnered with other companies such as Crédit Agricole, Goldman Sachs and East Capital to share the capital investment and return.

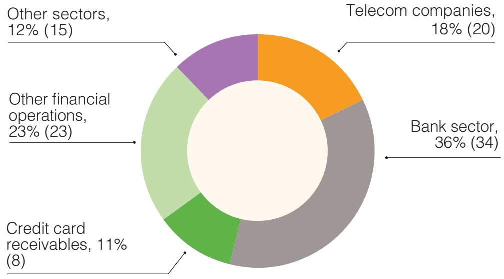
The currency risk attributable to the currency revaluation of the balance sheet item Purchased Debt is limited through currency hedging by having loans in the same currencies as the assets, and by currency forward contracts.

A considerable proportion of purchased debt acquisitions take place through forward flow agreements – that is, Intrum Justitia may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are past-due by a certain number of days. In most of these agreements, however, Intrum Justitia has the opportunity to decline to acquire the receivables if, for example, their quality decreases.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 20 countries. The Group's total carrying amount for purchased debt is distributed as follows:



The Group's purchased debt portfolios are distributed by sector as follows:



Of the total carrying value on the balance sheet date, 30 percent represents portfolio acquisitions in 2015, 19 percent acquisitions in 2014, 20 percent acquisitions in 2013 and 11 percent acquisitions in 2012. The remaining 20 percent relates to receivables acquired in or before 2011, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line Other receivables.

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, assets regarding forward exchange contracts were valued at SEK 8 M (43), and liabilities at SEK 10 M (7). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized in the income statement. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK –61 M (–43). The purpose of these forward exchange contracts has been to minimize exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency. These exchange rate differences amounted to SEK 59 M (46) during the year. The net effect through profit or loss of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK –2 M (3).

Currency	**Local currency, buy**	**Hedged amount, sell**
CHF	—	–46,826,535
CZK	35,000,000	–572,711,535
DKK	206,686	–488,685,901
EUR	157,917,320	–10,028,064
GBP	—	–4,912,634
HUF	—	–966,945,363
NOK	54,579,187	–1,321,908
PLN	—	–13,142,923

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 230 M (1,961), of which receivables overdue by more than 30 days amounted to SEK 99 M (63). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 3 M (22) in the balance sheet to cover payments that may arise due to the guarantee.

35 Acquisitions of operations

In the Cash flow statement, the amount reported as Purchases of shares in subsidiaries and associated companies is SEK –181 M (–148). The amount for 2015 consists of the acquisitions of Credita SEK –33 M, Logicomer SEK –112 M and other acquisitions SEK –36 M as specified below. The amount for 2014 consists of the acquisitions of Advis SEK –171 M, Profidebt SEK 26 M and other acquisitions SEK –3 M.

Acquisition of 100 percent of the shares in Credita

In February, Intrum Justitia acquired a smaller credit management company in Switzerland, Credita AG, with a good market position in the public sector and health insurance. Credita AG had 19 employees.

The purchase price amounted to SEK 51 M.

The acquired company was consolidated effective from February 2015 and has contributed to consolidated revenues by SEK 21 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 23 M.

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

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	0	5	5
Tangible fixed assets	4	–4	0
Current assets	11		11
Liquid assets	18		18
Pension liabilities		–4	–4
Current liabilities	–16	1	–15
Net assets	**17**	**–2**	**15**
Consolidated goodwill			36
Purchase consideration paid			–51
Liquid assets (acquired)			18
Net impact on cash and bank			**–33**

The goodwill recognized is attributable to synergies in the form of expected cost savings and economies of scale achieved when integrated with Intrum Justitia's operations in Switzerland.

Transaction costs attributable to the acquisition amount to SEK 0 M.

Acquisition of 100 percent of the shares in Logicomer

In September, Intrum Justitia agreed to acquire the Portuguese company Logicomer Gestão e Recuperação de Créditos SA, which operates primarily in credit management services, but also has a purchased debt portfolio with a nominal value of approximately SEK 1.2 billion. The company has 40 employees and very good profitability. The acquisition Logicomer is expected to contribute positively to Intrum Justitia's earnings and market position in Portugal, with the company adding expertise in certain areas of collection.

The purchase price amounted to SEK 187 M.

The acquired company was consolidated effective from November 2015 and has contributed to consolidated revenues by SEK 9 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 48 M.

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

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	0	8	8
Tangible fixed assets	5		5
Purchased debt	4	58	62
Current assets	11		11
Liquid assets	13		13
Deferred tax	0	–14	–14
Other liabilities	–9		–9
Net assets	**24**	**52**	**76**

Consolidated goodwill	111
Purchase consideration paid	–187
Acquired cash and cash equivalents	13
Reported as aquisition of Purchased Debt	62
Net effect on cash and cash equivalents	**–112**

The goodwill recognized is attributable to synergies in the form of expected cost savings and economies of scale achieved when integrated with Intrum Justitia's operations in Portugal.

Transaction costs attributable to the acquisition amount to SEK 2 M and are reported in the Group's administrative expenses.

Other acquisitions in 2015

In June, a minority stake was acquired in the French company IJCOF SAS, which operates in credit management for consumer receivables, whereby ownership rose from 70 percent to 100 percent. The investment amounted to SEK 13 M, and did not give rise to any goodwill in the consolidated balance sheet.

In October, 90 percent of the shares in a small credit management company in France, Cabinet PPN SAS, were acquired for a purchase consideration of SEK 11 M. The acquisition did not give rise to any goodwill in the consolidated balance sheet.

During the year, Intrum Justitia acquired shares in the joint venture Avarda AB for SEK 10 M.

Acquisition in 2014 of 100 percent of the shares in Profidebt

In January 2014, Intrum Justitia agreed to acquire 100 percent of the shares in Czech company Profidebt sro for a cash purchase consideration of SEK 90 M. The company's operations mainly comprised purchased debt and, at the time of acquisition, it held a portfolio of receivables that Intrum Justitia valued at SEK 276 M. The acquired company was consolidated as of February 2014. The acquisition analysis was detailed in the 2014 annual report.

Acquisition in 2014 of 100 percent of the shares in Advis

In January 2014, Intrum Justitia agreed to acquire 100 percent of the shares in the Danish company Advis A/S for a cash purchase consideration of SEK 174 M. Advis was a leading credit management company in Denmark – a market leader in the telecom sector, also with a strong presence in the media and energy segments. The acquired company was consolidated effective from September 2014. A preliminary acquisition analysis was presented in the 2014 annual report, but was adjusted as follows in 2015:

SEKm	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	28	2	30
Tangible fixed assets	1		1
Financial fixed assets	14	2	16
Current assets	6		6
Liquid assets	3		3
Provisions	0	–16	–16
Deferred tax	0	3	3
Other liabilities	–12		–12
Net assets	**40**	**–9**	**31**

Consolidated goodwill	143
Purchase consideration paid	–174
Acquired cash and cash equivalents	3
Net impact on cash and bank	**–171**

36 Critical estimates and assumptions

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognized amounts for assets and liabilities in future financial years are primarily the following:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was performed prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Purchased debt

As indicated in Note 16, the recognition of purchased debt is based on the company's own projection of future cash flows from acquired portfolios. Although the company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalized decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, the decision to amend a cash flow projection is preceded by a discussion between the local management in the country in question and the management of the service line. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Useful lifetimes of intangible fixed assets

Group management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lifetimes. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognized values for each balance sheet date for intangible fixed assets, see Note 10.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognized to the extent it is deemed likely that the deduction can be made against future taxable surpluses.

Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Reporting of Polish investment fund

The Group has operated in Poland since 2006 through an investment fund designed to purchase and own portfolios of written-off receivables. Intrum Justitia is the fund's only owner, and from the Group's perspective it essentially operates like a subsidiary. Against this backdrop, Intrum Justitia has resolved to consolidate the investment fund in the consolidated financial statements as a subsidiary.

37 Related parties

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

All transactions with related parties are conducted on market terms and at arm's length.

In 2015, Intrum Justitia purchased services for SEK 1 M (0) from Caperio AB, an IT company where Intrum Justitia's country manager in Sweden, Per-Henrik Persson is a Board member.

Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.

During the year, the Parent Company had SEK 102 M (92) of revenues from selling services to subsidiaries in the Group, and SEK 9 M (9) of costs for acquiring services from subsidiaries in the Group.

Consolidated Income Statement

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*	LTM
Net revenue	**179**	**135**	**647**	**691**
Employee benefit expense	–60	–50	–208	–218
Legal fee cost	–13	–11	–47	–50
Phone, postage and packaging	–5	–5	–19	–19
Other operating costs	–39	–23	–120	–136
Depreciation, amortisation and impairment	–14	–10	–85	–89
Results from operating activities (EBIT)	**48**	**36**	**167**	**179**
Net financial items	–50	–32	–156	–174
Profit (loss) before tax	**–2**	**5**	**11**	**5**
Income tax expense	–5	–5	–30	–30
Profit (loss) for the period	**–7**	**0**	**–18**	**–25**
Profit (loss) attributable to:				
Owners of the Company	–7	0	–18	–25
Profit (loss)for the period	–7	0	–18	–25

* Aktua included from 1 June 2016.

Consolidated Statement of comprehensive income

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*	LTM
Profit (loss) for the period	**–7**	**0**	**–18**	**–25**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	0	–1	–0	1
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	–0	2	7	5
Total comprehensive income for the period	–7	1	–12	–20
Attributable to:				
Owners of the Company	–7	1	–12	–20
Total comprehensive income for the year	–7	1	–12	–20

* Aktua included from 1 June 2016.

Consolidated Statement of financial position

EURm	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Fixtures and furniture	15	14	14
Goodwill	1,582	1,391	1,584
Other intangible assets	393	323	402
Loans and receivables	1,169	1,061	1,176
Deferred tax assets	42	70	39
Other financial assets	8	10	20
Non-current assets	**3,211**	**2,868**	**3,235**
Trade receivables	40	24	37
Current tax receivable	10	5	10
Other short-term receivables	130	78	136
Client funds	35	37	37
Cash and cash equivalents	73	51	59
Current assets	**288**	**195**	**280**
Total assets	**3,499**	**3,063**	**3,514**
EQUITY			
Share capital	9	9	9
Share premium	751	730	758
Retained earnings	1	51	2
Total equity	**762**	**790**	**769**
LIABILITIES			
Liabilities to credit institutions	404	0	409
Bonds	1,870	1,864	1,868
Other long-term liabilities	16	2	19
Employee benefit obligation	3	7	3
Deferred tax liabilities	65	49	63
Derivative financial instruments	23	0	23
Non-current liabilities	**2,381**	**1,922**	**2,385**
Trade payables	31	19	32
Borrowings	167	229	139
Client liabilities	35	37	37
Current tax liabilities	17	5	14
Other liabilities	107	59	138
Derivative financial instruments	0	2	0
Current liabilities	**357**	**351**	**361**
Total liabilities	**2,737**	**2,273**	**2,745**
Total equity and liabilities	**3,499**	**3,063**	**3,514**

Consolidated Statement of cash flow

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*
Operating activities:			
Results from operating activities (EBIT)	48	36	167
Amortisation, depreciation and impairment	14	10	85
Amortisation and revaluation of Purchased Debt	37	36	160
Interest paid	–59	–59	–156
Corporate Income tax paid	–3	–1	–14
Cash flow from operating activities before changes in working capital	**37**	**23**	**242**
Cash flow from changes in working capital:			
Decrease(+)/increase(-) in trade receivable	–3	–7	–11
Decrease(+)/increase(-) in other receivables	5	5	7
Decrease(+)/increase(-) in payment services receivables	3	–3	–14
Decrease(-)/increase(+) in trade payable	–2	6	12
Decrease(-)/increase(+) in other current liabilities	–5	–6	4
Cash flow (used in)/from operating activities	**35**	**18**	**239**
Investment activities:			
Acquisition of subsidiary, net of cash acquired	0	–1	–117
Acquisition of tangible fixed assets	–1	–1	–3
Acquisition of intangible fixed assets	–5	–4	–18
Proceeds from sale of shares	0	0	10
Acquisition of loans and receivables	–54	–23	–207
Cash flow (used in)/from investing activities	**–60**	**–28**	**–334**
Financing activities:			
Proceeds from new debt	142	44	667
Retirement of debt	–100	–39	–558
Other financial expenses paid	–3	–1	–7
Cash flow (used in)/from financing activities	**39**	**5**	**102**
Cash flow for the period	**14**	**–6**	**6**
Currency effect	1	4	–1
Cash and cash equivalents at the beginning of the period	59	53	53
Cash and cash equivalents at end of period	**73**	**51**	**59**

* Aktua included from 1 June 2016.

Consolidated Statement of changes in equity

EURm	Jan-Mar 2017	Jan-Dec 2016
Beginning balance, 1 January	**769**	**789**
Net income (loss) for the period	–7	–18
Remeasurements of post-employment benefit obligations	0	–0
Currency translation differences	–0	7
Other comprehensive income	–0	6
Total comprehensive income	**–7**	**–12**
Capital increase	0	1
Sold put option to non-controlling interest	–0	–10
Ending balance	**762**	**769**

Income Statement Parent Company

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Net revenue	0	1	2
Other operating costs	0	0	–2
Results from operating activities (EBIT)	**0**	**0**	**–1**
Finance income	13	10	46
Finance costs	–14	–10	–46
Net finance costs	**–1**	**0**	**–1**
Profit before tax	**–1**	**0**	**–1**
Income tax expense	0	0	0
Profit for the period	**–1**	**0**	**–1**

Statement of financial position Parent Company

EURm	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Investment in subsidiaries	761	739	767
Long-term receivables	644	452	644
Deferred tax assets	1	0	0
Non-current assets	**1,405**	**1,191**	**1,412**
Other short-term receivables	36	6	43
Current assets	**36**	**6**	**43**
Total assets	**1,441**	**1,197**	**1,454**
EQUITY			
Share Capital	9	9	9
Total restricted capital	**9**	**9**	**9**
Share Premium	751	730	758
Retained earnings	–2	0	–1
Total non-restricted capital	**749**	**730**	**757**
Total equity	**758**	**739**	**766**
LIABILITIES			
Liabilities to credit institutions	200	0	200
Bonds	444	451	444
Other long-term liabilities	3	2	2
Non-current liabilities	**647**	**452**	**646**
Borrowings	36	5	41
Other liabilities*	0	0	1
Current liabilities	**36**	**5**	**43**
Total liabilities	**683**	**458**	**688**
Total equity and liabilities	**1,441**	**1,197**	**1,454**
Pledged assets (shares in subsidiaries)	761	739	767

* EUR 13m has been reclassified from Other liabilities to Borrowings for the period ended 31 December 2016.

Notes to the audited consolidated financial statements

1 Accounting Principles

Lock Lower Holding AS consolidated financial statements for first quarter of 2017 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the Norwegian Accounting Act.

The consolidated financial statements have been prepared in accordance with the historical cost method, except for derivative instruments that are measured according to IAS 32.

The parent company's financial statements have been prepared in accordance with the Norwegian Accounting Act as well as NGAAP.

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous financial year for Lock Lower Holding AS (see consolidated Financial Statements of Lock Lower Holding AS 2016).

The Parent Company's reporting currency is euro (EUR), which is also the reporting currency for the Group. The consolidated financial statements are presented in EUR and all values are rounded to the nearest million (EURm) except when otherwise indicated. The consolidated and parent company accounts pertain to 1 January to 31 March for income statements and 31 March for items on the statements of financial position.

2 Operating segments

Management has determined the operating segments based on information reviewed by management for the purpose of allocating resources and assessing performance. Management considers the performance from a product perspective and separately considers the Debt Purchasing and Debt Collection segments. Both segments meet the quantitative thresholds required by IFRS 8 for reportable segments. Management assesses the performance of the operating segments based on a measure of Segment Earnings which is Net revenue minus direct operating expenses.

Revenues

Sales between segments are carried out at arm's length. Net revenue from external parties reported to management is measured in a manner consistent with that in the income statement. The following table presents a reconciliation of the reportable segments' main captions from profit and loss to the entity's profit and loss before tax.

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*
Net revenue from external customers			
Debt Purchasing	73	70	289
Debt Collection	99	59	330
Other	7	6	27
Total	**179**	**135**	**647**
Inter- segment revenue			
Debt Collection	27	26	112
Elimination	–27	–26	–112
Earnings per segment			
Debt Purchasing	41	39	158
Debt Collection	61	35	224
Other	1	1	8
Total	**103**	**76**	**390**

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*
Unallocated cost			
SG&A	–17	–15	–68
IT	–12	–9	–42
Other not allocated expenses	–12	–5	–28
EBITDA	**63**	**46**	**252**
Depreciation and amortisation	–14	–10	–85
EBIT	**48**	**36**	**167**
Net financial Items	–50	–32	–156
Profit (loss) before tax	**–2**	**5**	**11**
Purchased loans and receivables			
Beginning value	**1,176**	**1,070**	**1,070**
Amortisation	–40	–38	–167
Revaluation**	3	2	7
Portfolio acquisitions	23	24	241
Investment in portfolios through acquisitions***	9	0	22
Divestment and disposals	–3	–1	–1
Effect of change in FX rates	0	4	4
Ending value	**1,169**	**1,061**	**1,176**
Average carrying value of purchased debt	**1,173**	**1,066**	**1,123**
Return in Debt Purchasing (LTM)	14.3%	15.5%	14.1%

* Aktua included from 1 June 2016.

** Revaluation includes net portfolios revaluations and tail extensions.

*** Investment in portfolios through acquisitions for Q1 2017 (EUR 9m) relates to consolidation of co-investment due to IFRS requirements.

3 Alternative Performance Measures

The Lindorff Group uses the alternative performance measures “Adjusted EBITDA”, “Adjusted EBITDA excluding NRIs”, “Net Interest Bearing Debt to Proforma Adjusted EBITDA excluding NRIs (LTM)” and “Return in Debt Purchasing (LTM)”. The Group believes that the alternative performance measures are useful complements for users of the financial report. “Adjusted EBITDA” serves as a cash proxy and a measure that the Group considers to be relevant for understanding the results from operating activities adjusted for portfolio amortisation and revaluation. “Adjusted EBITDA excluding NRIs” is a similar measure which after the exclusion of non-recurring items provides a run rate result from operating activities. The “Net Interest Bearing Debt to Proforma Adjusted EBITDA excluding NRIs” (LTM) ratio is a leverage ratio used for reporting in relation to the Group’s bond indentures. “Return in Debt Purchasing (LTM)” is a ratio used for measuring the segment earnings in percentage of average book value of purchased loans and receivables for the last twelve months. Group definitions are unchanged from previous periods and ratios defined as below:

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016*	LTM Mar 2017	LTM Mar 2016
Net revenue from Debt Purchasing	73	70	289	292	276
Amortisation and revaluation	37	36	160	161	149
Collections and other revenue on purchased loans and receivables	**110**	**106**	**449**	**453**	**425**
Revenue from Debt Collection and Other Services	106	65	357	398	262
Employee benefit expense	–60	–50	–208	–218	–190
Legal fee cost	–13	–11	–47	–50	–44
Phone, postage and packaging	–5	–5	–19	–19	–17
Other operating costs	–39	–23	–120	–136	–93
Adjusted EBITDA	**100**	**83**	**412**	**429**	**343**
Non Recurring Items (NRIs)	8	5	21	25	18
Adjusted EBITDA excl. NRIs	**108**	**88**	**433**	**454**	**361**

* Aktua included from 1 June 2016.

EURm	LTM Mar 2017	LTM Mar 2016
Adjusted EBITDA excl. NRIs	454	361
Proforma acquisitions	14	8
Proforma Adjusted EBITDA excl. NRIs	**467**	**369**
Debt Purchasing Segment Earnings	160	147
/Average carrying value of purchased debt	1,115	944
Return in Debt Purchasing (LTM)	14.3%	15.5%
Net Interest Bearing Debt	2,372	2,073
Proforma Adjusted EBITDA excl. NRIs	467	369
NIBD/Proforma Adjusted EBITDA excl. NRIs (LTM)	**5.1**	**5.6**

EURm	31 Mar 2017	31 Mar 2016
Bonds	1,870	1,864
+ Non amortised fees and interest on bonds	40	47
Liabilities to credit institutions	404	0
+ Capitalised fees on liabilities to credit institutions	3	0
Borrowings	167	229
- Accrued interest on short term loan and bonds	–20	–16
- Payment services financing	–32	0
+ Other liabilities*	14	0
- Cash and cash equivalents	–73	–51
Net Interest Bearing Debt	**2,372**	**2,073**

* Other liabilities related to consolidation of co-investment due to IFRS requirements.

4 Fair value of financial assets and liabilities

	Book value	Fair value*	
EURm	31 Mar 2017	31 Mar 2017	FV – hierarchy
Financial assets at amortised cost			
Loans and receivables	1,169	1,169	3
Other financial assets	7	7	3
Trade receivables	40	40	3
Other short-term receivables	116	116	3
Cash and cash equivalents	73	73	
Financial assets at fair value through profit or loss			
Investment in shares and bonds	1	1	3
Total	**1,408**	**1,408**	
Financial liabilities at fair value through profit or loss			
Other liabilities	14	14	3
Financial liabilities at fair value through equity			
Put option	23	23	3
Financial liabilities at amortised cost			
Bonds	1,870	2,015	1
Long-term loan	404	404	3
Trade payables	31	31	3
Borrowings	167	167	3
Other liabilities	39	39	3
Total	**2,547**	**2,692**	

* See Annual Report Lock Lower Holding AS 2016 for description of calculation of fair value.

5 Borrowing

Revolving Credit Facility (RCF)	Drawn*	Security	Maturity	Interest	Margin	Participants
EURm	93	Super Senior secured	06.04.2020	Floating	EURIBOR+3.50%	Nordea, DNB, SEB, NYK

* Total RCF facility is EUR 342m, whereof EUR 25m is allocated to guarantees. As at 31 March 2017 EUR 93m was drawn, excluding EUR 11m in guarantees.

Non-syndicated loan	Drawn	Security	Maturity	Interest	Margin	Lender
EURm	200	Share Pledge	15.08.2022	Floating	EURIBOR+5.50%	GS International Bank

Bilateral facility	Drawn	Security	Maturity	Interest	Margin	Lender
NOKm	490	Negative pledge	06.04.2020	Floating	3m NIBOR+4.50%	Nordea

Securitization Facility	Drawn*	Security	Maturity	Interest	Margin	Lender
EURm	32	Receivables pledge	06.09.2022	Floating	3m IBOR+2.90%	Nordea

* Total facility is EUR 50m. As at 31 March 2017 EUR 32m was drawn. The securitization facility is not included in NIBD calculations in accordance with the Bond Indenture.

Bonds	Issue Date	Issue	Security	Maturity	Interest	Coupon	Issuer
EURm	06.08.2014	253	Senior secured notes	15.08.2020	Floating	3m EURIBOR+5.50%	Lock AS
EURm	07.11.2014	100	Senior secured notes	15.08.2020	Floating	3m EURIBOR+5.50%	Lock AS
EURm	10.09.2015	200	Senior secured notes	15.08.2020	Floating	3m EURIBOR+5.50%	Lock AS
NOKm	06.08.2014	1,680	Senior secured notes	15.08.2020	Floating	3m NIBOR+5.75%	Lock AS
EURm	06.08.2014	550	Senior secured notes	15.08.2021	Fixed	7.0%	Lock AS
EURm	07.11.2014	150	Senior secured notes	15.08.2021	Fixed	7.0%	Lock AS
EURm	10.09.2015	30	Senior secured notes	15.08.2021	Fixed	7.0%	Lock AS
EURm	06.08.2014	250	Senior notes	15.08.2022	Fixed	9.5%	Lock Lower Holding AS
SEKm	06.08.2014	1,850	Senior notes	15.08.2022	Floating	3m STIBOR+8.775%	Lock Lower Holding AS
Total (EURm)*		**1,910**					

* Total is in EURm equivalent based on closing rates 31 March 2017. Book value of long term liabilities is net of capitalised fees.

Lock Lower Holding AS Senior notes are on-lent to Lock AS at the same interest conditions as the issuer has.

Planned refinancing

The merger between Intrum Justitia and Lindorff announced on November 14, 2016 is subject to the approval of regulatory authorities in relevant jurisdictions as well as by the EU competition authorities. The transaction is expected to be completed during the second quarter of 2017, depending on the time required to obtain the regulatory approvals. If the transaction is completed as planned, substantially all of Lindorff's indebtedness, including the senior secured and senior notes and the RCF, will be refinanced.

Aktua facilities

EURm	Limit	Security	Maturity	Interest	Margin	Participants
PIK facility	30	Guarantee from Nordic	01.05.2023	Floating	EURIBOR+3.75%	DNB
Senior facility (Aktua)	70	Senior secured	05.06.2022	Floating	EURIBOR+3.00%	Deutsche, Santander, Sabadell and BankInter
Mezzanine facility (Aktua)	38	Secured	05.06.2022	Floating	EURIBOR+9.75%	Deutsche Bank
Senior facility (Kite)	24	Senior secured	05.03.2022	Floating	EURIBOR+3.00%	Deutsche, Santander, Sabadell and BankInter
Mezzanine facility (Kite)	12	Secured	05.06.2022	Floating	EURIBOR+9.75%	Deutsche Bank

6 Restricted Group

With reference to the indentures governing the outstanding notes of Lock Lower Holding AS and Lock AS as well as Lock AS's revolving credit facility, the companies in the Aktua Group are organised as unrestricted subsidiaries. A separate disclosure of Lindorff Group excluding the Aktua Group is presented in this note.

Financial highlights – Restricted Group

EURm unless otherwise stated	Jan-Mar 2017	Jan-Mar 2016	Change %	Jan-Dec 2016	LTM
Net revenue	147	135	9%	577	590
EBITDA	44	46	–6%	215	213
EBITDA margin (%)	30%	34%		37%	36%
EBITDA excl. NRIs	52	51	0%	230	230
Adjusted EBITDA	81	83	–2%	375	374
Adjusted EBITDA excl. NRIs	89	88	1%	390	392
EBIT	34	36	–8%	141	138
NIBD	2,223	2,073	7%	2,166	2,223
NIBD/Proforma Adjusted EBITDA (LTM)*	5.7	5.6		5.5	5.7
ERC, end of period	2,621	2,412	9%	2,641	2,621
Investments in Debt Purchasing	23	24	–1%	241	241
Return in Debt Purchasing (LTM)	14.3%	15.5%		14.1%	14.3%

* See definition on page •.

Consolidated Income Statement – Restricted Group

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	LTM
Net revenue	**147**	**135**	**577**	**590**
Employee benefit expense	–54	–50	–196	–199
Legal fee cost	–13	–11	–47	–49
Phone, postage and packaging	–5	–5	–18	–19
Other operating costs	–32	–23	–101	–111
Depreciation, amortisation and impairment	–10	–10	–75	–75
Results from operating activities (EBIT)	**34**	**36**	**141**	**138**
Net financial items	–47	–32	–147	–162
Profit (loss) before tax	**–14**	**5**	**–6**	**–25**
Income tax expense	–2	–5	–25	–23
Profit (loss) for the period	**–16**	**0**	**–32**	**–47**
Profit (loss) attributable to:				
Owners of the Company	–16	0	–32	–47
Profit (loss)for the period	–16	0	–32	–47

Consolidated Statement of comprehensive income – Restricted Group

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016	LTM
Profit (loss) for the period	**–16**	**0**	**–32**	**–47**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	0	–1	–0	1
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	0	2	4	2
Total comprehensive income for the period	**–15**	**1**	**–28**	**–45**
Attributable to:				
Owners of the Company	–15	1	–28	–45
Total comprehensive income for the year	**–15**	**1**	**–28**	**–45**

Consolidated Statement of financial position – Restricted Group

EURm	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Fixtures and furniture	14	14	13
Goodwill	1,412	1,391	1,413
Other intangible assets	276	323	281
Loans and receivables	1,169	1,061	1,176
Deferred tax assets	50	70	46
Other financial assets	83	10	94
Non-current assets	**3,004**	**2,868**	**3,025**
Trade receivables	33	24	32
Current tax receivable	3	5	3
Other short-term receivables	119	78	125
Client funds	34	37	36
Cash and cash equivalents	47	51	43
Current assets	**236**	**195**	**239**
Total assets	**3,240**	**3,063**	**3,264**
EQUITY			
Share capital	9	9	9
Share premium	751	730	758
Retained earnings	–14	51	–5
Total equity	**747**	**790**	**762**
Liabilities			
Liabilities to credit institutions	253	0	254
Bonds	1,870	1,864	1,868
Other long-term liabilities	7	2	11
Employee benefit obligations	3	7	3
Deferred tax liabilities	65	49	63
Non-current liabilities	**2,199**	**1,922**	**2,198**
Trade payables	29	19	31
Borrowings	144	229	118
Client liabilities	34	37	36
Current tax liabilities	11	5	12
Other liabilities	77	59	107
Derivative financial instruments	0	2	0
Current liabilities	**295**	**351**	**303**
Total liabilities	**2,494**	**2,273**	**2,502**
Total equity and liabilities	**3,240**	**3,063**	**3,264**

Consolidated Statement of cash flow – Restricted Group

EURm	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating activities:			
Results from operating activities (EBIT)	34	36	141
Amortisation, depreciation and impairment	10	10	75
Amortisation and revaluation of Purchased Debt	37	36	160
Interest paid	–57	–59	–149
Corporate Income tax paid	–3	–1	–8
Cash flow from operating activities before changes in working capital	**20**	**23**	**219**
Cash flow from changes in working capital:			
Decrease(+)/increase(-) in trade receivable	–1	–7	–11
Decrease(+)/increase(-) in other receivables	4	5	–6
Decrease(+)/increase(-) in payment product receivables	3	–3	–14
Decrease(-)/increase(+) in trade payable	–2	6	11
Decrease(-)/increase(+) in other current liabilities	–4	–6	2
Cash flow (used in)/from operating activities	**19**	**18**	**202**
Investment activities:			
Acquisition of subsidiary, net of cash acquired	0	–1	–106
Acquisition of tangible fixed assets	–1	–1	–3
Acquisition of intangible fixed assets	–4	–4	–17
Proceeds from sale of shares	0	0	10
Acquisition of loans and receivables	–54	–23	–207
Cash flow (used in)/from investing activities	**–59**	**–28**	**–323**
Financing activities:			
Proceeds from new debt	142	44	639
Retirement of debt	–97	–39	–521
Other financial expenses paid	–3	–1	–7
Cash flow (used in)/from financing activities	**43**	**5**	**110**
Cash flow for the period	**3**	**–6**	**–11**
Currency effect	1	4	1
Cash and cash equivalents at the beginning of the period	43	53	53
Cash and cash equivalents at end of period	**47**	**51**	**43**

7 Events after the end of the period

On April 12 Nordic Capital Fund VIII, currently the indirect majority shareholder in Lindorff, notified the European Commission of the intended combination of Intrum Justitia and Lindorff in order to proceed under the EU Merger Regulation. Target remains to close the transaction during Q2 2017, as previously communicated.

At the end of April 2017 Lindorff increased its foothold in Italy through a small bolt-on acquisition. The acquisition provides Lindorff with additional Debt Collection capabilities and is another step forward for the company in establishing a solid platform for both servicing and Debt Purchasing capabilities in the Italian market.

Definitions and Abbreviations

Definitions

Adjusted EBITDA	EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables
Collection performance	Collection performance on purchased loans and receivables compared to forecast
Direct opex	Operational expenses related to collection activities, excluding SG&A and IT cost
ERC	Estimated Remaining Collections next 180 months on purchased loans and receivables in Debt Purchasing
Gross collection in Debt Purchasing	Total principal, interest, collection fees and legal fees collected on purchased loans
Intersegment Revenue	Commission to the Debt Collection segment from the Debt Purchasing segment
Investments in Debt Purchasing	Acquisitions of non-performing loans and receivables (may differ from acquisition of loans and receivables in the cash flow statement due to actual payment of the acquisition may be due in another period)
NIBD	Net Interest Bearing Debt. Receivables financing is not included in the calculation of NIBD in accordance with the current Bond Indentures
NIBD/Proforma Adj EBITDA (LTM)	Net interest bearing debt divided by Proforma Adjusted EBITDA LTM excluding NRIs (Leverage ratio is adjusted for proforma effect of acquisitions in the given period. Not including investments in Debt Purchasing)
Portfolio revaluation	Change in carrying value of purchased loans and receivables due to changed collection forecasts
Restricted Group	Lock Lower Holding AS and all its subsidiaries subject to the restrictive covenants of the Senior Secured Notes, Senior Notes and RCF indenture
Return in Debt Purchasing	Last Twelve Months (LTM) segment earning in % of average book value of purchased loans and receivables for the last twelve months
Segment earnings	Segment EBITDA excluding SG&A and IT cost
Segment earnings Debt Collection	Includes earnings from collection on own portfolios and third party debt as well as Real Estate Servicing

Abbreviations

3PC	Third Party Collection
IDC	Internal Debt Collection
CAGR	Compounded Annual Growth Rate
Constant Currency	Fixed currency rates for comparable reporting periods
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
FTE	Full Time Equivalent employees
IRR	Internal Rate of Return
NIBD	Net Interest Bearing Debt
NPL	Non-performing Loan
NRIs	Non-recurring Items
LTM	Last Twelve Months
RES	Real Estate Servicing

To the General Meeting of Lock Lower Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lock Lower Holding AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key Audit Matter**
Valuation of goodwill associated with the collection business (See also note 12) We have focused on this area because it is a substantial part of the assets on the balance sheet and because the assessment of the need for goodwill impairment requires subjective judgement. We have during our audit focused on the two main assumptions management uses when calculating of the recoverable amount: • Future estimated cash flows • Discount rate	We assessed the future estimated cash flows used by management when calculating the value in use for the collection business. We challenged the the growth assumptions applied by management through interviews and by comparing the assumptions against historical growth rates achieved. We also compared the actual historical results in the purchased business against the assumptions used in the purchase price allocation. Furthermore, we have compared the estimated cash flows against the actual year to date cash flows from the cash-generating unit. We have assessed the applied discount rate by comparing critical input to observable market data, where applicable. We compared non-observable input to external research and market reports, and challenged management on the reasonability of the applied inputs. We also compared the book value of goodwill with the implicit value of the goodwill based on the merger agreement with Intrum Justitia entered into in 2016. The result of the testing showed that the assumptions used by management when calculating the recoverable amount of goodwill were reasonable.
Calculation of amortised cost for purchased loans and receivables *(See also note 14)* We have focused on the calculation of amortised cost for purchased loans and receivables because it is a substantial estimate in the financial statements which involves a significant amount of data requiring accuracy in the calculation. The estimates are primarily related to assessment of future cash flows expected from the individual portfolios of purchased loans and receivables.	We assessed the estimated future cash flows management used when calculating amortised cost for purchased loans and receivables. We compared the historical actual cash flows with the assumptions used when calculating the effective interest rate upon the purchase of the portfolios. When identifying larger deviations we assessed the reasonableness of the explanations from management supporting the conclusion not to change future estimated cash flows in accordance with historical under or over performance. In the instances where management changed future estimated cash flows, we assessed the reasonableness of management's explanation for the changes made. The result of the testing showed that the assumptions used by management when determining future estimated cash flows were reasonable.

With regards to the accuracy of the data used in the calculation of amortised cost, we performed a series of tests of the data against supporting documentation; for example testing that the future estimated cash flows for a sample of portfolios purchased in 2016 agreed to the cash flows used when calculating the purchase price for the portfolios. We also performed testing to ensure that income from portfolios were accurately recorded in accordance with the amortised cost principle. Our tests included for example a recalculation of recognised interest income by multiplying book value at the start of the period by the effective interest rate and comparing the sum of recalculated interest income with the booked interest income in the general ledger.

The testing did not detect material unexplained differences.

Other information

Management is responsible for the other information. The other information comprises Key Figures, the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility and Alternative performance measures (APMs), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the Board of Directors with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information,* it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 23 February 2017
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

Consolidated Income statement

EURm		1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Net revenue	5	**647**	**534**
Employee benefit expense	6	–208	–187
Legal fee cost		–47	–43
Phone, postage and packaging		–19	–18
Other operating costs	7	–120	–100
Depreciation and amortisation	10,11	–85	–37
Results from operating activities (EBIT)		**167**	**150**
Finance income	8	1	1
Finance costs	8	–157	–173
Net finance costs		**–156**	**–172**
Profit or loss before tax		**11**	**–23**
Income tax expense	9	–30	6
Profit or loss for the year		**–18**	**–16**
Profit or loss attributable to:			
Owners of the Company		–18	–16
Profit or loss for the year		**–18**	**–16**
Earnings per share, basic and diluted (EUR)		**–22**	**–19**

Consolidated statement of comprehensive income

EURm		1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Profit or loss for the year		**–18**	**–16**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurements of post employment benefit obligations gain(+)/loss (-)	26	–0	4
Tax on remeasurement of post employment benefit obligations	26	0	–1
		–0	**3**
Items that may be subsequently reclassified to the income statement			
Currency translation differences		7	–2
Other comprehensive income for the year, net of tax		**6**	**1**
Total comprehensive income for the year		**–12**	**–15**
Attributable to:			
Owners of the Company		–12	–15
Total comprehensive income for the year		**–12**	**–15**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of financial position

EURm	Notes	As at 31 December 2016	As at 31 December 2015
ASSETS			
Fixtures and furniture	10	14	14
Goodwill	12	1,584	1,384
Other intangible assets	11	402	327
Purchased loans and receivables	14	1,176	1,070
Deferred tax assets	9	39	71
Other financial assets	15	20	12
Non-current assets		**3,235**	**2,878**
Trade receivables	16	37	21
Current tax receivable		10	5
Other short-term receivables	17	136	73
Client funds		37	38
Cash and cash equivalents	18	59	53
Current assets		**280**	**191**
Total assets	13	**3,514**	**3,069**
EQUITY			
Share Capital	19	9	9
Share Premium	19	758	715
Retained earnings		2	66
Equity attributable to owners of the Company		**769**	**789**
Total equity		**769**	**789**
Liabilities			
Liabilities to credit institutions	23	409	—
Bonds	23,27	1,868	1,860
Other long-term liabilities	24	19	1
Employee benefit obligation	26	3	7
Deferred tax liabilities	9	63	47
Derivative financial instruments	25	23	—
Non-current liabilities		**2,385**	**1,915**
Trade payables	21	32	19
Borrowings	23	139	242
Other liabilities	22	138	58
Client liabilities		37	38
Current tax liabilities		14	5
Derivative financial instruments	25	—	2
Current liabilities		**361**	**365**
Total liabilities	13	**2,745**	**2,280**
Total equity and liabilities		**3,514**	**3,069**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of cash flow

EURm	Notes	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Cash flows from operating activities:			
Results from operating activities (EBIT)		167	150
Non-cash items:			
Amortisation, depreciation and impairment	10,11	85	37
Amortisation and revaluation of purchased loans and receivables	14	160	144
Cash items:			
Interest received	8	0	1
Interest paid		–156	–152
Corporate income tax paid	9	–14	–36
Cash flows from operating activities before changes in working capital		**242**	**144**
Cash flows from changes in working capital:			
Decrease/(increase) in trade receivable	16	–11	–8
Decrease/(increase) in other receivables	17	7	–4
Decrease)/increase in payment services receivables	17	–14	–35
(Decrease)/increase in trade payable	21	12	–2
(Decrease)/increase in other current liabilities	22	4	–4
Net cash generated from operating activities		**239**	**90**
Cash flows from investing activities:			
Acquisition of subsidiaries	29	–117	–33
Acquisition of tangible fixed assets	10	–3	–5
Acquisition of intangible fixed assets	11	–18	–40
Acquisition of loans and receivables		–207	–396
Proceeds from sale of shares		10	1
Net cash used in investing activities		**–334**	**–472**
Cash flows from financing activities:			
Proceeds from new debt	23	667	671
Repayment of borrowings	23	–558	–327
Loans to group companies	30	–0	–2
Other financial expenses paid	23	–7	–8
Net cash used in financing activities		**102**	**334**
Net (decrease)/increase in cash and cash equivalents		**6**	**–48**
Currency effect		–1	2
Cash and cash equivalents at the beginning of the year	18	53	99
Cash and cash equivalents at end of year	18	**59**	**53**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of changes in Shareholders' equity

EURm	Notes	Share capital	Share premium	Retained earnings	Total equity
Balance as at 1 January 2016		**9**	**715**	**66**	**789**
Profit/loss for the year				–18	**–18**
Other comprehensive income for the year:					
Translation differences		1	42	–36	**7**
Total comprehensive income for the year		**1**	**42**	**–54**	**–12**
Capital increase/(reduction)			1		**1**
Sold put option to non-controlling interest	25			–10	**–10**
Balance as at 31 December 2016		**9**	**758**	**2**	**769**

EURm	Notes	Share capital	Share premium	Retained earnings	Total equity
Balance as at 1 January 2015		**9**	**760**	**35**	**805**
Profit/loss for the year				–16	**–16**
Other comprehensive income for the year:					
Remeasurements of post employment benefit obligations	26			3	**3**
Translation differences		–1	–45	43	**–2**
Total comprehensive income for the year		**–1**	**–45**	**30**	**–15**
Balance as at 31 December 2015		**9**	**715**	**66**	**789**

The accompanying notes are an integral part of these financial statements

Notes to the consolidated financial statements

1 General information

The parent company Lock Lower Holding AS is a registered company domiciled in Oslo, Norway with office address at Hoffsveien 70B, 0377 Oslo, Norway. The company is 100% owned by Lock Upper Holding AS, Hoffsveien 70B, 0377 Oslo. The ultimate parent is Cidron 2013 Ltd, 26 Esplanade, St Helier Jersey JE2 3QA.

Lock Lower Holding AS (the company) and its subsidiaries (together the Group) have two core business segments; Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of the acquisition, management and collection of mainly unsecured non-performing loans. The Debt Collection segment consists of collection for various external clients and on portfolios of loans and receivables owned by Debt Purchasing as well as Real Estate Servicing. Other services include invoice and payment services.

In 2016 the Group had offices in 13 countries – Denmark, Finland, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Russia and the Baltic States (Estonia, Latvia, Lithuania). Russia was closed down in December 2016.

The consolidated financial statements of the Group for the period ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2017 and presented to the Annual General Meeting on the same date.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Lock Lower Holding AS and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as approved by the EU (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value through profit or loss or at fair value through other comprehensive income.

The parent company's functional currency is in Norwegian Krone (NOK) and the presentation currency for the parent company and for the Group is Euro (EUR). The consolidated financial statements are presented in EUR and all values are rounded to the nearest million (EURm) except when otherwise indicated. The consolidated and parent company accounts pertain to 1 January to 31 December for income statements and 31 December for items on the statements of financial position.

2.1.1 Changes in accounting policy and disclosures

Financial statements for the period ended 31 December 2016 are the third financial statement for Lock Lower Holding AS Group.

For information regarding Lindorff previous years see Lindorff First Holding AB Annual report 2013.

The Group has adopted all new and revised standards and interpretations issued by IASB and IFRIC and approved by EU if relevant to the business and come into force for the accounting year starting 1 January 2016.

2.1.2 New standards and interpretations not yet adopted

Certain new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2017 have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. Below is a short description of the new standards and interpretations:

IFRS 9 Financial Instruments:

IFRS 9, 'Financial instruments' will replace IAS 39, and addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. IASB has issued a package of improvements for the accounting of financial instruments. The package contains a model for the classification and measurement of financial instruments, a simplified approach to hedge accounting and a forward-looking impairment model. IFRS 9 requires financial assets to be classified in three categories: valuation at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new standard also implements a new model for impairment of financial assets. The new impairment model is an expected credit loss (ECL) model.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not currently have any such liabilities. The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has no material hedging instruments, and hence the effect on the combined financial statements is not expected to be significant for the Group.

The Groups preliminary assessment is that loans and receivables purchased by the Group should, in accordance with IFRS 9, continue to be recognized at amortised cost, as in IAS 39, and hence there will be no change to the accounting for these assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as in the case under IAS 39. It applies to financial assets classified at amortised cost and loan commitments. The implementation of IFRS 9 could lead to increased provisions for credit loss related to the Group's payment services, due to the change from an incurred loss model to an expected loss model. The new model for impairment of financial assets will in most cases result in a higher impairment recognised at an earlier stage. Payment services, which is an Invoice and Part Payment solution to merchants, currently represents a small part (<5%) of the Group's operations and financial assets. Changes in provisions for credit loss related to payment services are consequently not expected to be significant for the Group's combined financial statements. IFRS 9 will come into effect on 1 January 2018. IFRS 9 was approved by European Commission at 22 November 2016 and early adoption is permitted. The Group will not utilise the opportunity for early adoption.

IFRS 15 Revenue from Contracts with Customers:

IFRS 15, 'Revenue from Contracts with Customers', will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard will be effective for annual periods beginning on or after 1 January 2018 and is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. IFRS 15 implements a new model to consider transaction price, allocation and recognition. The revenue model can be illustrated as a 5-step model that has to be evaluated, concluded and documented for each contract. It has extensive disclosure requirements. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Contracts with customers that will be accounted for in accordance with IFRS 9 Financial instruments shall, however, follow the requirements in IFRS 9, as they are scoped out of IFRS 15. The Group's revenue on purchased loans and receivables are recognised according to IFRS 9 at amortised cost using the effective interest method, and consequently, will not be affected by the implementation of IFRS 15. Lindorff has not finalised the investigation of the impact on the segments Debt Collection or Other Services, but as the majority of the revenues from these segments relates to commission and debt collection fees recognised on collection of the debt, the current assessment is that the new standard will not have any significant impact on the Groups financial statements. IFRS 15 is yet not approved by Norwegian Accounting Standards Board (NASB).

IFRS 16 Leases:

IFRS 16 was issued in January 2016 and will be effective for annual periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of EUR 45m, see note 28. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases which are not in the scope of the standard and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The Group will make more detailed assessments of the impact over the next twelve months. IFRS 16 is not yet approved by European Commission.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

Subsidiaries

The consolidated financial statements comprise the financial statements of Lock Lower Holding AS and entities where the Group has controlling interest (subsidiaries). Controlling interest is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company obtains and exercises control through direct or indirect voting rights. Controlling interest will normally exist when the Company has voting rights of more than 50% through ownership or agreements.

Co-investments

Entities where Lindorff holds majority of equity but co-investors have the controlling interest of the entity are not consolidated.

Other investment structures

Investments in other entities within our industry via financial instruments are consolidated if Lindorff through servicing agreements and investment has the power to govern the financial and operating policies of the entity to obtain benefits from its activities. In case the consolidation requirements are not met, the investment is reported as ownership in relative part of assets and liabilities as well as net revenue and expenses.

Equity transactions

If put options are issued to non-controlling shareholders, it is reported as a financial liability at the present value of future payments. Any revaluations are recognised through equity as transactions between shareholders.

Consolidation principles

The financial statements of the subsidiaries are prepared using the same reporting year as the parent company, but they are not always prepared in accordance with IFRS. Consequently, for consolidation purposes, the figures for the subsidiaries have been revised to conform to the Group accounting policies in accordance with IFRS. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of control is obtained and until the control ceases. Intercompany transactions, balances, revenues and expenses are eliminated in consolidation. This also applies for unrealized internal gains and losses.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

There is a reassessment of the allocation of the acquisition price within 12 months after the acquisition date when the initial accounting for a business combination can be determined only provisionally.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised in two main operating segments: Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of acquisition and management of mainly unsecured non-performing loans and receivables. The Debt Collection segment consists of collection for various clients and on portfolios of loans and receivables owned by Debt Purchasing as well as Real Estate Servicing.

The Group’s Other segment relates to revenues not related to the main operating segments.

The total revenue from external customers and intersegment sales are specified by country in note 5.

2.4 Foreign currency translation

The consolidated financial statements are presented in EUR, which is the Group’s presentation currency.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented (i.e. including comparatives) are translated at the closing rate at the date of the financial position;

b) income and expenses for each income statement (i.e. including comparatives) are translated at average exchange rates and

c) all exchange differences are recognised in other comprehensive income

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in income statement within “finance income or costs”. Foreign exchange gains and losses on non-monetary financial assets and liabilities such as financial liabilities at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Tangible assets

Tangible assets are recognised at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment. Such cost includes the cost of replacing part of such tangible assets when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets. The useful lives of tangible assets, fixtures and furniture are three to five years.

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset’s residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The Group’s intangible assets are assessed to be finite except goodwill and brand.

Intangible assets with finite lives are mainly amortised on a straight-line basis over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as an expense and included in “Amortisation of intangible fixed assets”.

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The operating segment level is Debt Purchasing and Debt Collection. The goodwill is mainly allocated to the Debt Collection segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Brand

Any debt collection contracts awarded for reasons other than price alone are considered to be a result of brand name. Lindorff brand is well known and respected and ensures us to be invited to participate in competitive tender offers we otherwise might not be eligible to.

Brand arose on acquisition of subsidiary and got measured on initial recognition at cost. Of the three main approaches to value the brand - Income, Market and Cost, Relief and Royalty income approach was consider to be the most appropriate method for brand valuation.

Brand is assumed to have an indefinite useful life and impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

c) Client relationships

Client relationships are recognised in connection with business combinations and include the rights related to collection contracts with a third party and got measured on initial recognition at cost. Client relationships contracts are amortised straight line over their estimated useful lives. For client relations the estimated useful life corresponds to the contract period (maximum 10 years).

d) Internally developed software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, capitalised as part of the software product, include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years unless strong indication of a longer useful life is demonstrated (for instance by an underlying contract).

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non-financial assets other than goodwill are reviewed for possible reversal at each end of the reporting period. An assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Financial assets

2.8.1 Classification

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit and loss or loans and receivables, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The Group's financial assets and derivatives at fair value through profit and loss comprise only minor investments in shares.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise mainly portfolios of purchased non-performing loans, “trade and other receivables” and “cash and cash equivalents” (see note 14). Client funds are recognised on a separate line in the Statement of financial position and therefore not included in the Group's reported liquid assets.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the contractual rights to receive the cash flows have expired or the Group has transferred the financial assets without retaining control or substantially all the risk and rewards of ownership of the financial assets.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other (losses)/gains-net" in the period in which they arise.

Purchased loans and receivables

Purchased loans and receivables are portfolios of non performing claims. A portfolio is defined to be the lowest reliable level for pool of accounts with similar attributes. Typically, each portfolio consists of an individual acquisition of accounts. Each portfolio is classified in the loans and receivable category and is initially recorded at fair value including external cost of acquiring the portfolio. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments from recalculation of the estimated future cash flows.

The accounting policy is also applied when one or more portfolios are acquired in a business combination.

Significant estimates are made by the management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by management on a rolling 15 year basis. If the cash flow estimates are revised, the carrying amount is recalculated to reflect actual and revised estimated cash flows by computing the present value of estimated future cash flows using the initial effective interest rate. An adjustment in the carrying amount is recognised in net revenue. See 2.20 Revenue recognition for further information.

Management's interpretations of historical cash flows, type of receivable, age, face value of the individual account and experience from other portfolios form the basis for the cash flow estimates. As these estimates are prepared on a rolling 15 year basis, an additional year is included in the 15 year cash flow forecast each year. The effect of including an additional year is recorded as a revaluation in the income statement. Actual results may differ from the estimates, making it reasonably possible that a change in estimates could occur within one year and impact the carrying value of the related loans and receivables. On a quarterly basis, management reviews the estimates of future cash flows, and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates.

On a regular basis, the Group acquires portfolios on a forward flow basis. This means that a contract is established for purchases of debt at an agreed price, but where the volumes of debt are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on weekly, monthly or quarterly basis. The effective interest rate is calculated by contract and used for each batch. If experience indicates a change in the attributes of the claims management may decide to apply a new effective interest rate for new batches.

Other financial assets

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

2.9 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's initial effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially and subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the income statement.

If put options are issued to non-controlling shareholders, it is reported as a financial liability at the present value of future payments. Any revaluations are recognised through equity as transactions between shareholders.

2.11 Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any credit losses recognised.

Legal fees/bailiff costs: The Group incurs outlays for bailiff/court costs, legal representation, enforcement authorities, etc. which can be charged to and collected from debtors. In certain cases Lindorff has agreements with its clients where expenses that cannot be collected from the debtor are instead refunded by the client. The amount that is expected to be recovered from the client is recognised as an asset in Other short term receivables.

Client funds: Client funds are reported as assets and liabilities in the statement of financial position and comprise cash received on collection of a specific debt on behalf of a client and which are to be passed on to the clients within a specified period.

2.12 Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.13 Equity

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits. Retained earnings include all current and prior period results as disclosed in the income statement.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The upfront fees are a part of the borrowing cost and are recognised as an expense in accordance with the effective interest method.

2.16 Borrowing costs

Borrowing costs other than upfront fees are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Employee benefits

a) Pension benefits

The Group has various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit than an employee will receive on retirement, usually depended on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on governments bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment or termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonus based on a formula that takes into consideration the agreed terms.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.20 Revenue recognition

Net revenue is measured at the fair value of the consideration received and represents interest and amounts receivable for services supplied, stated net of discounts and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

a) Commission and debt collection fees in Collection are recognised on collection of the debt

b) Income from subscription services is recognised proportionally over the duration of the agreement, usually one year

c) Income from other services are recognised when the service is provided

d) Revenue on portfolios of purchased loans and receivables are recognised using the effective interest method

Purchased loans and receivables consists mainly of portfolios of delinquent consumer debts purchased at prices significantly below the nominal face value and are recognised according to IAS 39 for loans and receivables, i.e. at amortised cost using the effective interest method. According to the effective interest method, the carrying value of each portfolio corresponds to the present value of gross projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, and the method also allocates the interest revenue over the relevant period. The initial effective interest rate is based on the relation between acquisition cost and the projected future cash flows on the acquisition date.

With the projection of future gross cash flows and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. If appropriate, the Effective Interest Rate (EIR) is reassessed and adjusted up to 12 months after the purchase of the portfolio of overdue receivables to reflect refinements made to our estimates of future cash flows based on enhanced data and analysis considered during that time period. This adjustment has historically not resulted in any material impact on our income from purchased portfolios.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information. Cash flow projections are made at portfolio level, since each portfolio of receivables consists of homogeneous accounts. On the basis of the updated cash flow projections and the initial effective interest rate, a new carrying value for the portfolio is calculated at the end of the reporting period.

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value, and as a result, net revenue.

Income on portfolios is accrued monthly based on each portfolios effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period is recorded as revenue in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period is recorded as a reduction of revenue in the period. Compensation received due to price adjustments for portfolios acquired are recorded as an adjustment to the book value.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2.22 Dividend distribution

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Shareholder's General Meeting.

2.23 Earnings per share

Basic earnings per share (EPS) are computed by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after reversal of interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

2.24 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

2.25 Classification in the statement of financial position

Current assets and short-term liabilities include items due less than one year from the balance sheet date, and items tied to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Other assets are classified as non-current assets.

2.26 Cash flow statement

The indirect method is used for the cash flow statement. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined in 2.12.

Cash related to acquisition of portfolios of loans and receivables is included in investing activities while payments and amortisation on these portfolios are included in operating activities.

3 Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Revenue recognition Purchased loans and receivables

The Group uses the effective interest method to account for portfolios and loans. The use of the effective interest method requires the Group to estimate future cash flows from loans and receivables at each balance sheet date. The underlying estimates that form the basis for revenue recognition depends on variables such as the ability to contact the debtor and reach an agreement, timing of cash flows, general economic environment and statutory regulations. If the estimations are revised, the Group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IAS 39 paragraph AG8. Events or changes in assumptions and managements judgment will affect the recognition of revenue in the period.

Book value of Purchased loans and receivables

Loans and receivables (portfolios) consist mainly of acquired non-performing unsecured loans and non-derivative financial assets without fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Events or changes in assumptions and managements judgment will affect the cash flow for the portfolios and therefore also the net present value of future cash flows and the book value of the portfolios. See note 14.

Impairment of goodwill

The Group determines whether goodwill is impaired when circumstances indicate that there may be a potential impairment. Estimating recoverable amounts of assets and companies are partly based on management's evaluation, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's estimation of future events may give rise to impairment losses.

Impairment of goodwill is evaluated on an annual basis and determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Estimating the recoverable amount requires the Group to make assumptions regarding the expected future cash flow and the discount rate used to calculate the net present value of those cash flows. See note 12.

Useful lifetime of brand name

Brand is originated from the acquisition of Lindorff in 2014 and was measured on initial recognition at cost. Of the three main approaches to value the brand - Income, Market and Cost, Relief and Royalty – Income approach was considered to be the most appropriate method for brand valuation.

Brand is assumed to have an indefinite useful life and impairment reviews are undertaken by Group Management annually or more frequently if events or changes in circumstances indicate a potential impairment. See note 11.

Deferred Income Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subject to income taxes in some jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 Financial risk management

4.1 Financial risk factors

Risk management in Lindorff

The risk management process in Lindorff Group is based on the bottom up principles; this implies that risk shall be handled where it arises. The underlying premise of the risk management process is that Lindorff Group exists to provide value for its stakeholders. Head of Group Treasury has responsibility for identifying, measuring and controlling financial risk within the Group. Furthermore the Decision Meeting (DM) process has specific requirements for the risk management in the process, such as for portfolio investments, etc. The DM-structure is hierarchical in three levels, named 1 to 3. On the highest level, level 1 (DM1), there is only one occurrence, led by the CEO of the Group. On the second level there is one DM for each Group function and Group product. On the third level there is one DM per country. Every DM3 is within the hierarchy of the actual DM2. Significant risk from Group Treasurer and the DM processes is a part of the overall annually risk assessment.

It is annually performed a documented risk assessment as part of the integrated budget planning process. In addition to the annually risk assessment as part of the integrated budget planning process there is also performed risk assessments in the various business process when significant changes occurs, both related to the business, the organization and more. The Board of Directors in Lindorff Group annually receives a report on the key risks in Lindorff Group. The risk units report periodically their unit's high risks and status on their mitigation plan to the CEO. The risk reporting within the risk unit and from the risk unit and to the next management/decision level shall be aligned with their existing management reporting process (such as the DM process, local business reviews, etc.).

Lindorff Group is exposed to financing risk, market risk, currency risk, interest rate risk, credit risk and liquidity risk. The risk management guidelines set out in the Group Treasury Policy approved by the Board of Directors aim to reduce the effect of volatility in financial markets and the potential adverse effects that can have on the Group's financial performance.

a) Market risk

The services and products offered in the respective local geographical markets are subject to strict local laws and regulations including requirements for debt collection licenses.

i) Market and regulatory environment

The main market risk is related to general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets the Group is present in and which affect the debtors' ability to pay and the vendors' ability and willingness to sell portfolios of loans and receivables and potential commission from third party collection.

ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK (Norwegian krone), SEK (Swedish krone) and PLN (Polish zloty) compared to the Group's internal and external reporting currency EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's strategy is to manage and limit currency risk. The following exchange rates have been used to translate NOK, SEK, PLN and DKK in the financial accounts:

NOK	2016	2015
Average	9.29	8.94
Closing	9.09	9.62

SEK	2016	2015
Average	9.46	9.35
Closing	9.55	9.18

PLN	2016	2015
Average	4.36	4.18
Closing	4.41	4.25

DKK	2016	2015
Average	7.45	7.46
Closing	7.43	7.46

Foreign exchange exposures can be classified into the following groups:

Transaction exposure

Transaction exposures are concentrated to as few Group's entities as possible in order to create "natural hedges" where positive exposures are off-set by negative, i.e. incoming foreign currency cash flows are off-set by outgoing cash flows.

In the operating entities, revenues and operating expenses are mainly denominated in local currencies, and thus currency fluctuations have only a limited impact on operating earnings. National operations seldom have receivables and liabilities in foreign currency.

Transaction exposure is hedged when there is a high degree of certainty in terms of the size and timing of the currency flow.

Translation exposure

In 2016 the Group operated in 13 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into EUR for inclusion in the consolidated financial statements. Approximately 38% (2015: 42%) of the Group's revenue is in foreign currency. Consequently, fluctuations in exchange rates against EUR affect the Group's revenue and earnings, as well as equity and other items in the financial statements.

Economic value exposure

The relative economic value based on Net sales, Cost of Sales, Operating expenses, EBIT, is exposed to foreign exchange fluctuations.

The largest relative economic value deriving from non-EUR currencies, are protected by means of external financing denominated in the corresponding currencies at the same relative currency mix. Interest payments and debt repayments on bank debt and bonds serve as a natural hedge of future operating cash flows in the relevant currencies.

The Group's revenue is distributed by currency as follows:

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
EUR	404	308
DKK	22	23
NOK	152	138
SEK	59	57
Other currencies	9	7
Total	**647**	**534**

If currencies had weakened/strengthened by 10% in average against the presentation currency EUR with all other variable held constant, net revenues would have decreased/increased by approximately EUR 24m (2015: 21m).

Revenue and debt currency split

	2016	
EURm	Revenue	Debt
EUR and DKK	66%	82%
NOK	24%	10%
SEK	9%	8%
Other currencies	1%	0%
Total	**100%**	**100%**

Revenue and debt currency split

EURm	2015 Revenue	2015 Debt
EUR and DKK	62%	82%
NOK	26%	8%
SEK	11%	10%
Other currencies	1%	0%
Total	**100%**	**100%**

b) Interest rate risk

Interest rate risk refers to the risk that the value of cash flow related to financial instruments, interest bearing assets and liabilities varies due to fluctuations in market interest rates. Currently, Lindorff Group is in a net debt position and consequently exposed to rising interest rates.

Hedging may be arranged by raising fixed rate debt and by fixing interest rates with derivatives. The composition of the duration on debt and related derivatives should be a balance between floating interest rates in order to reduce interest expense over time and fixed interest rates to increase the stability of interest expense, with the objective of maintaining an optimal weighted average maturity.

As of 31 December 2016 the share of fixed rate debt was 40%. The floating rate debt is tied to the market rate with quarterly or annually interest fixing. A one percent increase in market interest rates would have adversely affected net financial items by approximately EUR 14m. A five percent increase in market interest rates would have adversely affected net financial items by approximately EUR 72m

c) Credit risk

Credit risk is managed on a Group basis. Credit risk is the risk that Lindorff`s counterparties are unable to fulfil their obligations to the Group. To reduce the risk of having counterparts who are unable to fulfil their obligations, the Lindorff Group only use counterparts with high credit worthiness for hedging and cash placement purposes. Counterparts shall be pre-approved by the Board of Directors. An upper limit is also defined with respect to the size of hedging and cash placement amounts with each counterpart.

Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from assets such as cash and cash equivalents, guarantees and derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables; Purchased loans and receivables and outlays on behalf of clients. For financial assets owned by Lindorff, no collateral (very limited) or other credit reinforcements have been received.

The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

There is also a limited risk of loss linked to the Group’s Third Party Debt Collection, however the risk is primarily carried by the client.

Portfolios of purchased loans and receivables

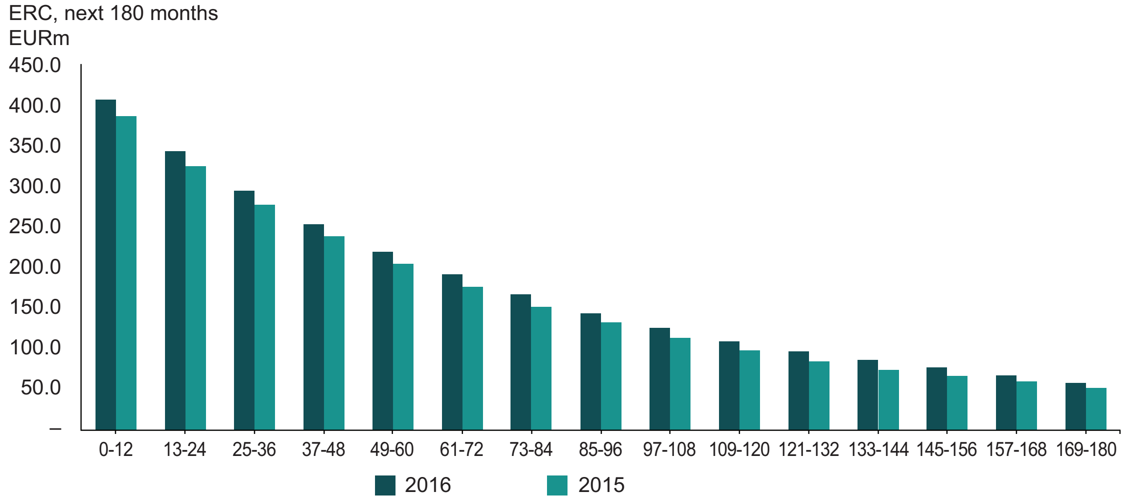
To minimize the risks related to purchase of non- performing claims, caution is exercised in purchase decisions. Purchases are usually made from clients with whom the Group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. Purchased loans and receivables are usually purchased at prices significantly below the nominal value of the receivables, and are not collateralised. Lindorff retains the entire amount collected, including interest and fees.

Lindorff has high yield requirements on purchased loans and receivables. Before every acquisition, a careful assessment is made based on a projection of future cash flows (estimated gross collection less expected costs of collection) from the portfolio. In its calculations, Lindorff is aided by its long experience in collection management and its valuation models.

Scoring entails the consumer’s payment capacity being assessed with the aid of statistical analysis. Lindorff therefore believes that it has the expertise required to evaluate these types of receivables.

Purchased portfolios are under constant surveillance by local Debt Purchasing departments, and there are performed quarterly reviews of the portfolios on Group level based on reports on each portfolio.

Information on acquired loan portfolios is presented in Note 14. Considering that essentially all of Lindorff's portfolios are non-performing, age analyses of non-performing loans are, from a risk perspective, considered to be of limited relevance and are consequently not disclosed. Estimated Remaining Collection (ERC) is considered as a more important parameter for the Group's credit risk management. ERC on Lindorff owned portfolios was EUR 2,641m (2015: 2,442m) as at 31 December 2016.



To facilitate the purchase of larger portfolios at attractive risk levels, Lindorff works in co-operation with other companies, primarily in Spain and Lithuania. In July 2016 Lindorff established a co-investment structure in Ireland for purchase of portfolios. In October 2016 Lindorff entered into a strategic partnership with CarVal Investors and AlbaCore Capital. The partners have committed to deploy up to EUR 350m in unsecured non-performing loans in Europe. Risks are further diversified by acquiring receivables from clients in different sectors and different countries.

A share of the investments in purchased loans and receivables has been made as forward flow agreements (see note 28), meaning that the Group has committed to buy non-performing debt portfolios for delivery in future periods. The duration of the contracts is usually not more than 12 months and for the majority of contracts Lindorff has the possibility to decline to acquire the portfolios if the credit quality of the claims are significant weaker than assumed in the agreement.

The Group's purchased loans and receivables in 2016 included debtors in 13 countries and the carrying value is distributed as follows:

Purchased loans and receivables Carrying value per country

EURm	31 Dec 2016	31 Dec 2015
Denmark	55	61
ECE*	100	111
Italy	39	19
Germany	259	219
The Netherlands	36	40
Norway	264	221
Poland	30	33
Spain	165	130
Sweden	228	237
Total	**1,176**	**1,070**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables per country/in percent of total carrying value

	31 Dec 2016	31 Dec 2015
Denmark	5%	6%
ECE*	9%	10%
Italy	3%	2%
Germany	22%	20%
The Netherlands	3%	4%
Norway	22%	21%
Poland	3%	3%
Spain	14%	12%
Sweden	19%	22%
Total	**100%**	**100%**

* Eastern and Central Europe include Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables are overdue at acquisition date and therefore usually purchased at prices significantly below the nominal value. The average claim size at the end of 2016 was approximately EUR 3,657 (2015: 3,086). Even though it is obvious that the full face value will not be recovered, the Group has the right to collect the full face value including principal, interest and fees on its own behalf.

The carrying value of EUR 1,176m as at 31 December 2016, representing approximately 6.1% of face value, is the maximum theoretical risk if the whole portfolio become worthless/non collectable.

The Group has established long term relationship with large financial institutions in Europe. As a result the distribution of carrying value of the portfolios of purchased loans and receivables by sector shows that 87% are claims acquired from Banks and other financial institutions at the end of 2016 (2015: 88%).

Purchased loans and receivables by sector

EURm	31 Dec 2016	31 Dec 2015
Bank	886	813
Finance/Insurance	140	130
Retail	26	25
Telecom	55	53
Other	70	50
Total	**1,176**	**1,070**

The Group has had only minor impairment losses and positive revaluations during the last year.

See note 14 regarding fair value of the portfolios of acquired loans and receivables.

In order to continue minimising the credit risk exposure, Lindorff continues to invest in staff with a broad experience in credit management, and focus on increased analytical approach to portfolio assessments. Monitoring processes are implemented to follow up actual collection compared to forecasts. In addition, the Group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the Group's business, which in turn will also help reduce the risk of credit loss.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are exposed to credit risk of counterparties unable to fulfil their obligations to the Group. Credit risk related to trade receivables and accrued income is managed in the countries according to the Group's strategy of risk evaluation of new clients before standard payment, delivery terms and conditions are offered. We have long term relationship with many clients and use our operational expertise to monitor and follow up on own receivables in the same way as for clients.

Payment Services offer payment solution to commercial internet merchants and the Group is exposed to credit risk of the customers not able to fulfil their obligations to pay. After an initial credit check, the customer can choose to pay invoice within due date, or convert to payment plans for up to two years. The credit risk is mainly related to the conversion rate to payment plans. The service is still in ramp up phase, historical data for conversion rate is not available.

Payment receivables are monitored and collected according to the most efficient collection strategy.

d) Liquidity risk

Liquidity risk is the risk that the Group does not have the ability to fulfil its payment obligations. The Group's long-term financing risk is minimized through long term financing in the form of committed lines of credit. As of 31 December the Group held unused facilities totalling EUR 276m.

To guarantee short-term solvency, Lindorff Group should have liquid assets at disposal, a liquidity reserve, covering minimum 1.5 months of disbursements. The liquidity reserve is defined as bank balances or invested funds that can be released within two banking days without any additional or minor cost, plus any unutilized credit facilities, committed for minimum 12 months, less any outstanding uncommitted debt.

Cash forecasting is performed by the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts to ensure that the Group has sufficient cash to meet operational and financial expenditures, while also monitoring that borrowing limits and covenants in the Super Senior Revolving Credit Facility Agreement and Bond documentation are adhered to.

In order to increase flexibility and improve the cash efficiency, an overlay cash pooling structure is put in place within the Group. The cash pool structure secures that the operating entities have sufficient liquidity to cover working capital needs, while also securing that excess liquidity is transferred to the Group. Excess liquidity is used to repay drawings under the revolving credit facilities, and/or (if applicable) is invested at low risk in accordance with investment rules set forth in the Group Treasury Policy.

The table below shows the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2016 EURm	Less than 3 months	Between 3 month and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds	52	82	136	1,831	469
RCF*	44	—	—	—	—
Long-term bank facilities	11	36	103	145	320
Trade and other payables	31	0	0	0	0
Total	**138**	**118**	**239**	**1,976**	**789**

* The RCF drawdowns falls due within 3 months, but subject to the terms of the Revolving Credit Facility Agreement Facilities may be re-borrowed and extended until Termination Date 6 April 2020.

At 31 December 2015 EURm	Less than 3 months	Between 3 month and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds	52	83	136	1,156	1,281
RCF* and other short-term bank facilities	207				
Trading and net settled derivative financial instruments (interest rate swaps)	1	1			
Trade and other payables	18	1	—	—	—
Total	**277**	**85**	**136**	**1,156**	**1,281**

* The RCF drawdowns falls due within 3 months, but subject to the terms of the Revolving Credit Facility Agreement Facilities may be re-borrowed and extended until Termination Date 6 April 2020.

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The credit ratio is calculated as Net Interest Bearing Debt divided by LTM Adjusted EBITDA adjusted for Non-Recurring Items and pro forma effect (if applicable) of carve-outs and M&A's. Net Interest Bearing Debt is calculated as outstanding bond debt and drawings on the SS Revolving Credit Facility less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables.

The credit ratio as at 31 December 2016 was 5.0x (2015: 5.7x).

Net Interest Bearing Debt

EURm	31 Dec 2016	31 Dec 2015
Bonds	1,868	1,860
+ Non amortised fees and interest on bonds	43	48
Liabilities to credit institutions	409	—
+ Capitalised fees on liabilities to credit institutions	3	—
Borrowings	139	242
– Accrued interest on short term loan and bonds	–39	–35
– Payment services financing	–35	—
– Cash and cash equivalents	–59	–53
Total	**2,329**	**2,063**

Proforma Adjusted EBITDA excl. NRIs

EURm	31 Dec 2016	31 Dec 2015
Net revenue from Debt Purchasing	289	267
Amortisation and revaluation	160	144
Collections and other revenue on purchased loans and receivables	**449**	**411**
Net revenue from Debt Collection and Other Services	357	267
Employee benefit expense	–208	–187
Legal fee cost	–47	–43
Phone, postage and packaging	–19	–18
Other operating costs	–120	–100
Adjusted EBITDA	**412**	**331**
Non Recurring Items (NRIs)	21	19
Adjusted EBITDA excl. NRIs	**433**	**350**
Proforma acquisitions	32	11
Proforma Adjusted EBITDA excl. NRIs	**465**	**361**
Credit ratio	**5.0**	**5.7**

The Group has been assigned a credit rating of B+ by Standard & Poor's Rating Services and B2 by Moody's Investor Services.

5 Segment information

Management has determined the operating segments based on information reviewed by management for the purpose of allocating resources and assessing performance. Management considers the performance from a product perspective and separately considers the Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of acquisition and management of mainly unsecured non-performing loans and receivables. The Debt Collection segment consists of collection for various clients and on portfolios of loans and receivables owned by Debt Purchasing as well as Real Estate Servicing.

Both segments meet the quantitative thresholds required by IFRS 8 for reportable segments. Management assesses the performance of the operating segments based on a measure of Contribution Margin 1 which is gross revenues minus direct operating expenses.

Revenue

Sales between segments are carried out at arm's length. The revenue from external parties reported to management is measured in a manner consistent with that in the income statement .The following table presents a reconciliation of the reportable segments' main captions from profit and loss to the entity's profit and loss before tax:

1 Jan-31 Dec 2016 EURm	**Debt Purchasing**	**Debt Collection**	**Other**	**Eliminations & unallocated items**	**Total**
Net revenue from external customers	283	330	27		640
Inter-segment revenue		112		–112	—
Revaluation of loans and receivables	7				7
Total operating net revenue	**289**	**442**	**27**	**–112**	**647**
Direct operating expenses	–131	–218	–20	112	–257
Contribution margin	**158**	**224**	**8**	**—**	**390**
SG&A				–68	–68
IT				–42	–42
Other not allocated expenses				–28	–28
Depreciation and amortisation of assets				–85	–85
Result from operating activities (EBIT)				**–223**	**167**
Financial items				–156	–156
Profit or loss before tax				**–379**	**11**

1 Jan-31 Dec 2015 EURm	**Debt Purchasing**	**Debt Collection**	**Other**	**Eliminations & unallocated items**	**Total**
Net revenue from external customers	262	248	19		529
Inter-segment revenue		110		–110	—
Revaluation of loans and receivables	5				5
Total operating net revenue	**267**	**358**	**19**	**–110**	**534**
Direct operating expenses	–127	–206	–13	110	–237
Contribution margin	**140**	**151**	**6**	**—**	**297**
SG&A				–54	–54
IT				–36	–36
Other not allocated expenses				–21	–21
Depreciation and amortisation of assets				–37	–37
Result from operating activities (EBIT)				**–147**	**150**
Financial items				–172	–172
Profit or loss before tax				**–320**	**–23**

Revenue and other income by service

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Collection fees, commissions and debtors fees	317	239
Revenue from purchased loans and receivables, excl revaluations	283	262
Revaluation of purchased loans and receivables	7	5
Loan administration	7	7
Invoice administration	6	6
Other revenue	27	15
Total	**647**	**534**

Revenue and other income from external customers by country

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Denmark	22	23
ECE*	101	87
Italy	7	3
Germany	69	68
Netherlands	35	40
Norway	152	138
Poland	9	7
Spain	192	111
Sweden	59	57
Total	**647**	**534**

No individual customer is generating more than 10 percent of the Group's total revenue.

Non-current assets exclusive financial assets, deferred tax assets, goodwill and pensions per country representing more than 5% of the Group's total of such assets

EURm	31 Dec 2016	31 Dec 2015
Finland	23	21
Norway	20	19
Spain	272	205
Other (not representing more than 5%)	18	12
Total	**333**	**258**

Purchased loans and receivables are the most significant non-current asset for the Group and are specified in note 4 and 14.

6 Employees, salaries and other remuneration

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Board members, CEO and Group Management	7	4
– of which bonuses	1	1
– of which severance payment	1	0
Other employees	170	152
Total	**177**	**155**
Social insurance contribution	20	16
Pension costs—defined contribution plan	9	9
Pension costs—defined benefit plan (note 26)	–4	2
Total remuneration and other staff costs	**202**	**182**
Other staff related costs	6	5
Total employee benefit expense	**208**	**187**

Terms and conditions of employment for Group Management

Board of Directors

No fees were paid to Board members from parent company for the reporting period.

Remuneration to Board members in 2016 was paid from other Group companies. Approved remuneration for 2016 amounted to EUR 476k.

CEO

The CEO compensation is based on a fixed annual salary. In addition the CEO has the opportunity to receive variable compensation up to 100 percent of his annual base salary depending on the results achieved by Group operating earnings and individual performance objectives, approved by the Board and paid in the following year. In addition to his fixed and variable salary, he is entitled to a car allowance in accordance with Group's policy. In case of termination of the contract, the CEO has five months period of notice and one month severance payment.

Senior Executives

All senior executives receive a fixed annual salary and variable compensation. The variable compensation is, with a few exceptions, up to 50% of the annual base salary and is based on the results achieved by Group's operating earnings, results in their area of responsibility and individual performance objectives. Lindorff has agreements with certain members of the management on severance payment equal to six to twelve months of base salary.

Compensation committee

The CEO has appointed a Committee to handle compensation issues on management level. The committee is comprised of the CEO, CFO and EVP HR.

Remuneration committee

The remuneration committee assists the BoD by preparing proposals on remuneration and monitor and evaluate on a regular basis the structures and levels of remuneration for the CEO and other members of the Executive management team.

The members of the remuneration committee as well as the Chairman of the committee are appointed by the BoD. The committee consists of at least two directors. The members of the committee are independent of the company and its Executive management. The members of the remuneration committee are elected annually in the BoD meeting following the annual general meeting.

Remuneration and benefits during the year

In order to assist the CEO in performing his over-all responsibilities and to make sure that business-oriented, geographical and functional areas are managed in a professional way, the CEO has established a management team. This management team consists of central business, staff and support functions, and Country managers. Combined, these responsibilities make up the Executive Team of the Lindorff Group.

Remuneration for the CEO and other senior executives in the Executive team consist of a base salary, variable salary, other benefits and pensions. The group of Senior Executives in the table below refers to the Executive team which, in 2016 included: Klaus-Anders Nysteen (CEO), Trond Brandsrud (CFO), Geir Inge Skålevik (Group Legal), Johanna Sundén (Group HR), Cathrine Klouman (Group IT), Anders Engdahl (Debt Purchasing), Turkka Kuusisto/Arrtu Hollmerus/Anne Louise Eberhard (Debt Collection), Rune K. Sjøhelle/Karen Romer (Group Communication), Tuija Keronen (Finland), Ilva Valeika (Baltics), Anette Willumsen (Norway), Erika Rönnquist Hoh (Sweden), Lisbeth Dalum Hansen/Anette Willumsen (Denmark), Alejandro Zurbano (Spain), Hendrik Kroeze/Marc Knothe (Netherlands), Florian Wöretshofer (Germany), Antonella Pagano (Italy), Enrique Dancausa Trevino (Aktua) and Sławomir Szarek/Krzysztof Różycki (Poland).

CEO

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Base salary	540	419
Severance payment	—	—
Bonuses	336	—
Other benefits	23	40
Other benefits (interim CEO)	—	481
Pension costs	86	63
Total	**985**	**1,004**

2016

Other senior executives

EURk	Base salary	Bonus	Severance pay	Pension cost	Other benefit	Sum
Karen Romer	36	—	—	2	2	41
Anders Engdahl	381	540	—	24	12	957
Turkka Kuusisto	130	53	—	34	45	261
Geir Inge Skålevik	209	27	—	26	22	285
Trond Brandsrud	261	—	—	24	26	311
Cathrine Klouman	214	65	—	17	20	315
Knut E Storsul (former CIO)	90	—	125	62	6	284
Scott Danielsen (former CFO)	181	33	173	104	20	511
Johanna Sundén	7	—	—	—	1	8
Arttu Hollmerus	95	—	—	18	2	114
Anne Louise Eberhard	72	—	—	8	0	80
Rune K Sjøhelle	164	9	—	5	13	191
Anette Willumsen	237	61	—	6	45	348
Erika Rönnquist Hoh	222	38	—	37	11	308
Lisbeth Dalum Hansen	147	10	200	15	22	394
Florian Wöretshofer	211	35	—	—	9	256
Henk Kroeze/Marc Knothe	284	—	248	29	11	572
Alejandro Zurbano	280	140	39	14	12	484
Ilva Valeika	95	3	—	—	—	99
Enrique Dancausa Trevino	159	—	—	—	—	159
Antonella Pagano	191	—	—	11	—	202
Tuija Keronen	190	24	—	39	2	255
Krzysztof Różycki/Sławomir Szarek	159	—	—	—	41	200
Sum	**4,018**	**1,036**	**784**	**476**	**322**	**6,635**

2015

Other senior executives

EURk	Base salary	Bonus	Severance pay	Pension cost	Other benefit	Sum
Hans Larsson	—	—	—	—	328	328
Anders Engdahl	185	—	—	—	499	684
Scott Danielsen	315	60	—	7	14	395
Siv Farstad	65	37	—	—	5	107
Geir Inge Skålevik	172	41	—	0	26	238
Knut E Storsul	207	40	—	3	23	273
Rune K Sjøhelle	54	42	—	—	5	100
Anette Willumsen	207	52	—	6	25	290
Erika Rönnquist Hoh	217	76	—	44	9	346
Lisbeth Dalum Hansen	190	48	—	19	41	299
Turkka Kuusisto	353	41	—	47	46	487
Tuija Keronen	171	46	—	32	1	251
David Perez/A. Zurbano	321	117	—	17	9	464
H.K. Kroeze	205	21	—	36	40	302
Florian Wöretshofer	203	50	—	—	9	262
Sław omir Szarek	62	—	—	—	1	62
Sum	**2,927**	**670**	**—**	**211**	**1,083**	**4,891**

2016

Board remuneration

EURk	2016
Approved Board fees	
Carl Per Sletten Larsson (Chairman of the Board)	212
Sten Kristof fer Melinder	—
Erik Andreas Näsvik	—
Hans Torsten Georg Larsson	102
Nils Peter Sjunnesson	32
Marcial Angel Portela Alvarez	78
Ingrid Helen Fast Gilstedt	51
Total Board fees	**476**
Consultancy fees to Board members	
Marcial Angel Portela Alvarez	51
Total Board remuneration	**526**

7 Audit fees

The table below summarizes audit fees, fees for audit related services, tax services and other services incurred by the Group to PwC, the auditor for all companies in the Group.

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Auditor’s fees	1,080	898
Auditor’s fee for tax advice services	564	566
Auditor’s fees for other services	468	161
Total	**2,111**	**1,626**

8 Financial income and costs

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Other interest income	1	1
Finance income	**1**	**1**
Net foreign exchange gains/losses on financing activities	17	–19
Changes in market value financial derivatives	2	1
Borrowing Base Interest cost	–5	—
Revolver fac. Interest cost	–7	–5
Swaps Interest cost	–2	–0
Interest expense bonds	–135	–131
Fees and other financial expenses Bonds	–0	–1
Other interest expenses	–3	–4
Writedown of investment in subsidiaries	—	–1
Other financial expenses	–22	–14
Finance costs	**–157**	**–173**
Net finance costs	**–156**	**–172**

9 Income tax

a) Income tax expense

EURm	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Current taxes	–21	–32
Changes in deferred taxes	–37	39
Indemnification asset recorded	28	
Income tax expense	**–30**	**6**

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Profit or loss before tax	**11**	**–23**
Tax calculated at domestic tax rates applicable to profits in the respective countries	–6	6
Tax effects of		
–Expenses not deductible for tax purposes	–4	–1
–Utilisation of previously unrecognised tax losses	—	2
–Tax losses for which no deferred income tax asset was recognised	–1	-0
–Tax losses carried forward expected to be forfeited	–2	0
–Re-measurement of deferred tax—change in tax rates	–1	–2
–Adjustments in respect of prior years, net of tax idemnity	–16	2
Income tax expense	**–30**	**6**
Effective tax rate	263%	28%

The income tax expense was EUR 30m (2015: negative EUR 6m) including net tax expense of EUR 17m relating to the disputed tax claims described below. The high effective tax rate, adjusted for the issues describe below, is mainly due to net financing costs including unrealised currency losses in Sweden for which the Group has not recognised a deferred tax asset.

Lindorff Group has certain ongoing tax cases related to deductibility of interest of group internal loans in Finland and Norway. Tax exposure of these cases including potential penalties is estimated at EUR 44m, whereof EUR 12m remains unpaid as at 31 December 2016. Lindorff contests whole or part of the claims in both countries. Lindorff has deemed it probable that these litigation processes may have a negative outcome and a tax liability representing the best estimate of the potential negative outcome less taxes paid has been provided for in the consolidated statement of financial position.

Furthermore at acquisition of Lindorff in 2014 an indemnification right for the buyer (Lock AS), related to the tax exposure in the Group, was included in the Share Purchase Agreement (SPA). It was agreed that the majority sellers will indemnify the acquirer for 75% of any negative outcome in the specific tax disputes described above, capped at a maximum amount of EUR 29m. Lindorff has in accordance with the terms of the SPA notified the sellers that it will utilize the indemnification right in case of a negative outcome.

In accordance with IFRS 3 any indemnification right recorded should be measured on the same basis as the liability. Based on the terms in the SPA described above the indemnification asset recorded was estimated at EUR 28m, resulting in a net tax expense in the consolidated income statement of EUR 17m related to these cases. The Group has reassigned the right to receive the cash under the indemnity agreement to Lock TopCo AS' parent company Cidron 1748 S.à r.l. and the consideration for this reassignment was recorded as a receivable on the shareholder of the Group. In the consolidated statement of financial position the previous indemnification asset is therefore now classified as a receivable of EUR 28m towards its shareholder Lock Upper Holding AS. The receivable is no longer linked to the tax indemnity and any positive outcome of these cases in the court system will stay within the Group.

The group has operations in a number of countries whith different tax rates:

Income (nominal) tax rate per country:	2016	2015
Denmark	22.0%	23.5%
Estonia	21.0%	21.0%
Finland	20.0%	20.0%
Germany	31.0%	31.0%
Ireland	25.0%	
Italy	31.4%	31.4%
Latvia	15.0%	15.0%
Lithuania	15.0%	15.0%
The Netherlands	25.0%	25.0%
Norway (2017: 24%, Financial inst. 25%)	25.0%	27.0%
Poland	19.0%	19.0%
Russia	20.0%	20.0%
Spain	25.0%	28.0%
Sweden	22.0%	22.0%

Expectations regarding effective tax rate

The Group is subject to varying income tax rates depending on local tax regulations in the relevant country; hence Lindorff's operations are subject to effective tax rates ranging from 15% to significantly above the nominal tax rates. Several countries have implemented interest limitations rules which may increase the effective tax rate going forward. This may be offset somewhat with lower nominal tax rates. In some periods, tax losses (and interest) carried forward that are not recognised in the statement of financial position will cause variations in the effective tax rate. In periods, when such assets are not recognised, the effective tax rate will be higher than the long-term expectation, whereas it may be lower in period when tax losses not recognised as assets have been utilised.

b) Deferred tax

EURm	31 Dec 2016	31 Dec 2015
Deferred tax assets		
Fixed assets	9	0
Retirement benefit obligations	1	2
Deferred tax on loans and receivables	3	—
Tax losses and interest carry-forward	81	87
Taxes paid, disputed	—	32
Offset against deferred tax liabilities	–55	–51
Total deferred tax assets	**39**	**71**

EURm	31 Dec 2016	31 Dec 2015
Deferred tax liabilities		
Deferred tax on brand name	21	21
Deferred tax on loans and receivables	74	65
Deferred tax non amortised fees bonds	10	12
Deferred tax on fixed assets	8	—
Other differences	5	—
Offset against deferred tax assets	–55	–51
Total deferred tax liabilities	**63**	**47**
Reconciliation of deferred tax		
Deferred tax at beginning of the period	24	–13
Deferred tax in income statement	–37	39
Deferred tax Acquisition of subsidiaries	–12	1
Deferred tax on brand name/Purchase price allocation	—	—
Changes recorded against comprehensive income	—	–1
Translation differences	1	–1
Net deferred tax at the end of the period	**–24**	**24**
Deferred tax assets	39	71
Deferred tax liabilities	63	47
Net deferred tax	**–24**	**24**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities are offset within the same tax jurisdiction.

The Group has substantial tax losses brought forward in the end of 2016. These have to a large extent been generated by interest on shareholder loans in to the Lindorff Group prior to the acquisition in October 2014.

Overview of deferred tax assets from corporate income tax, trade tax and interest carried forward:

2016 EURm	Gross tax losses and interest carried forward	Tax value of total carried forward	Recognised tax asset TLCF 2016	Recognised tax asset TLCF 2015
Denmark	19	4	2	3
Germany	63	19	19	24
Norway	85	20	20	29
Sweden	206	45	23	19
Spain	61	15	15	12
Total	435	105	81	87

There is no time limitation on the recorded tax loss carry-forwards.

10 Fixtures and furniture

Carrying value of fixtures and furniture was EUR 14m as at 31 December 2016 (2015: 14m). Investments in fixtures and fittings were EUR 4m and additional EUR 1m were taken over through acquisition of Aktua and Cross Factor (2015: 2m); the depreciation was EUR 4m (2015: 3m).

The assets are depreciated over the estimated useful lives which are usually considered to be 3-5 years.

11 Intangible assets

Intangible assets in the table below consist of internally developed software, client relationships and brand:

EURm	31 Dec 2016	31 Dec 2015
Opening balance	327	319
Acquisitions	39	42
Acquisition of subsidiary	148	1
Disposal	–14	–4
Reclassification	–0	4
Amortisation and impairment	–81	–33
Translation differences	–17	–2
Balance at 31 December	**402**	**327**

Intangible assets by type of asset:

EURm	31 Dec 2016	31 Dec 2015
Ongoing software projects	11	14
Internally developed software	32	25
Brand	83	83
Patents, trademarks, licences and similar rights	6	6
Client Relationships	270	198
Balance at 31 December	**402**	**327**

Capitalised expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants.

Brand and goodwill (see note 12) are acquired in connection with business acquisitions. Client relations include the rights related to collection contracts with a third party, and are amortised straight line over their estimated useful lives. The estimated useful life corresponds to the contract period (maximum 10 years). Increase on client relationships in the reporting period of EUR 72m is due to investments of EUR 8m (2015: 23 m), addition of client relationship in Aktua EUR 127m and period depreciation and impairment of EUR 62m, whereof EUR 30m relates to impairment of a Debt Collection client servicing contract in Spain. The reason for the write-down was that volumes had been lower than anticipated. Collection performance had however been in line with the business case. The contract lifetime is 10 years and the lower volume may be compensated at a later stage.

Brand value related to acquisition of Lindorff Group in 2014 amounting to EUR 83m is recognised as an intangible asset. Brand is considered having an indefinite useful life time and is not amortised. The value is tested for impairment on a yearly basis together with goodwill.

Amortisation of intangible assets having a definite useful life time is included in “depreciation and amortisation” costs for the year in income statement.

12 Goodwill

EURm	31 Dec 2016	31 Dec 2015
Opening Balance	1,384	1,378
Acquisitions through subsidiary	41	—
Investments	138	29
Translation differences	21	–23
Balance at 31 December	**1,584**	**1,384**

Lindorff has two major business areas: (i) Debt Collection, consisting of debt-related administrative services and (ii) Debt Purchasing. Book value of goodwill at 31 December 2016 as at EUR 1,584m is allocated to Debt Collection segment.

Goodwill related to Lindorff acquisition in October 2014 was identified at EUR 1,416m.

Valuation of Debt Collection

Forecasted revenues comprise estimated revenues from 3PC (Third Party Collection) and IDC (Internal Debt Collection) based on historical growth with declined growth towards the end of period. Forecasted operating expenses relate to staff cost in Debt Collection operations. Based on estimated depreciation and amortisation, tax rate of 25%, WACC of 6.38% and terminal growth of 1%, the business enterprise value of Debt Collection segment is estimated at EUR 2,510m.

Brand name

Lindorff brand is well known and respected and ensures us to be invited to participate in competitive tender offers we otherwise might not be eligible to. Value of brand name is estimated by a royalty based model, assuming a royalty rate of 1.5% net of maintenance and administration cost. Based on a discount rate of 7% the brand name value is estimated at EUR 83m with an indefinite useful lifetime. Value is tested annually for impairment together with goodwill.

Database

Statistic databases allow Lindorff to do qualified debt purchasing decisions as well as improve profitability in Debt Collection. The value of database related to Debt Purchase is included in the fair value of portfolios. Value of database related to Debt Collection is highly connected to the competence of our employees and is hard to separate from the value of workforce. The value of database is estimated to be non-material and is not recognised as a separate intangible asset.

Workforce

Under current IFRS 3, workforce cannot be recognised as an asset separable from goodwill. As Lindorff's business model depends on attract, develop, motivate and retain highly skilled employees, the workforce is considered of material value. Based on assumptions of recruiting cost, training cost, efficiency cost of hiring new people compared to experienced staff members, Lindorff estimates the value of the workforce in each business combination transaction and reported and annually tested for impairment as part of goodwill.

Goodwill allocated at acquisition of Casus Group

Acquisition price of Casus Finanse in Poland August 2015 was EUR 35m. Based on the purchase price and fair value valuation of identified assets and liabilities, goodwill was estimated at EUR 29m. Like Lindorff, Casus group has two major business areas: i) Debt Collection, consisting of debt-related administrative services and (ii) Debt Purchasing.

The purchase price allocation procedure reconciles the transaction values with projected future cash flow from the segments. The identified intangible assets in Poland are related to Debt Collection segment, in all material aspects.

Goodwill allocated at acquisition of Aktua Group

Acquisition price of Aktua Group in Spain in June 2016 was EUR 134m. Purchase price allocated to assets and liabilities at fair value led to goodwill at EUR 127m. Aktua's services comprise Third Party Collection and Real Estate Servicing, both within Debt Collection segment. Goodwill is accordingly allocated to Debt Collection segment.

Goodwill allocated at acquisition of HIT/DMV

Acquisition price of debt collection companies DMV Debitorenmanagement-und Verwaltungsgesellschaft mbH and HIT Hanseatische Inkasso-Treuhand GmbH in Germany in November 2016 was EUR 12m. Purchase price allocated to assets and liabilities at fair value led to goodwill of EUR 9m, allocated to Debt Collection segment.

See note 29 Business combinations for further information.

Impairment testing of goodwill and brand name as at 31 December 2016

Goodwill is tested for impairment on yearly basis by comparing recoverable amount with carrying value. Recoverable amount has been determined by value in use based on management estimates of future cash flow for the period 2017 – 2020 (2015: the period 2016 – 2019) approved by the Board, average growth of 8% (2015: 7%) in the measurement period, terminal growth rate of 1% (2015: 3%) , tax rate of 25% (2015: 25%) and WACC of 6.38% (2015: 6.53%). Management's approach to determining the value assigned to each key assumption is based on management's past experience. The value of Debt Collection segment is EUR 2,510m (2015: EUR 1,953m). Carrying value of Debt Collection segment is net of operational segment assets, recognised at EUR 1,908m (2015: EUR 1,677m) including value of brand. No impairment was identified.

Determination of WACC for goodwill impairment testing:

Risk free rate

Goodwill is denominated mainly in EUR, but also partly in NOK and a minor part in PLN. The risk free rate used in the calculation of the WACC is based on the EUR risk free interest rate, which on 31 December was priced at 0.68%. However, the Group has a significant part of the cash flows in other different currencies, the largest being NOK and SEK. The respective 10 year government bond for these currencies range from 0.68% for EUR, 1.66% for NOK and 0.55% for SEK. Given the fluctuations in the yield for these bonds we deem it reasonable to use the EUR risk free rate as basis for the risk free rate for the Group. Calculating a currency specific WACC for each currency, the risk free rate element would have increased the WACC slightly compared to the WACC estimated for the Group.

Risk premium

Based on available market information related to CMS business, the long-term risk premium is about 6.4%.

Equity Beta

The equity beta is based on 5 years of weekly observations for market peers. The calculations are based on data from Bloomberg. We have then used this as a basis for our Beta relevered.

Cost of Capital calculation – WACC

Factor	31 Dec 2016	31 Dec 2015
10-year risk-free rate	0.68%	1.37%
Equity Beta (Observed) Raw	0.73	0.74
Beta Relevered	1.77	1.77
Market risk premium	4.40%	4.40%
Unsystematic risk/additional risk component	2.00%	2.00%
Risk Premium	6.40%	6.40%
Tax rate group	25.00%	25.00%
Cost of equity/required return on Equity	11.97%	12.70%
Cost of debt	6.06%	6.31%
Equity weight	24.65%	25.65%
Debt weight (interest bearing)	75.35%	66.98%
WACC (after tax)	**6.38%**	**6.53%**

Impairment sensitivity (headroom)

Increase in WACC up to 8% and decrease in terminal growth to -1% will independently match recoverable amount to book value.

13 (a) Financial instruments by category

Financial instruments by category

EURm	31 December 2016 Loans and receivables measured at amortised cost	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position			
Purchased loans and receivables	1,176		**1,176**
Investment in shares		1	**1**
Loans to employees	2		**2**
Other long-term receivables	17		**17**
Trade receivables	37		**37**
Other short-term receivables*	122		**122**
Cash and cash equivalents	59		**59**
Total	**1,414**	**1**	**1,415**

* Excluding non-financial receivables

EURm	Financial liabilities measured at amortised cost	Financial liabilities at fair value through equity	Total
Liabilities as per statement of financial position			
Bond	1,868		**1,868**
Borrowings	409		**409**
Short-term loan	139		**139**
Trade payables	32		**32**
Put option over NCI		23	**23**
Other liabilities**	88		**88**
Total	**2,537**	**23**	**2,559**

** Excluding non-financial liabilities

EURm	31 December 2015 Loans and receivables measured at amortised cost	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position			
Purchased loans and receivables	1,070		**1,070**
Investment in shares		3	**3**
Loans to employees	3		**3**
Other long-term receivables	7		**7**
Trade receivables	21		**21**
Other short-term receivables*	62		**62**
Cash and cash equivalents	53		**53**
Total	**1,216**	**3**	**1,219**

* Excluding non-financial receivables

EURm	Financial liabilities measured at amortised cost	Financial liabilities at fair value through OCI	Total
Liabilities as per statement of financial position			
Bond	1,860		**1,860**
Interest rate swaps		2	**2**
Borrowings	242		**242**
Trade payables	19		**19**
Other short-term liabilities**	29		**29**
Total	**2,151**	**2**	**2,153**

** Excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 4.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

13 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

***Purchased loans and receivables* — See note 4 and 14.**

Trade receivables

The Group's trade receivables are related to clients in various industries and regions. The Group's largest client accounts for less than 7% of revenues in 2016. Most accounts receivable outstanding are with customers known to the Group and whose creditworthiness is good and Lindorff has historically had very limited losses on such receivables.

Other short-term receivables

Other short-term receivables consist mainly of accrued income not invoiced, payment services receivables and fee outlay, where customer is bearing the risk. It also includes short-term restricted deposit and other receivables, where credit risk is considered to be low.

Cash at bank and short-term bank deposits

S&P rating EURm	31 Dec 2016	31 Dec 2015
AA- to AAA	19	20
A- to A+	29	29
BBB+ or lower*	11	4
Total	**59**	**53**

* In 2016 BBB was EUR 3m, BB EUR 8m

14 Purchased loans and receivables

Purchased loans and receivables are classified as loans and receivables and are recognised at amortised cost according to the effective interest method.

The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' initial effective interest rate. Adjustments are recognised in the income statement. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. The valuation method used results in the best estimate of the fair value of debt portfolios.

The carrying value of purchased loans and receivables:

EURm	31 Dec 2016	31 Dec 2015
Opening balance	1,070	809
Acquisition through subsidiaries	22	21
Acquisitions	241	395
Divestments and disposals	–1	–1
Amortisation	–167	–149
Revaluation	7	5
Translation differences	4	–9
Balance at 31 December	**1,176**	**1,070**

The carrying value of Purchased loans and receivables recognised at amortised cost does not perfectly match the fair value determined by discounting the net cash flow i.e. the gross cash receipts reduced by the cost to collect discounted with a market based discount rate at every end of the reporting period. The method and result of the fair value estimation as at 31 December is illustrated below and shows a non-significant deviation between the two valuation methods. The method falls within level 3 of the fair value hierarchy.

Fair value estimation of portfolios of purchased debt and receivables

The fair value of financial instruments that are not traded in an active market (e.g. loans and receivables) is determined by using valuation techniques such as net present value of estimated cash flows. For loans and receivables, the discount rate used is the weighted average cost of capital, which is the weighted value of the Group's cost of debt and the cost of equity. The cost of equity is estimated by applying the capital asset pricing model.

The preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from portfolios. The estimated future portfolio cash flows are reviewed by management each quarter. The fair value is estimated to be approximately EUR 1,193m (2015: 1,126m) and is based on net future estimated cash flows after tax, discounted with the estimated WACC. The corresponding carry¬ing amount is EUR 1,176m (2015: 1,070m), which is based on IAS 39 using the estimated gross future cash flows, where the discount factor is the individual IRR for the each portfolio. The future cash flow forecasts used to estimate the fair market value are the same as the cash flow forecast used in the accounting for loans and receivables at 31 December 2016.

The fair value estimation is based on estimated annual net cash flows from portfolios. The estimated annual net cash flows from port¬folios is the assumed annual future collection on portfolios per country, less assumed annual collection costs per portfolio before tax. Collection costs consist of operational costs in the portfolio segment, i.e. commission to Debt Collection, payroll expenses, premises, communication costs and other costs directly attributable to the Debt Purchasing segment. The collection costs as a percentage of the portfolio collection differ from portfolio to portfolio, ranging from 5.0% to over 50.0%.

In addition, the country specific marginal tax rate is applied. This individual collection cost and tax rate is applied to each portfolio's estimated future cash flow, adding up to an estimated total net cash flow for the Group.

The weighted average cost of capital after tax for the portfolio segment is estimated to 10.5% (2015: 12%) as at 31 December 2016 (details of the calculation is shown below). Based on this rate, the discounted value of the estimated net cash flows indicates that the fair value of portfolios is approximately EUR 1,193m (2015: 1,126m).

To evaluate this calculation, a sensitivity analysis of the cash flow estimates is presented in the table below in order to see the effect of deviations to the cash flow estimates and variations in the cost of capital.

Fair Value (NPV) EURm

	90%	95%	100%	105%	110%
7.0%	1,226.2	1,279.3	1,332.0	1,384.5	1,436.8
8.0%	1,186.5	1,237.7	1,288.5	1,339.2	1,389.6
9.0%	1,149.5	1,199.0	1,248.1	1,297.0	1,345.7
10.0%	1,115.1	1,163.0	1,210.5	1,257.7	1,304.8
10.5%	1,098.8	1,145.9	**1,192.6**	1,239.1	1,285.4
11.0%	1,083.0	1,129.4	1,175.4	1,221.1	1,266.6
12.0%	1,053.0	1,098.0	1,142.6	1,186.9	1,231.0
13.0%	1,024.9	1,068.5	1,111.8	1,154.8	1,197.6
14.0%	998.6	1,041.0	1,083.0	1,124.8	1,166.3
15.0%	973.8	1,015.1	1,056.0	1,096.6	1,136.9

The cost of capital after tax for the Portfolio segment is calculated using the capital asset pricing model (CAPM) in combination with the weighted average cost of capital (WACC). Based on the variables from the table below, the estimated cost of capital after tax is approximately 10.5%.

Risk free rate

The risk free rate used in the calculation of the WACC is based on the EUR risk free interest rate, which on 31 December was priced at 0.68%. However, the Group has a significant part of the cash flows in other different currencies, the largest being NOK and SEK. The respective 10 year government bond for these currencies range from 0.68% for EUR, 1.66% for NOK and 0.55% for SEK. Given the fluctuations in the yield for these bonds we deem it reasonable to use the EUR risk free rate as basis for the risk free rate for the Group. Calculating a currency specific WACC for each currency, the risk free rate element would have increased the WACC slightly compared to the WACC estimated for the Group.

Risk premium

Based on empirical research done the long-term risk premium is about 6.0%. It is reasonable to assume that the risk of investing in non-performing loan portfolios is higher than observed average market risk premium. Therefore a small cap risk premium of 9.74% is added to the calculation – resulting in a total risk premium of 15.74%. These risk premiums are based on the research found by Ilbbotson Risk Premiums Over time Report

Equity Beta

The equity beta is based on 5 years of weekly observations for market peers. The calculations are based on data from Bloomberg. We have then used this as a basis for our Beta relevered.

Future cash flow estimates

The future cash flow estimates are based on the current 15 year IFRS forecast for the current asset base with no value after this 15 year period. Therefore there are no adding cash flows from future investments included in the fair value estimation.

Cost of Capital calculation—WACC

WACC Factor	31 Dec 2016	31 Dec 2015
10-year risk-free rate	0.68%	0.63%
Equity Beta (Observed) Raw	0.73	0.77
Beta Relevered	1.76	1.82
Long horizon expected equity risk premium	6%	6.70%
Small Cap Premium	9.74%	9.74%
Risk Premium	15.74%	16.44%
Tax rate group	25.00%	25.00%
Cost of equity/required return on Equity	21.01%	22.57%
Cost of debt	6.06%	7.50%
Equity weight	24.65%	25.76%
Debt weight	75.35%	74.24%
WACC (after tax)	**10.44%**	**12.05%**
Weighted Average Cost of Capital (rounded)	**10.50%**	**12.00%**

15 Other financial assets

EURm	31 Dec 2016	31 Dec 2015
Long term loans to group companies	2	2
Investments in shares	1	3
Long-term receivable associate companies*	9	—
Loans to employees	2	3
Other long-term receivables	4	4
Total	**20**	**12**

* Receivables towards Polish investment fund.

Other long-term assets' fair value is equal to its book value and is within level 3 of the fair value hierarchy.

16 Trade receivables

EURm	31 Dec 2016	31 Dec 2015
Trade receivable	38	21
Less: provision for impairment of trade receivables	–1	–0
Trade receivables—net	**37**	**21**

Trade receivables are non-interest-bearing and are generally on 30-90 days' terms.

Provision for impairment of trade receivables for 2016 amounted to EUR 600k (2015: 410k).

17 Other short-term receivables

Prepayments, accrued income and other short-term receivables fair values are based on unobservable inputs not corroborated by market data and are equal to book value and within level 3 of fair value hierarchy.

EURm	31 Dec 2016	31 Dec 2015
Prepayments	5	6
Accrued income	28	13
Payment services receivables*	56	42
Receivable towards group companies	28	—
Other	9	5
Account receivable—VAT related	8	5
Restricted deposits ST	2	2
Total	**136**	**73**

* As of 31 Dec 2016 accrued credit loss for payment services receivables was EUR 1.6m

18 Cash and cash equivalents

At 31 December 2016, the Group had available EUR 276m (2015: 93m) of undrawn committed overdraft facilities (EUR 25m are allocated to guarantees out of total EUR 345m).

EURm	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	59	53
Cash and cash equivalents	**59**	**53**

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of the following:

EURm	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	59	53
Cash and cash equivalents	**59**	**53**

19 Share capital and premium

EUR	Number of shares	Par value ordinary shares	Book value ordinary shares	Par value share premium	Book value share premium	Total book value
Ordinary shares	852,092	11	9,377,770	889	757,881,628	767,259,398
Total	**852,092**		**9,377,770**		**757,881,628**	**767,259,398**

All shares are owned by Lock Upper Holding AS, Hoffsveien 70B, 0377 Oslo.

20 Group companies

Lock Lower Holding AS is the parent company of the Group. Lock Lower Holding AS was established on 22 May 2014 and acquired 100% of Lock AS at 15 July 2014. Lock Lower Holding AS and its subsidiaries own 100% of all companies within Lindorff Group, except for Aktua Soluciones Financieras Holdings S.L where the legal ownership of Lindorff is 85%.

Lindorff Group is organised with local holding companies:

Country	Holding company
Norway and Denmark	Lindorff Holding Norway AS
Sweden	Lindorff Sverige Holding AB, which also holds a Norwegian subsidiary
Finland, Baltic countries and Russia	Lindorff Group AB Finnish Branch
Germany	Lindorff Finanzholding GmbH
The Netherlands	Lindorff Netherlands Holding B.V.
Spain	Lindorff Holding Spain S.A.U
Italy	Lindorff Italy S.r.l
Poland	Lindorff S.A. (former Lindorff Casus Finanse S.A.)

Subsidiary	Corporate identity number	Domicile	No of shares	% of capital	Book value 2016
Lock AS..........................	NO 913 741 102	Norway	100%	100%	767,465,344

Group 31 December 2016 Company	Corporate identity number	Domicile	Share of capital	% of votes
Lock AS	NO 913 741 102	Norway	100%	100%
Indif AB	SE 556733-9915	Sweden	100%	100%
Lindorff AB	SE 556723-5956	Sweden	100%	100%
Lindorff Investment No 1 Designated Activity Comp	584295	Ireland	100%	100%
Lindorff Payment Services Holding AB	559060-0093	Sweden	100%	100%
Lindorff Payment Services AB	559037-7676	Sweden	100%	100%
Lindorff Holding Norway AS	NO 992 984 899	Norway	100%	100%
Lindorff AS	NO 835 302 202	Norway	100%	100%
Lindorff Obligations AS	NO 945 153 547	Norway	100%	100%
Lindorff A/S	DK CVR 17 47 31 82	Denmark	100%	100%
Lindorff Danmark A/S	DK CVR 18 45 79 70	Denmark	100%	100%
Lindorff Sverige Holding AB	SE 556664-5460	Sweden	100%	100%
Lindorff Capital AS	NO 958 422 830	Norway	100%	100%
Lindorff Sverige AB	SE 556209-5363	Sweden	100%	100%
Lindorff Group AB, filial i Finland	FI 2200090-9	Finland	100%	100%
Lindorff Finland Oy	FI 1858518-2	Finland	100%	100%
OOO Lindorff	5077746802568	Russia	100%	100%
Lindorff Oy	FI 0140351-4	Finland	100%	100%
Lindorff Invest OY	FI 0425475-3	Finland	100%	100%
Lindorff Eesti AS	EE 10123 1048	Estonia	100%	100%
Lindorff Oy Filialas Litauen EUR	LT 111 882 842	Lithuania	100%	100%
Lindorff Oy Filialas Latvija EUR	LV 403 514 990	Latvia	100%	100%
Lindorff Business Services, UAB	LT 303 326 659	Lithuania	100%	100%
Lindorff Netherlands Holding B.V.	NL 08178741	Netherlands	100%	100%
Lindorff Netherlands B.V.	NL 05082522	Netherlands	100%	100%
Lindorff B.V.	NL 05025428	Netherlands	100%	100%
Lindorff Finanzholding GmbH	HRB 175161	Germany	100%	100%
Lindorff Holding GmbH	HRB 63483	Germany	100%	100%
Lindorff Deutschland GmbH	HRB 26141	Germany	100%	100%
DMV Debitorenmgt.- und Verw altungsgesellscha	HRB81939	Germany	100%	100%
HIT Hanseatische Inkasso-Treuhand GmbH	HRB52053	Germany	100%	100%
Lindorff Holding Spain SAU	B 86128147	Spain	100%	100%
Lindorff España SAU	B 8558 2377	Spain	100%	100%
Lindorff Holdco 1 S.à r.l.	2016 2414551	Luxembourg	100%	100%
Lindorff Holdco 2 S.à r.l.	2016 2414837	Luxembourg	100%	100%
Lindorff Holdco 3 S.à r.l.	2016 2415000	Luxembourg	100%	100%
Lindorff Holdco 4 S.à r.l.	2016 2417402	Luxembourg	100%	100%
Lindorff Iberia Spain S.L.U	87523262	Spain	100%	100%
Aktua Soluciones Financieras Holdings S.L.	B86538279	Spain	85%	85%
Aktua Soluciones Financieras S.L.U	B84983956	Spain	85%	85%
Inmare DivisíonInmobiliaria S.L.U	B86602521	Spain	85%	85%
Aktua Aragón S.L.U	B87437745	Spain	85%	85%
Aktua Luxco Holding 1 S.a r.l.	2016 2406729	Luxembourg	85%	85%
Aktua Luxco Holding 2 S.a r.l.	2016 2407199	Luxembourg	85%	85%
Aktua Gestión de Inmuebles S.L.U	B87737737	Spain	85%	85%
Aktua Soluciones Inmobiliarias S.L.U	B50509447	Spain	85%	85%
Lindorff Italy S.r.l.	IT 08724660967	Italy	100%	100%
Isabel SPV S.r.l.	IT 04614020263	Italy	100%	100%
Cross Factor S.p.A.	1299702	Italy	100%	100%
Lindorff S.A.	KRS 0000414651	Poland	100%	100%
Lindorff 1 NSFIZ	RFI 752	Poland	100%	100%
Lindorff Szczurow ski & Wspólnicy Kancelaria	KRS: 0000270515	Poland	100%	100%
Lindorff Detektyw Sp. z.o.o	KRS: 0000223801	Poland	100%	100%
Lindorff Service Sp. z.o.o	KRS: 0000364126	Poland	100%	100%
Casus Management Ltd (Cyprus)	HE 310705	Poland	100%	100%
Finotrex sp z o.o.	KRS 0000507125	Poland	100%	100%
Finotrex sp z o.o.sp.k.	KRS 0000510916	Poland	100%	100%
Casus Investments Sp. z o.o.	KRS 0000487414	Poland	100%	100%
Portfolio SPV V sp. z o.o. sp.k.	KRS 0000487993	Poland	100%	100%
Portfolio SPV VI sp. z o.o. sp.k.	KRS 0000539574	Poland	100%	100%
Portfolio SPV VI sp. z o.o.	KRS 0000539035	Poland	100%	100%

Changes in legal structure during 2016:

On 15 March 2016 Lindorff AB acquired Goldcup AB 12047 AB which changed name to Lindorff Payments Services AB.

On 21 March 2016 Lindorff Holding Spain S.A.U. incorporated Lindorff Holdco Spain S.L.U.

In March and April 2016 Lindorff incorporated Lindorff Holdco companies in Luxembourg (due to financing purposes).

On 11 April 2016 Lindorff Holding Spain S.A.U. incorporated Lindorff Colombia SAS, Bogota, Columbia. The company is empty and no capital has been contributed yet.

On 25 April 2016 Lindorff Holdco Spain S.L.U. changed name to Lindorff Iberia Holding S.L.U.

On 10 May 2016 Lindorff Italy S. r. l. acquired Cross Factor S. p. A. in Italy.

On 1 June 2016 Lindorff Iberia Holding S.L.U. acquired 93.664% of Spanish group Aktua Soluciones Financieras Holdings.

On 13 June 2016 Lindorff Sverige Holding AB acquired Start UP 345 AS and changed the name to Lindorff Payment Services AS.

On 14 June 2016 Lindorff AB constituted Lindorff Investment no1 Designated activity company (section 110 company) in Ireland.

On 17 June 2016 Lindorff AB acquired GoldCup 12831 AB (established off the shelf company 21 Apr 2016). The name was changed to Lindorff Payment Services Holding AB.

On 17 June 2016 Lindorff AB sold Lindorff Payment Services AB to Lindorff Payment Services Holding AB (due to financing purposes).

On 15 July 2016 Lindorff Iberia Holding S.L.U. sold 8.664% of shares in Aktua Soluciones Financieras Holdings to minority shareholder Banco Santander decreasing Lindorff's share to 85%.

On 2 August 2016 Lindorff registered liquidation of OOO Lindorff Russia in the Russian company register, expected to be effective from Q1/Q2 2017.

On 30 November 2016 Lindorff Holding GmbH acquired DMV Debitorenmanagement-und Verwaltungsgesellschaft mbH and HIT Hanseatische Inkasso-Treuhand GmbH in Germany.

21 Trade payables

EURm	31 Dec 2016	31 Dec 2015
Trade payables	32	19
Total	**32**	**19**

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

Trade payables fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

22 Other short-term liabilities

EURm	31 Dec 2016	31 Dec 2015
Public duties payable	10	9
Deferred Revenue (<12 months)	4	3
Accrued costs	38	25
Accounts Payable—Payroll related	28	20
Deferred payments portfolio capex ST	35	—
Short-term provisions*	21	—
Other short-term liabilities	2	1
Total	**138**	**58**

* Short-term provisions mainly include deferred payment (EUR 9m) and earn out (EUR 9m) on Aktua acquisition

Accrued expenses are non-interest-bearing and have an average term of 30 days.

Accrued costs, deferred payments and other short-term liabilities' fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

23 Borrowings

EURm	31 Dec 2016	31 Dec 2015
Non-current liabilities		
Bonds	1,911	1,909
Non-amortised fees Bonds	–43	–48
Aktua facilities (long-term part)	128	—
Liabilities to credit insitutions	281	—
Total non-current liabilities	2,278	1,860
Current liabilities		
Revolving Credit and other short-term liabilities	104	208
Accrued interest on secured and unsecured bonds	35	35
Total current liabilities	139	242
Total borrowings	**2,416**	**2,103**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

EURm	31 Dec 2016*	31 Dec 2015**
EUR	2,025	1,770
NOK	241	176
SEK	196	204
Total	**2,462**	**2,150**

* excl. Non-amortised fees Bonds and capitalized fees Aktua loan

** excl. Non-amortised fees Bonds. Difference in reported number vs. Annual report 2015 is RCF draw and accrued interest on bonds that was not included last year.

Fair value of bonds

EURm	31 Dec 2016	31 Dec 2015
Fair value of bonds	**2,024**	**1,956**

The fair value measurements of bonds are based on quoted prices at Oslo Stock Exchange and Irish Stock Exchange at measurement date and are within level 1 of the fair value hierarchy.

The fair value of Revolving Credit and other short-term liabilities is equal its' carrying value. The fair value is based on market data and is within level 2 of the fair value hierarchy.

The Group has the following undrawn borrowing facilities:

EURm	31 Dec 2016	31 Dec 2015
Revolver	276	93
Guarantee facility	14	4
Total	**290**	**97**

Additional funding capacity	31 Dec 2016	31 Dec 2015
Basket for receivables financing	15	50
Basket for local financing (leasing+WC)	6	59
Total	**21**	**109**

Bonds and liabilities to credit institutions

Lindorff Group is funded through a Super Senior RCF of EUR 345m, Senior Secured Notes of EUR 1,467m equivalent (issued in EUR and NOK) and Senior Notes of EUR 444m equivalent (issued in EUR and SEK). In October 2016 Lindorff secured additional funding through a EUR 200m non-syndicated loan facility and a EUR 55m equivalent bilateral credit facility, entered into by Lock Lower Holding AS and Lindorff Capital AS, respectively. The Group also secured a receivable financing solution in July 2016 of up to EUR 50m.

The average interest rate on the notes is 6.87% with an average duration of 4.5 years. The multicurrency RCF is priced at a margin of 3.5% with a commitment fee equivalent to 35% of the applicable margin on any undrawn amount. At the end of Q4 2016, the RCF draw amounted to EUR 44m (excluding a draw for unfunded guarantees of EUR 11m). The non-syndicated loan facility bears interest at an initial rate of EURIBOR plus 5.50%, subject to margin increases over time. Obligations under the facility rank equal in right of payment with the Senior Notes and is secured by a pledge over the shares of Lock Lower Holding AS, and second priority pledges over the shares in Lock AS and in certain intercompany receivables of Lock Lower Holding AS. The EUR 55m eq. bilateral credit facility bears interest at NIBOR plus a margin of 4.50%. The facility is unsecured. The receivable financing solution carries a margin of 2.90% over the interbank rate and EUR 35m was drawn at the end of the quarter.

In addition to the above mentioned borrowings, Aktua has senior facilities totalling EUR 98m, Mezzanine facilities totalling EUR 50m, and a PIK loan of EUR 30m. The bonds issued by Lindorff S.A. in Poland (previously Casus Finanse S.A.) were repaid in full in December 2016.

The covenants set forth in the Senior Secured Notes Agreement and the Senior Notes Agreement are typical for 144A / Reg S high yield issue of this type, including but not limited to the following: Change of Control, Debt Incurrence, Permitted Liens, Limitation on Sales of Assets & Subsidiary Stock, Limitation on Affiliate Transactions, Limitation on Restricted Payments, Anti-layering, Reports, Merger and Consolidation, Line of Business and Suspension of Covenants on Achievement of Investment Grade Status.

The SSRCF Agreement, the non-syndicated loan agreement and the bilateral facility agreement contains certain of the incurrence covenants that are set forth in the Senior Secured Notes Agreement and the Senior Notes Agreement. In addition, the SSRCF Agreement contains a Drawn Super Senior Leverage Ratio financial covenant which will be tested for each annual accounting period and quarterly on a rolling twelve month basis; the financial covenant is set to 2:1 and is calculated as Drawn Super Senior Indebtedness to Adjusted EBITDA. The Aktua facilities also contain two financial covenants that are measured on a quarterly basis; a cash flow coverage ratio of minimum 1.15x (Cash Flow / Debt Service) and a Leverage Ratio of maximum 4.50x (Net Debt / EBITDA).

Security package

Companies of the Group representing more than 80% of consolidated EBITDA and assets for the year ended December 31, 2016 have provided security for the SSRCF and the Bond package through pledges of shares, bank accounts, receivables and a guarantee for the commitments under the SSRCF and the Bond Package. Pursuant to the Intercreditor Agreement, the liens securing the Senior Secured Notes will be senior liens over the Senior Secured Notes Collateral that rank equally with the liens that secure: (i) on a super-priority basis (A) obligations under the Revolving Credit Facility Agreement and (B) obligations under certain super-priority hedging arrangements; and (ii) on an equal and ratable basis, (A) certain other future debt permitted to be incurred under the Senior Secured Indenture, including certain acquisition indebtedness and (B) obligations under certain hedging arrangements. The Senior Notes will be secured by the Shared Collateral on a second-ranking basis and by the Senior Notes Only Collateral on a first-ranking basis.

Planned refinancing

The merger between Intrum Justitia and Lindorff announced on November 14, 2016 is subject to the approval of regulatory authorities in relevant jurisdictions as well as by the EU competition authorities. The transaction is expected to be completed during the second quarter of 2017, depending on the time required to obtain the regulatory approvals. If the transaction is completed as planned, substantially all of Lindorff's indebtedness, including the senior secured and senior notes and the RCF, will be refinanced.

24 Other long-term liabilities

EURm	31 Dec 2016	31 Dec 2015
Provisions	10	1
Other long-term liabilities	10	0
Total	**19**	**1**

The fair value of other long-term liabilities equals their carrying amount, as the impact of discounting is not significant. The fair value is based on unobservable inputs not corroborated by market data and is within level 3 of the fair value hierarchy.

Provisions at year-end 2016 amounted to EUR 10m (2015: 1m). EUR 9m relates to earn out (based on 2017 results) provision related to acquisition of Aktua.

Other long-term liabilities amounted to EUR 10m (2015: 0m), of which EUR 9m relates to a liability towards associated company.

25 Derivative financial instruments

EURm	31 Dec 2016	31 Dec 2015
Financial derivatives LT*	23	—
Financial derivatives ST	—	2
Total	**23**	**2**

* Includes put option to Santander of EUR 23m

The fair value of interest rate swaps is equal to its' carrying value, is based on market data and is within level 2 of the fair value hierarchy. The fair value of put option is based on unobservable inputs not corroborated by market data and is within level 3 of the fair value hierarchy.

The full fair value of the derivative is classified as a non-current asset or liability if the remaining maturity is more than 12 months, and as a current asset or liability, if the maturity is less than 12 months.

26 Post-employment benefits

The Group has pension liabilities for certain employees from defined benefit plans in Norway. The major plans are covered by assets in funds administrated by insurance companies. The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for a specific number of years. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The plans in Lindorff have been closed to new employees since 2006. Pensions for new employees are instead based on defined contribution plans.

The defined benefit plan in Norway was terminated with an effective date 31 December 2016. The only remaining members are the ones that were on sick leave on the cancellation date.

The pension costs and pension liabilities for the defined benefit plans are presented below.

EURm	31 Dec 2016	31 Dec 2015
Present value of funded obligations	6	31
Fair value of plan assets	–3	–25
Deficit of funded plans	3	7
Present value of unfunded obligations	—	—
Total deficit of defined benefit pension plans	3	7
Impact of minimum funding requirement/asset ceiling	—	—
Net liability in the statement of financial position	**3**	**7**

EURm	Present value of obligation	Fair value of plan assets	Total
At 1 January 2016	**31**	**–25**	**7**
Current service cost	1		1
Interest expense/(-income)	1	–1	0
Plan curtailment	–31	25	–5
Total pension cost	–29	25	–4
Remeasurements:			
Remeasurement on defined benefit plans	1	–1	0
Total remeasurements	1	–1	0
Exchange differences	2	–1	0
Contributions from employers		–1	–1
Benefit payments	–1	1	–0
Acquired in a business combination	2	–1	1
At 31 December 2016	**6**	**–3**	**3**

EURm	Present value of obligation	Fair value of plan assets	Total
At 1 January 2015	**36**	**–24**	**12**
Total pension cost	2	–1	2
Remeasurements:			
Remeasurement on defined benefit plans	–4	–0	–5
Total remeasurements	–4	–0	–5
Exchange differences	–2	2	–0
Contributions from employers	—	–2	–2
Benefit payments	–1	1	–0
At 31 December 2015	**31**	**–25**	**7**

The plan assets consist primarily of investments in listed bonds. Due to the low net exposure there would not be a significant impact on the financial position of the company due to reasonable changes in the actuarial assumptions.

The main actuarial assumptions are as follows:

EURm	31 Dec 2016	31 Dec 2015
Major plans in Norway:		
Discount rate (OMF)	2.60%	2.70%
Salary increase	2.50%	2.50%
Increase of social security base (Norway)	2.25%	2.25%
Expected lifetime based on table	K2013BE	K2013BE

Pension insurance with Alecta, Sweden

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. For the 2016 fiscal year, the company did not have access to such information that would enable the company to record this plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The Group’s level of participation in the plan is insignificant.

Germany

In addition there is a defined benefit plan for 8 employees in Germany. The net value of the plan is negative and EUR 616k (2015: 35k) is recognised as a defined benefit liability.

27 Pledged assets, contingent assets and liabilities

The external funding of the Group is secured through Lock AS and Lock Lower Holding AS.

Companies of the Group representing more than 80% of EBITDA and assets as of 31 December 2016 have provided security for the RCF and the Bond package through pledge of shares, bank accounts, receivables and a guarantee for the commitments under the RCF and the Bond package.

When conducting their business, the Group companies are from time to time obliged to provide bank guarantees to various government bodies or business parties. Such guarantees are backed by a guarantee facility, which is part of the Group's funding through Lock AS. The guarantee facility amounts to EUR 25m, where EUR 11m was utilized as of 31 December 2016.

The book value of the share pledge amounts to:

EURm	31 Dec 2016	31 Dec 2015
Equity	773	798
Cash and cash equivalents	16	40

As of 31 December 2016 there were no contingent assets.

Contingent liabilities:

During the normal business operations, the Group faces from time to time claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Provision for contingent liabilities as at 31 December 2016 is EUR 4m.

28 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

EURm	31 Dec 2016	31 Dec 2015
Forward flow agreements and purchase of funds	68	88
Total	**68**	**88**

The Group has committed to buy non-performing debt portfolios for delivery in future periods; these commitments are from "forward flow" contracts and – for Poland - an investment fund in which we have obligated ourselves to become owner of total fund over time. Estimated Capital Expenditure is based on previous acquisitions under the same contracts and client's expectations.

(b) Operating lease commitments—Group company as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various cars and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements. The lease expenditure charged to the income statement during the year is disclosed under other operating costs.

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

EURm	31 Dec 2016	31 Dec 2015
No later than 1 year	10	8
Later than 1 year and no later than 5 years	26	21
Later than 5 years	9	6
Total	**45**	**35**

Lease expense during the period amounts to EUR 14m (2015: 13m).

EURm	31 Dec 2016	31 Dec 2015
Lease agreements, premises	42	33
Other lease agreements	2	3
Total	**45**	**35**

29 Business combinations

2016

HIT & DMV

On 30 November 2016, Lindorff acquired DMV Debitorenmanagement-und Verwaltungsgesellschaft mbH (DMV) and HIT Hanseatische Inkasso-Treuhand GmbH (HIT) in Germany. With these acquisitions Lindorff increased its Debt Collection capacity in the German market. HIT was established in 1983 and has over 50 employees based in Hamburg. DMV is offering services to HIT and has 12 FTEs.

The acquisition price for DMV and HIT was EUR 12m. Purchase price was allocated to assets and liabilities at fair value and led to goodwill of EUR 9m.

There is always some uncertainty associated with future cash flow and collection cost estimates as basis for fair value estimation as at acquisition date. The purchase price allocation is to be considered as a preliminary assessment and may be reallocated within 12 months after the acquisition.

Consideration at 30 November 2016:

EURm	30 November 2016
Purchase Price of Hit Group	12
Fair value of acquired net assets	4
Goodwill	**9**

Recognised amounts of identifiable assets acquired and liabilities assumed:

EURm	Fair value	Book value
Assets		
Fixtures and furnitures	0	0
Intangible assets	0	0
Non-current assets	**0**	**0**
Trade receivables	5	5
Cash and cash equivalents	6	10
Current assets	**10**	**14**
Total assets	**11**	**15**
Long term liabilities	—	—
Non-current liabilities	**—**	**—**
Trade payables	7	11
Other short-term liabilities	1	1
Current liabilities	**7**	**11**
Total liabilities	**7**	**11**
Net assets	**4**	**4**

Aktua

On 1 June 2016, Lindorff acquired 94% of the Spanish collection group Aktua Soluciones Financieras Holdings. In July the ownership of Aktua decreased to 85% as minority interest shareholder Banco Santander acquired an additional 9% stake from Lindorff. Aktua is a leading multi-client servicer focused on secured debt and real estate assets in Spain offering end-to-end services across the entire NPL and RES value chain, including loan servicing, real estate services as well as investment advisory of financial institutions and international investors. The group was founded in 2008 and has a staff of more than 400 employees and a network of 22 offices and field collection teams across the country.

The company holds long term contracts with leading financial institutions in Spain, and gives Lindorff a strong platform in the RES market and brings new capabilities to pursue further growth in the secured non-performing loans area in Spain and subsequently in other markets.

The acquisition price for Aktua group was EUR 134m including deferred and contingent consideration. Purchase price allocated to assets and liabilities at fair value led to goodwill at EUR 127m.

There is always some uncertainty associated with future cash flow and cost estimates as basis for fair value estimation as at acquisition date. The purchase price allocation is to be considered as a preliminary assessment and may be reallocated within 12 months after the acquisition.

Information related to revenue and profit or loss for the combined entity according to IFRS 3 B.64 for 2016 as if all business combinations had occurred at 1 January 2016 is impractical to report. Part of the business combinations was an asset acquisition with no previous separate financial reporting available.

For the period 1 June – 31 December 2016 key financials for Aktua group consolidated within Lindorff Group were: Net revenue EUR 69m, EBITDA EUR 37m and EBIT EUR 27m.

Consideration at 1 June 2016:

EURm	1 June 2016
Purchase Price of Aktua 94%	134
Fair value of acquired net assets	7
Goodwill	**127**

Recognised amounts of identifiable assets acquired and liabilities assumed:

EURm	Fair value	Book value
Assets		
Fixtures and furnitures	1	1
Intangible assets	130	130
Goodwill	41	41
Loans and receivables	1	1
Non-current assets	**173**	**173**
Trade receivables	36	36
Cash and cash equivalents	22	22
Current assets	**57**	**57**
Total assets	**230**	**230**
Deferred tax liabilities	8	8
Long term liabilities	152	152
Non-current liabilities	**161**	**161**
Trade payables	2	2
Short-term loan	37	37
Other short-term liabilities	22	22
Current liabilities	**61**	**61**
Total liabilities	**222**	**222**
Net assets	**8**	**8**
Net assets acquired 94%	**7**	
Non-controlling interest	**1**	

Transaction costs related to business combinations have been expensed.

Cross Factor S.p.A

On 10 May 2016, Lindorff acquired Cross Factor S.p.A, an Italian company within Credit Management Services (CMS). With this acquisition Lindorff established a management organization for operations in Italy. Cross Factor S.p.A has been in the Italian NPL market since 1992.

The acquisition price for Cross Factor was EUR 16m. Purchase price was allocated to assets and liabilities at fair value.

There is always some uncertainty associated with future cash flow and collection cost estimates as basis for fair value estimation as at acquisition date. The purchase price allocation is to be considered as a preliminary assessment and may be reallocated within 12 months after the acquisition.

Consideration at 10 May 2016:

EURm	10 May 2016
Purchase Price of Cross Factor	16
Fair value of acquired net assets	16
Goodwill	**0**

Recognised amounts of identifiable assets acquired and liabilities assumed:

EURm	Fair value	Book value
Assets		
Loans and receivables	22	12
Deferred income tax assets	2	2
Non-current assets	**24**	**14**
Trade receivables	2	6
Cash and cash equivalents	0	1
Current assets	**3**	**7**
Total assets	**26**	**20**
Long term liabilities	7	3
Non-current liabilities	**7**	**3**
Trade payables	1	1
Other short-term liabilities	3	7
Current liabilities	**3**	**8**
Total liabilities	**10**	**11**
Net assets	**16**	**9**

Transaction costs related to business combinations have been expensed.

2015

Acquisition of Casus Finanse S.A. in Poland

On 18 August 2015, Lindorff acquired Casus Finanse (changed name to Lindorff S.A group in March 2016), one of the largest Credit Management Services (CMS) players in Poland. With this acquisition Lindorff expands its geographical footprint in Europe.

The purchase price for Casus Finanse was EUR 35m.

The allocation of the purchase price to assets and liabilities at fair value led to recognition of goodwill at EUR 29m.

Casus Finanse was established in 1997 and has a long term experience in serving the Polish CMS market. Like Lindorff, Casus group has two major business areas: Debt Collection, consisting of debt-related administrative services and Debt Purchasing.

Lindorff expects synergy effects from Casus' knowledge of the market combined with Lindorff's business model for collection performances. The workforce of approximately 500 FTEs is considered of material value. Based on assumptions of recruiting cost, training cost, efficiency cost of hiring new people compared to experienced staff members, Lindorff estimates the value of the workforce to be significant.

Valuation of purchased loans and receivables based on information available at purchase date was EUR 23m. Prediction of future cash flows in new entities is connected with significant uncertainty, especially when entering new markets.

Consideration at 18 August 2015:

EURm	18 August 2015
Purchase Price Casus Finanse S.A.	35
Fair value of acquired net assets	6
Goodwill	**29**

According to the purchase agreement, the former owners of Casus Finanse could be entitled to an earn-out based on performance (EBITDA) in 2015. Based on best estimate, no provision was recorded as at 31 December 2015. A provision of EUR 1.3m is recorded as at 31 December 2016.

Recognised amounts of identifiable assets acquired and liabilities assumed:

EURm	Fair value	Book value
Assets		
Fixtures and furnitures	1	1
Intangible assets	1	1
Loans and receivables	23	26
Non-current assets	**25**	**28**
Trade receivables	1	1
Cash and cash equivalents	3	3
Current assets	**4**	**4**
Total assets	**29**	**32**
Trade payables	1	1
Short-term loan	21	21
Other short-term liabilities	1	1
Current liabilities	**23**	**23**
Total liabilities	**23**	**23**
Net assets	**6**	**9**

Transaction costs related to business combinations have been expensed.

30 Related party disclosures

The Group is organised in a legal structure with Lock companies being holding companies of Indif AB, which owns 100% of Lindorff AB. Lindorff AB owns 100% of the parent/holding companies per country or region.

The Group's related parties include Group Management, members of the Board of Directors and parent companies (Lock Upper Holding AS and Lock Topco AS). All transactions with related parties are performed at normal market prices at arm's length.

Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not made any provisions relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Long-term receivable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Long-term loans to group companies	2,243	2,100
Total	**2,243**	**2,100**

Short-term receivable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Trade receivables intercompany	45	12
Accrued interest and short term loans to group companies	28,111	—
Total	**28,156**	**12**

Short-term payable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Accounts payable group companies	9	2
Total	**9**	**2**

Loans to Board Members and key management

Certain key managers and Board members in Lindorff have invested EUR 10m (2015: 6m) in the Management Investment Program implemented in 2015 in Lock Upper Holding AS. Acquisition price of the shares is based on fair value conditions. Seven of the investors have been granted a loan on market terms from Lindorff Holding Norway AS to fully or partially finance their investment in the program. The outstanding loans to these individuals amounted to EUR 2.4m at 31 December 2016 and investments are pledged to secure the loans.

31 Events after the reporting period

19 January 2017 Lindorff AB acquired Lndrff International AB from Cidron 1748 S.à r.l. The acquired company was initially created as a sister company of Lock Topco AS for the purpose of a potential listing. Approximately EUR 4m will be expensed in Lndrff International AB as non-recurring advisory fees related to preparations for a potential listing.

Parent Company Income statement

EURk		1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Net revenue		1,783	1,260
Payroll expenses		–1,589	–1,146
Phone, postage and packaging		–5	–4
Other operating costs	2	–895	–79
Results from operating activities (EBIT)		**–706**	**31**
Finance income	3	45,592	40,822
Finance costs	3	–46,283	–41,273
Net finance costs		**–691**	**–451**
Share of profit from investment in associates, net of tax			
Profit or loss before tax		**–1,396**	**–420**
Income tax expense	4	331	104
Profit or loss for the year		**–1,065**	**–316**
Retained earnings		**–1,065**	**–316**

Parent Company Statement of financial position

EURk	Notes	As at 31 Dec 2016	As at 31 Dec 2015
ASSETS			
Investment in subsidiaries	5	767,465	723,753
Deferred tax assets	4	441	96
Long-term receivables	7	643,861	451,463
Non-current assets		**1,411,767**	**1,175,312**
Trade receivables	7	1,082	1,362
Intercompany receivables	7	41,427	10,917
Other short-term receivables		27	24
Cash and cash equivalents	6	196	467
Current assets		**42,732**	**12,771**
Total assets		**1,454,499**	**1,188,083**
EQUITY			
Share Capital	8	9,378	8,847
Total restricted capital		**9,378**	**8,847**
Share Premium	8	757,882	714,711
Retained earnings		–1,197	–102
Total non-restricted capital		**756,684**	**714,609**
Total equity	8	**766,062**	**723,456**
Liabilities			
Bonds	9	443,667	451,463
Liabilities to credit institutions	9	200,000	—
Other long-term liabilities	7	2,075	1,635
Non-current liabilities		**645,742**	**453,098**
Trade payables	7	311	106
Borrowings	7, 9	28,111	—
Other liabilities		14,272	11,422
Current liabilities		**42,695**	**11,528**
Total liabilities		**688,437**	**464,626**
Total equity and liabilities		**1,454,499**	**1,188,083**

Parent Company Cash flow statement

EURk		1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Cash flows from operating activities:			
Results from operating activities (EBIT)		–706	31
Adjustments for:			
Interest received		45,592	46,972
Interest paid		–40,751	–47,025
Cash flows from operating activities before changes in working capital		**4,136**	**–21**
Cash flows from changes in working capital:			
Decrease/(increase) in accounts receivable		280	–1,359
Decrease/(increase) in other receivables		–3	24
(Decrease)/increase in accounts payable		205	97
(Decrease)/increase in other current liabilities		452	505
Net cash generated from operating activities		**5,070**	**–802**
Cash flows from financing activities:			
Proceeds from new debt Group companies	7,9	28,551	1,635
Proceeds from new debt	9	202,506	
Short term loans to Group companies	7	–230,509	—
Other financial expenses paid	3	–5,607	–66
Net cash used in financing activities		**–5,060**	**1,569**
Net (decrease)/increase in cash and cash equivalents		**10**	**767**
Currency effect		–281	–303
Cash and cash equivalents at the beginning of the year		467	3
Cash and cash equivalents at end of year		**196**	**467**

Parent Company Statement of changes in shareholders' equity

EURk	Share capital (restricted)	Share premium	Retained earnings	Total non-restricted capital	Total equity
Balance as at 1 January 2016	**8,847**	**714,711**	**–102**	**714,609**	**723,456**
Profit/loss for the year	—	—	–1,065	–1,065	**–1,065**
Translation differences	519	41,901	-30	41,871	**42,390**
Capital increase/(reduction)	12	1,269	—	1,269	**1,281**
Balance as at 31 December 2016	**9,378**	**757,882**	**–1,197**	**756,684**	**766,062**

EURk	Share capital (restricted)	Share premium	Retained earnings	Total non-restricted capital	Total equity
Balance as at 1 January 2015	**9,405**	**759,777**	**205**	**759,982**	**769,387**
Profit/loss for the year	—	—	–316	–316	**–316**
Translation differences	–558	–45,066	10	–45,056	**–45,614**
Balance as at 31 December 2015	**8,847**	**714,711**	**–102**	**714,609**	**723,456**

Notes to the audited parent company financial statements

1 Parent Company Accounting principles

The parent company has prepared the annual report according to the Norwegian Accounting Act (1998) and Generally Accepted Accounting Principles in Norway.

As of 31 December 2016 there were 2 employees in the company.

Differences between the Group's and parent company's accounting principles

Differences between the Group' and parent company's accounting principles are indicated below.

Subsidiaries

Shares in subsidiaries are recognised in the parent company at cost, including transaction costs less any impairment. Only dividends are recognised as income.

Group contributions and shareholders' contribution for legal entities

The company reports Group contributions and shareholders' contributions in accordance with NRS3 Events after reporting period (Norwegian GAAP) and recognised at 31 December. Group contributions received from subsidiaries are reported as financial income and Group contributions given to subsidiaries are reported as increased investment in subsidiaries. Tax effect is recognised in reported period.

2 Parent Company Audit fees

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Auditor's fees	16	26
Total	**16**	**26**

3 Parent Company Financial Items

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Interest income internal	45,590	40,819
Other interest income	2	3
Finance income	**45,592**	**40,822**
Foreign exchange gains	64,081	101,411
Interest cost internal	–382	–50
Interest expense bonds	–40,261	–41,105
Fees and other financial expenses Bonds	–114	–43
Foreign exchange loss	–64,114	–101,463
Other financial expenses	–5,492	–23
Finance costs	**–46,283**	**–41,273**
Net finance costs	**–691**	**–451**

4 Parent Company Income tax

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Current tax	—	—
Change in deferred tax	331	104
Total income tax expense (income +)	**331**	**104**
Tax rate	25%	27%
Profit before tax	**–1,396**	**–420**
Tax calculated at domestic tax rate 25%	349	113
Tax effect of non deductible costs	–1	–1
Tax effect of change in tax rate	–18	–8
Total income tax (expense -)	**331**	**104**

EURk	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
Deferred tax		
Tax losses carry-forward	441	96
Total deferred tax assets	**441**	**96**
Reconciliation of net deferred tax		
Deferred tax at beginning of the year	96	—
Deferred tax in income statement	331	104
Translation differences	4	–7
Net deferred tax asset	**431**	**96**

5 Parent Company Subsidiaries

Subsidiary	Corp.ID no	Domicile	No of shares	% of capital	Book value 2016 (EUR)
Lock AS	NO-913 741 102	Norway	852,092	100%	767,465,344

6 Parent Company Cash and Short-term deposits

EURk	31 Dec 2016	31 Dec 2015
Cash at hand and in banks	196	467
Cash and cash equivalents (excluding bank overdrafts)	**196**	**467**

7 Parent Company Related Party

Long-term receivable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Long-term loans to group companies	643,861	451,463
Total	**643,861**	**451,463**

Short-term receivable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Trade receivables intercompany	1,082	1,362
Accrued interest and short term loans to group companies	41,427	10,917
Total	**42,508**	**12,279**

Short-term payable Intercompany

EURk	31 Dec 2016	31 Dec 2015
Accounts payable group companies	305	102
Accrued interest and short term loans from group companies	28,111	—
Total	**28,416**	**102**

Long-term liability Intercompany

EURk	31 Dec 2016	31 Dec 2015
Long term liabilities group companies	2,075	1,635
Total	**2,075**	**1,635**

See Note 30 for the Group for further information.

8 Parent Company Equity

EUR	Number of shares	Par value ordinary shares (EUR)	Book value ordinary shares (EUR)	Par value share premium (EUR)	Book value share premium (EUR)	Total Book value (EUR)
Ordinary shares	852,092	11.0	9,377,770	889	757,881,628	767,259,398
Total	**852,092**		**9,377,770**		**757,881,628**	**767,259,398**

9 Parent Company Borrowings

Borrowing

EURk	31 Dec 2016	31 Dec 2015
Non-current liabilities		
Liabilities to credit institutions	200,000	—
Bonds	443,667	451,463
Total	**643,667**	**451,463**

EURk	31 Dec 2016	31 Dec 2015
Current liabilities		
Accrued interest and short term loans group companies	13,315	10,917
Total	**13,315**	**10,917**

The carrying amounts of the borrowings are denominated in the following currencies:

EURk	31 Dec 2016	31 Dec 2015
EUR	461,280	258,796
SEK	195,703	203,584
Total	**656,983**	**462,380**

Bonds and liabilities to credit institutions

Lock Lower Holding AS has issued EUR 250m Senior Notes paying a fixed interest of 9.5% and SEK 1,850m Senior Notes paying STIBOR + 8.775%. In October 2016 the company secured additional funding through a EUR 200m non-syndicated loan facility that bears an interest of EURIBOR + 5.50%, subject to margin increases over time.

The parent company takes part in the covenants and security package in the Group funding package. For further information, see note 23 for the Group.

Definitions

Alternative performance measures (APMs)	APMs are used by Lindorff for annual and interim financial reporting as we consider them to be important supplemental measures of our performance and believe that the alternative performance measures are useful for users of the financial report as a complement to assess the possibility of a dividend, to implement strategic investment, and to assess the Group's ability to meet financial commitments. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the company as relevant. We believe that these metrics are helpful in understanding our performance from period to period and facilitate comparison with our peers. The non-IFRS financial measures should not be viewed as substitutes for revenue, other income, results from operating activities (EBIT), profit/(loss) for the period, cash flows from operating activities at period end or other income statement or cash flow items computed in accordance with IFRS.
Adjusted EBITDA	EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables. We use Adjusted EBITDA as a measure of our operating cash flow generation and the liquidity of our business.
Adjusted EBITDA (excl. NRIs)	EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables excluding non-recurring items. This is a measure that the Group considers to be relevant for investors who want to understand the results from operating activities adjusted for amortisation and revaluation respective the generation of earnings adjusted for before non-recurring items.
Average number of FTE's	Average number of employees during the year converted to full-time posts. The calculation is based on the total average number of employees per month divided by the number of months in the period.
Direct opex	Operational expenses related to collection activities, excluding SG&A and IT cost.
ERC	Estimated Remaining Collections next 180 months on purchased loans and receivables in Debt Purchasing. ERC is calculated as of a point in time, assuming no additional purchases are made thereafter. These expectations are based on historical and current portfolio collection performance data, and trends and assumptions about future debt collection rates.
Gross collections on purchased loans and receivables	Gross collection on purchased loans and receivables means the total principal, interest, collection fees and legal fees received on portfolios that we own.
Intersegment Revenue	Commission to the Debt Collection segment from the Debt Purchasing segment.
Investments in Debt Purchasing	Acquisitions of non-performing loans and receivables (may differ from acquisition of loans and receivables in the cash flow statement due to actual payment of the acquisition may be due in another period).
NIBD	Interest bearing debt less cash. See reconciliation in note 4.2.

NIBD/Proforma Adjusted EBITDA (LTM)	Net interest bearing debt divided by Adjusted EBITDA LTM (Leverage ratio is adjusted for proforma effect of acquisitions in the given period. Not including investments in Debt Purchasing). This ratio is a debt ratio that shows how many years it would take for Lindorff to pay back its debt if net debt and EBITDA are held constant. See reconciliation of NIBD/Proforma Adjusted EBITDA (LTM) in note 4.2.
Portfolio revaluation	Change in carrying value of purchased loans and receivables due to changed collection forecasts.
Restricted Group	Lock Lower Holding AS and all its subsidiaries subject to the restrictive covenants of the Senior Secured Notes, Senior Notes and RCF indenture.
Return in Debt Purchasing	Last Twelve Months (LTM) segment earning in % of average book value of purchased loans and receivables for the last twelve months.
Segment Earnings	Segment earnings are calculated on a segment basis, and means the total operating revenue of the segment less the direct operating expenses attributable to the respective segment.
Segment Earnings Debt Collection	Includes earnings from collection on own portfolios and third party debt.

Abbreviations

3PC	Third Party Collection
IDC	Internal Debt Collection
CAGR	Compounded Annual Growth Rate
Constant Currency	Fixed currency rates for comparable reporting periods
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
FTE	Full Time Equivalent employees
IRR	Internal Rate of Return
NIBD	Net Interest Bearing Debt
NPL	Non-Performing Loan
NRI's	Non-Recurring Items
LTM	Last Twelve Months
RES	Real Estate Servicing

Reconciliation of alternative performance measures

Reconcilation of net cash (outflow)/inflow from operating activities to EBITDA and Adjusted EBITDA:

EURm	31 Dec 2016	31 Dec 2015
Net cash (outflow)/inflow from operating activities	239	90
Adjustment for other non-cash items	0	0
Corporate income tax paid	14	36
Net financial items	156	151
Amortisation and revaluation of purchased loans and receivables	–160	–144
Net changes in working capital	3	54
Gain from sale of subsidiary	0	0
EBITDA	**252**	**186**
Amortisation of purchased loans and receivables	167	149
Revaluation of purchased loans and receivables	–7	–5
Adjusted EBITDA	**412**	**331**
Restructuring costs	5	4
Severance payments	2	5
Transitional service costs	0	1
Consultancy fee including costs related to mergers and aqquisitions	9	7
Costs related to Green Acquisition and certain other corporate actions	0	0
VAT correction	0	1
Pension adjustment Norway	–6	0
Adjusted EBITDA (excluding NRIs)	**433**	**350**

Reconciliation of profit or loss on ordinary activities to EBITDA and Adjusted EBITDA:

EURm	31 Dec 2016	31 Dec 2015
Profit or loss for the financial period	–18	–16
Income tax expense	30	–6
Net finance costs	156	172
Depreciation and amortisation	85	37
EBITDA	**252**	**186**
Amortisation of purchased loans and receivables	167	149
Revaluation of purchased loans and receivables	–7	–5
Adjusted EBITDA	**412**	**331**
Restructuring costs	5	4
Severance payments	2	5
Transitional service costs	0	1
Consultancy fee including costs related to mergers and aqquisitions	19	7
Costs related to Green Acquisition and certain other corporate actions	0	0
VAT correction	0	1
Pension adjustment Norway	–6	0
Adjusted EBITDA (excluding NRIs)	**433**	**350**

Reconciliation of income from portfolios of purchased loans and receivables to Adjusted EBITDA

EURm	31 Dec 2016	31 Dec 2015
Net revenue from purchased loans and receivables	289	267
Amortisaton and revaluation of purchased loans and receivables	160	144
Collections and other revenue on purchased loans and receivables	**449**	**411**
Net revenue from Debt Collection and Other Services	357	267
Employee benefit expense	–208	–187
Legal fee cost	–47	–43
Phone, postage and packaging	–19	–18
Other operating costs	–120	–100
Adjusted EBITDA	**412**	**331**
Restructuring costs	5	4
Severance payments	2	5
Transitional service costs	0	1
Consultancy fee including costs related to mergers and aqquisitions	19	7
Costs related to Green Acquisition and certain other corporate actions	0	0
VAT correction	0	1
Pension adjustment Norway	–6	0
Adjusted EBITDA (excluding NRIs)	**433**	**350**

To the Annual Shareholders' Meeting of Lock Lower Holding AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Lock Lower Holding AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2015, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We belive that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Lock Lower Hoding AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Lock Lower Holdings AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 April 2016
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant (Norway)

Consolidated Income statement

EURm		1 Jan-31 Dec 2015	22 May-31 Dec 2014
Net revenue	5	**534**	**130**
Employee benefit expense	6	–187	–50
Legal fee cost		–43	–9
Phone, postage and packaging		–18	–4
Other operating costs	7	–100	–41
Depreciation and amortisation	10,11	–37	–5
Results from operating activities (EBIT)		**150**	**21**
Finance income	8	1	0
Finance costs	8	–173	–66
Net finance costs		**–172**	**–66**
Profit and loss before tax		**–23**	**–45**
Income tax expense	9	6	15
Profit and loss for the year		**–16**	**–30**
Profit (loss) attributable to:			
Owners of the Company		–16	–30
Profit and loss for the year		–16	–30

Consolidated statement of comprehensive income

EURm		1 Jan-31 Dec 2015	22 May-31 Dec 2014
Profit (loss) for the year		**–16**	**–30**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurements of post employment benefit obligations gain(+)/loss (–)	26	4	–3
Tax on remeasurement of post employment benefit obligations	26	–1	1
		3	**–2**
Items that may be subsequently reclassified to the income statement			
Currency translation differences		–2	69
Other comprehensive income for the year, net of tax		**1**	**66**
Total comprehensive income for the year		**–15**	**35**
Attributable to:			
Owners of the Company		–15	35
Total comprehensive income for the year		**–15**	**35**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of financial position

EURm	Notes	As at 31 December 2015	As at 31 December 2014
ASSETS			
Fixtures and furnitures	10	14	12
Intangible assets	11	327	319
Goodwill	12	1,384	1,378
Purchased loans and receivables	14	1,070	809
Deferred income tax assets	9	71	27
Other long-term assets	15	12	6
Non-current assets		**2,878**	**2,551**
Trade receivables	16	21	13
Current tax receivable		5	3
Other short-term receivables	17	73	39
Client funds		38	21
Cash and cash equivalents	18	53	99
Current assets		**191**	**175**
Total assets	13	**3,069**	**2,726**
EQUITY			
Share Capital	19	9	9
Share Premium	19	715	760
Retained earnings	19	66	35
Equity attributable to owners of the Company		**789**	**805**
Total equity		**789**	**805**
Liabilities			
Bonds	23,28	1,860	1,629
Other long-term liabilities	24,27	1	2
Pension liabilities	26	7	12
Deferred income tax liabilities	9	47	40
Financial derivatives long-term	25	—	3
Non-current liabilities		**1,915**	**1,686**
Trade payables	21	19	21
Short-term loan	23	242	124
Financial derivatives short-term	25	2	—
Client liabilities		38	21
Current tax liabilities		5	6
Other short-term liabilities	22	58	63
Current liabilities		**365**	**235**
Total liabilities	13	**2,280**	**1,921**
Total equity and liabilities		**3,069**	**2,726**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of cash flow

EURm	Notes	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Cash flows from operating activities:			
Results from operating activities (EBIT)		150	21
Non-cash items:			
Amortisation, depreciation and impairment	10,11	37	5
Amortisation and revaluation of purchased loans and receivables	14	144	39
Cash items:			
Interest received	8	1	0
Interest paid		–152	–5
Corporate income tax paid	9	–36	–7
Cash flows from operating activities before changes in working capital		**144**	**52**
Cash flows from changes in working capital:			
Decrease/increase in accounts receivable	16	–8	2
Decrease/increase in other receivables	17	–4	6
Decrease/increase in payment product receivables	17	–35	–3
Decrease/increase in accounts payable	21	–2	–1
Decrease/increase in other current liabilities	22	–4	–12
Net cash generated from operating activities		**90**	**44**
Cash flows from investing activities:			
Acquisition/disposal of subsidiaries	30	–33	–905
Acquisition of receivables		0	–255
Acquisition of tangible fixed assets	10	–5	–3
Acquisition of intangible fixed assets	11	–40	–165
Acquisition of loans and receivables		–396	–94
Proceeds from sale of shares		1	0
Net cash used in investing activities		**–472**	**–1,422**
Cash flows from financing activities:			
Proceeds from issue of share capital		0	639
Proceeds from new debt	23	671	1,740
Retirement of debt	23	–327	–898
Loans to group companies	31	–2	0
Other financial expenses	23	–8	0
Net cash used in financing activities		**334**	**1,481**
Net (decrease)/increase in cash and cash equivalents		**–48**	**102**
Currency effect		2	–4
Cash and cash equivalents at the beginning of the year	18	99	0
Cash and cash equivalents at end of year	18	**53**	**99**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity

EURm	Notes	Share capital	Share premium	Retained earnings	Total equity
Balance as at 1 Jan 2015		9	760	35	**805**
Profit/loss for the year				–16	**–16**
Other comprehensive income for the year:					
Remeasurements of post employment benefit obligations	26			3	**3**
Translation differences		–1	–45	43	**–2**
Total comprehensive income for the year		**–1**	**–45**	**30**	**–15**
Balance as at 31 December 2015		**9**	**715**	**66**	**789**
Balance as at 22 May 2014		**—**	**—**	**—**	**—**
Profit/loss for the year				–30	**–30**
Other comprehensive income for the year:					
Remeasurements of post employment benefit obligations	26			–3	**–3**
Translation differences				69	**69**
Total comprehensive income for the year				35	**36**
Capital increase/(reduction)		9	759		**769**
Balance as at 31 December 2014		**9**	**760**	**35**	**805**

The accompanying notes are an integral part of these financial statements

Notes to the consolidated financial statements

1 General information

The parent company Lock Lower Holding AS is a registered company domiciled in Oslo, Norway with office address at Hoffsveien 70B, 0377 Oslo, Norway. The company is 100% owned by Lock Upper Holding AS, Hoffsveien 70B, 0377 Oslo. The ultimate parent is Cidron 2013 Ltd, 26 Esplanade, St Helier Jersey JE2 3QA.

Lock Lower Holding AS (the company) and its subsidiaries (together the Group) have two core business segments; Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of the acquisition, management and collection of unsecured non-performing loans. The Third Party Debt Collection segment consists of contingency collection for various clients. Other services include invoice and payment services.

The Group has offices in 13 countries—Denmark, Finland, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Russia and the Baltic States (Estonia, Latvia, Lithuania).

The consolidated financial statements of the Group for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2016 and presented to the Annual General Meeting on the same date.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Lock Lower Holding AS and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations set by the International Accounting Standards Board (IASB) and the annual accounts act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value through profit or loss.

The parent company's functional currency is in Norwegian Krone (NOK) and the presentation currency for the parent company and for the Group is Euro (EUR). The consolidated financial statements are presented in EUR and all values are rounded to the nearest m (EURm) except when otherwise indicated. The consolidated and parent company accounts pertain to 1 January to 31 December for income statements and 31 December for items on the statements of financial position.

2.1.1 Changes in accounting policy and disclosures

Financial statements for the period ended 31 December 2015 are the second financial statement for Lock Lower Holding AS Group. For information regarding Lindorff previous years see Lindorff First Holding AB Annual report 2013.

The Group has adopted all new and revised standards and interpretations issued by IASB and IFRIC and approved by EU if relevant to the business and come into force for the accounting year starting 1 January 2015.

2.1.1 New standards and interpretations not yet adopted

Certain new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2015 have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group. Below is a short description of the new standards and interpretations:

IFRS 9, 'Financial instruments', addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. The new standard replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new impairment model is an expected credit loss (ECL) model. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from Contracts with Customers", will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer—so the notion of control replaces the existing notion of risks and rewards. At this stage, the group is not able to estimate the full impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

Subsidiaries

The consolidated financial statements comprise the financial statements of Lock Lower Holding AS and entities where the Group has controlling interest (subsidiaries). Controlling interest is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company obtains and exercises control through direct or indirect voting rights. Controlling interest will normally exist when the Company has voting rights of more than 50% through ownership or agreements.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. These financial statements are for consolidation purposes restated to IFRS. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of control is obtained and until the control ceases. Intercompany transactions, balances, revenues and expenses are eliminated in consolidation. This also applies for unrealized internal gains and losses.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

There is a reassessment of the allocation of the acquisition price within 12 months after the acquisition date when the initial accounting for a business combination can be determined only provisionally.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised in two main operating segments: Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of acquisition and management of mainly unsecured non-performing loans and receivables. The Debt Collection segment consists of collection for various clients and on portfolios of loans and receivables owned by Debt Purchasing.

The Other Group's segment relates to revenues not related to the operating segments, as well as the remaining head office expenses and amortisation of intangible assets.

The total revenue from external customers and intersegment sales are specified by country in note 5.

2.4 Foreign currency translation

The consolidated financial statements are presented in EUR, which is the Group's presentation currency.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented (i.e. including comparatives) are translated at the closing rate at the date of the financial position;

b) income and expenses for each income statement (i.e. including comparatives) are translated at average exchange rates and

c) all exchange differences are recognised in other comprehensive income

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in income statement within "finance income or costs". Foreign exchange gains and losses on non-monetary financial assets and liabilities such as financial liabilities at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Tangible assets

Tangible assets are recognised at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment. Such cost includes the cost of replacing part of such tangible assets when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets. The useful lives of tangible assets, machinery and fixtures are three to five years.

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The Group's intangible assets are assessed to be finite except goodwill and brand.

Intangible assets with finite lives are mainly amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as an expense and included in "Amortisation of intangible fixed assets".

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The operating segment level is Debt Purchasing and Debt Collection. However, when acquiring a company a PPA is prepared and the fair value of assets and liabilities are allocated to the different assets. Loans and receivables are recognised at fair value at the acquisition date. The goodwill is mainly allocated to the Debt Collection segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Brand

Any debt collection contracts awarded for reasons other than price alone is considered to be a result of brand name. Lindorff brand is well known and respected and ensures us to be invited to participate in competitive tender offers we otherwise might not be eligible to.

Brand arose on acquisition of subsidiary and got measured on initial recognition at cost. Of the three main approaches to value the brand—Income, Market and Cost, Relief and Royalty income approach was consider to be the most appropriate method for brand valuation.

Brand is assumed to have an indefinite useful life and impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

c) Client relationships

Client relationships include the rights related to collection contracts with a third party and got measured on initial recognition at cost. Client relationships contracts are amortised straight line over their useful economic lives.

d) Internally developed software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years unless strong indication of a longer useful life is demonstrated (for instance by an underlying contract).

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non-financial assets other than goodwill are reviewed for possible reversal at each end of the reporting period. An assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Financial assets

2.8.1 Classification

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit and loss or loans and receivables, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The Group's financial assets at fair value through profit and loss comprise only minor investments in shares.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise mainly portfolios of purchased non-performing loans, "trade and other receivables" and "cash and cash equivalents" (see note 14). Client funds are recognised on a separate line in the Statement of financial position and therefore not included in the Group's reported liquid assets.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other (losses)/gains-net" in the period in which they arise.

Purchased loans and receivables

Purchased loans and receivables are portfolios of non performing claims. A portfolio is defined to be the lowest reliable level for pool of accounts with similar attributes. Typically, each portfolio consists of an individual acquisition of accounts. Each portfolio is classified in the loans and receivable category and is initially recorded at fair value including external cost of acquiring the portfolio. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments from recalculation of the estimated future cash flows.

The accounting policy is also applied when one or more portfolios are acquired in a business combination.

Significant estimates are made by the management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by management on a rolling 15 year basis. If the cash flow estimates are revised, the carrying amount is recalculated to reflect actual and revised estimated cash flows by computing the present value of estimated future cash flows using the initial effective interest rate. An adjustment in the carrying amount is recognised in net revenue. See 2.20 Revenue recognition for further information.

Management's interpretations of historical cash flows, type of receivable, age, face value of the individual account and experience from other portfolios form the basis for the cash flow estimates. As these estimates are prepared on a rolling 15 year basis, an additional year is included in the 15 year cash flow forecast each year. The effect of including an additional year is recorded as a revaluation in the income statement. Actual results may differ from the estimates, making it reasonably possible that a change in estimates could occur within one year and impact the carrying value of the related loans and receivables. On a quarterly basis, management reviews the estimates of future cash flows, and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates.

On a regular basis, Group acquires portfolios on a forward flow basis. This means that a contract is established for purchases of debts at an agreed price, but where the volumes of debts are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on weekly, monthly or quarterly basis. The effective interest rate is calculated by contract and used for each batch. If experience indicates a change in the attributes of the claims management may decide to apply a new effective interest rate for new batches.

Other financial assets

Long-term loans and receivables and other receivables are those that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are short-term receivables. Loans and receivables are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at cost.

2.9 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decreases in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's initial effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially and subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the income statement.

2.11 Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any credit losses recognised.

Legal fees/bailiff costs: The Group incurs outlays for bailiff/court costs, legal representation, enforcement authorities, etc. which can be charged to and collected from debtors. In certain cases Lindorff has agreements with its clients where expenses that cannot be collected from the debtor are instead refunded by the client. The amount that is expected to be recovered from the client is recognised as an asset in Other short term receivables.

Client funds: Client funds are reported as assets and liabilities in the statement of financial position and comprise cash received on collection of a specific debt on behalf of a client and which are to be passed on to the clients within a specified period.

2.12 Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.13 Equity

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits. Retained earnings include all current and prior period results as disclosed in the income statement.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The upfront fees are a part of the borrowing cost and are recognised as an expense in accordance with the effective interest method.

2.16 Borrowing costs

Borrowing costs other than upfront fees are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Employee benefits

a) Pension benefits

The Group has various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit than an employee will receive on retirement, usually depended on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on governments bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment or termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonus based on a formula that takes into consideration the agreed terms.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received and represents interest and amounts receivable for services supplied, stated net of discounts and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

a) Commission and debt collection fees in Collection are recognised on collection of the debt

b) Income from subscription services is recognised proportionally over the duration of the agreement, usually one year

c) Income from other services are recognised when the service is provided

d) Revenue on portfolios of purchased loans and receivables are recognised using the effective interest method

Purchased loans and receivables consists mainly of portfolios of delinquent consumer debts purchased at prices significantly below the nominal face value and are recognised according to IAS 39 for loans and receivables, i.e. at amortised cost using the effective interest method. According to the effective interest method, the carrying value of each portfolio corresponds to the present value of gross projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, and the method also allocates the interest revenue over the relevant period. The initial effective interest rate is based on the relation between acquisition cost and the projected future cash flows on the acquisition date.

With the projection of future gross cash flows and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. If appropriate, the EIR is reassessed and adjusted up to 12 months after the purchase of the portfolio of overdue receivables to reflect refinements made to our estimates of future cash flows based on enhanced data and analysis considered during that time period. This adjustment has historically not resulted in any material impact on our income from purchased portfolios.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information. Cash flow projections are made at portfolio level, since each portfolio of receivables consists of homogeneous accounts. On the basis of the updated cash flow projections and the initial effective interest rate, a new carrying value for the portfolio is calculated at the end of the reporting period.

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result net revenue.

Income on portfolios is accrued monthly based on each portfolios effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period is recorded as revenue in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period is recorded as a reduction of revenue in the period. Compensation received due to price adjustments for portfolios acquired are recorded as an adjustment to the book value.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2.22 Dividend distribution

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Shareholder's General Meeting.

2.23 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

2.24 Classification in the statement of financial position

Current assets and short-term liabilities include items due less than one year from the balance sheet date, and items tied to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Other assets are classified as non-current assets.

2.25 Cash flow statement

The indirect method is used for the cash flow statement. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined in 2.12.

Cash related to acquisition of portfolios of loans and receivables is included in investing activities while payments and amortisation on these portfolios are included in operating activities.

3 Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Revenue recognition Purchased loans and receivables

The Group uses the effective interest rate method to account for portfolios and loans. The use of the effective interest rate method requires the Group to estimate future cash flows from loans and receivables at each balance sheet date. The underlying estimates that form the basis for revenue recognition depends on variables such as the ability to contact the debtor and reach an agreement, timing of cash flows, general economic environment and statutory regulations. If the estimations are revised, the Group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IAS 39 paragraph AG8. Events or changes in assumptions and managements judgment will affect the recognition of revenue in the period.

Book value of Purchased loans and receivables

Loans and receivables (portfolios) consist mainly of acquired non-performing unsecured loans and non-derivative financial assets without fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Events or changes in assumptions and managements judgment will affect the cash flow for the portfolios and therefore also the net present value of future cash flows and the book value of the portfolios. See note 14.

Impairment of goodwill

The Group determines whether goodwill is impaired when circumstances indicate that there may be a potential impairment. Estimating recoverable amounts of assets and companies are partly based on management's evaluation, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's estimation of future events may give rise to impairment losses.

Impairment of goodwill is evaluated on an annual basis and determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Estimating the recoverable amount requires the Group to make assumptions regarding the expected future cash flow and the discount rate used to calculate the net present value of those cash flows. See note 12.

Deferred Income Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subject to income taxes in some jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 Financial risk management

4.1 Financial risk factors

Lindorff Group is exposed to financing risk, market risk, currency risk, interest rate risk, credit risk and liquidity risk. The risk management guidelines set out in the Group Treasury Policy aim to reduce the effect of volatility in financial markets and the potential adverse effects that can have on the Group's financial performance.

a) Market risk

The services and products offered in the respective local geographical markets are subject to strict local laws and regulations including requirements for debt collection licenses.

i) Market and regulatory environment

The main market risk is related to general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets the Group is present in and which affect the debtors' ability to pay and the vendors' ability and willingness to sell portfolios of loans and receivables and potential commission from third party collection.

ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK (Norwegian krone), SEK (Swedish krone) and PLN (Polish zloty) compared to the Group's internal and external reporting currency EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's strategy is to manage and limit currency risk. The following exchange rates have been used to translate SEK, NOK and PLN in the financial accounts:

NOK	**2015**	**2014**
Average	8.94	8.35
Closing	9.62	9.05

SEK	**2015**	**2014**
Average	9.35	9.10
Closing	9.18	9.52

PLN	**2015**	**2014**
Average	4.18	
Closing	4.25	

Foreign exchange exposures can be classified into the following groups:

Transaction exposure

Transaction exposures are concentrated to as few Group's entities as possible in order to create "natural hedges" where positive exposures are off-set by negative, i.e. incoming foreign currency cash flows are off-set by outgoing cash flows.

In the operating entities, revenues and operating expenses are mainly denominated in local currencies, and thus currency fluctuations have only a limited impact on operating earnings. National operations seldom have receivables and liabilities in foreign currency.

Transaction exposure is hedged when there is a high degree of certainty in terms of the size and timing of the currency flow.

Translation exposure

The Group operates in 13 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into EUR for inclusion in the consolidated financial statements. Approximately 42% (2014: 43%) of the Group's revenue is in foreign currency. Consequently, fluctuations in exchange rates against EUR affect the Group's revenues and earnings, as well as equity and other items in the financial statements.

Economic value exposure

The relative economic value based on Net sales, Cost of Sales, Operating expenses, EBIT, is exposed to foreign exchange fluctuations.

The largest relative economic value deriving from non-EUR currencies, are protected by means of external financing denominated in the corresponding currencies at the same relative currency mix. Interest payments and debt repayments on bank debt and bonds serve as a natural hedge of future operating cash flows in the relevant currencies.

The Group's revenues are distributed by currency as follows:

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
EUR	308	74
DKK	23	6
NOK	138	36
SEK	57	13
Other currencies	7	1
Total	**534**	**130**

If currencies had weakened/strengthened by 10% in average against the presentation currency EUR with all other variable held constant, net revenues would have decreased/increased by approximately EUR 21m (2014: 6m).

b) Interest rate risk

Interest rate risk relate primarily to the Group's interest-bearing net debt. As at 31 December 2015 the external interest bearing debt amounted to EUR 2,116m, consisting of drawings on the Super Senior Revolving Credit Facility (SS RCF), senior secured fixed rate notes, senior secured floating rate notes, senior fixed rate notes and senior floating rate notes.

Hedging is arranged partly by raising fixed rate debt and by fixing interest rates with interest rate swaps. As of 31 December 2015 the share of fixed rate bonds was 51%, and the share of fixed rate bonds including swaps was 58%.

The floating rate bonds are tied to the market rate with quarterly interest fixing. A one-percent increase in market interest rates would have adversely affected net financial items by approximately EUR 8m. A five-percent increase would have adversely affected net financial items by approximately EUR 40m.

c) Credit risk

Credit risk is the risk that Lindorff`s counterparties are unable to fulfil their obligations to the Group. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from assets such as cash and cash equivalents, guarantees and derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables; Purchased loans and receivables and outlays on behalf of clients. For financial assets owned by Lindorff, no collateral (very limited) or other credit reinforcements have been received.

The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

There is also a limited risk of loss linked to the Group's Third Party Debt Collection, however the risk is primarily carried by the client.

Portfolios of purchased loans and receivables

To minimize the risks related to purchase of non-performing claims, caution is exercised in purchase decisions. Purchases are usually made from clients with whom the Group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. Purchased loans and receivables are usually purchased at prices significantly below the nominal value of the receivables, and are not collateralised. Lindorff retains the entire amount collected, including interest and fees.

Lindorff has high yield requirements on purchased loans and receivables. Before every acquisition, a careful assessment is made based on a projection of future cash flows (estimated gross collection less expected costs of collection) from the portfolio. In its calculations, Lindorff is aided by its long experience in collection management and its valuation models.

Scoring entails the consumer's payment capacity being assessed with the aid of statistical analysis. Lindorff therefore believes that it has the expertise required to evaluate these types of receivables.

To facilitate the purchase of larger portfolios at attractive risk levels, Lindorff works in cooperation with other companies, primarily in Spain and Lithuania. Risks are further diversified by acquiring receivables from clients in different sectors and different countries.

A share of the investments in purchased loans and receivables has been made as forward flow agreements (see note 29), meaning that the Group has committed to buy non-performing debt portfolios for delivery in future periods. The duration of the contracts are usually not more than 12 months and for the majority of contracts Lindorff has the possibility to decline to acquire the portfolios if the credit quality of the claims are significant weaker than assumed in the agreement.

The Group's purchased loans and receivables include debtors in 13 countries and the carrying value is distributed as follows:

Purchased loans and receivables Carrying value per country

EURm	31 Dec 2015	31 Dec 2014
Denmark	61	64
ECE*	111	93
Italy	19	14
Germany	219	230
The Netherlands	40	40
Norway	221	59
Poland	33	0
Spain	130	148
Sweden	237	162
Total	**1,070**	**809**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables per country/in percent of total carrying value

	31 Dec 2015	31 Dec 2014
Denmark	6%	8%
ECE*	10%	12%
Italy	2%	2%
Germany	20%	28%
The Netherlands	4%	5%
Norway	21%	7%
Poland	3%	0%
Spain	12%	18%
Sweden	22%	20%
Total	**100%**	**100%**

* Eastern and Central Europe include Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables are overdue at acquisition date and therefore usually purchased at prices significantly below the nominal value. The average claim size at the end of 2015 was approximately EUR 3,086 (2014: 3,085). Even though it is obvious that the full face value will not be recovered, the Group has the right to collect the full face value including principal, interest and fees on its own behalf.

The carrying value of EUR 1,070m as at 31 December 2015, representing approximately 5.7% of face value, is the maximum theoretical risk if the whole portfolio become worthless/non collectable.

The Group has established long term relationship with large financial institutions in Europe. As a result the distribution of carrying value of the portfolios of purchased loans and receivables by sector shows that 88% are claims acquired from Banks and other financial institutions at the end of 2015 (2014: 89%).

Purchased loans and receivables by sector

EURm	31 Dec 2015	31 Dec 2014
Bank	813	587
Finance/Insurance	130	132
Retail	25	25
Telecom	53	53
Other	50	12
Total	**1,070**	**809**

The Group has had only minor impairment losses and positive revaluations during the last year.

See note 14 regarding fair value of the portfolios of acquired loans and receivables.

In order to continue minimising the credit risk exposure, Lindorff continues to invest in staff with a broad experience in credit management, and focus on increased analytical approach to portfolio assessments. Monitoring processes are implemented to follow up actual collection compared to forecasts. In addition, the Group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the Group's business, which in turn will also help reduce the risk of credit loss.

d) Liquidity risk

Liquidity risk is the risk that the Group does not have the ability to fulfil its short and long-term payment obligations to outside parties. The Group's long-term financing risk is minimized through long term financing in the form of committed lines of credit. As of 31 December the Group held unused facilities totalling EUR 92.5m (net of EUR 25m allocated to guarantees).

To guarantee short-term solvency, Lindorff Group should have liquid assets at disposal, a Liquidity Reserve, covering minimum 1.5 months of disbursements. The liquidity reserve is defined as bank balances or invested funds that can be released within two banking days without any additional or minor cost, plus any unutilized credit facilities, committed for minimum 12 months, less any outstanding uncommitted debt.

Cash forecasting is performed by the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts to ensure that the Group has sufficient cash to meet operational and financial expenditures, while also monitoring that borrowing limits and covenants in the Super Senior Revolving Credit Facility Agreement and Bond documentation are adhered to.

In order to increase flexibility and improve the cash efficiency, an overlay cash pooling structure is put in place within the Group. The cash pool structure secures that the operating entities have sufficient liquidity to cover working capital needs, while also securing that excess liquidity is transferred to the Group. Excess liquidity is used to repay drawings under the revolving credit facilities, and/or if applicable invested at low risk in accordance with investment rules set forth in the Group Treasury Policy.

The table below shows the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2015 EURm	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Bonds	35			727	1,182
RCF	207				
Trading and net settled derivative financial instruments (interest rate swaps)	1	1			
Trade and other payables	18	1	—	—	—

At 31 December 2014 EURm	**Less than 3 months**	**Between 3 month ands 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Bonds	46				1,629
Revolving Credit and other short-term liabilities		78			
Trading and net settled derivative financial instruments (interest rate swaps)	2	4	6		
Trade and other payables	19	0	2	1	–1

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The credit ratio is calculated as Net Interest Bearing Debt divided by LTM Adjusted EBITDA adjusted for Non-Recurring Items and pro forma effect (if applicable) of carve-outs and M&A's. Net Interest Bearing Debt is calculated as outstanding bond debt and drawings on the SS Revolving Credit Facility less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables.

The credit ratio as at 31 December 2015 was 5.7x.

The Group has been assigned a credit rating of B+ by Standard & Poor's Rating Services and B2 by Moody's Investor Services.

5 Segment information

Management has determined the operating segments based on information reviewed by management for the purpose of allocating resources and assessing performance. Management considers the performance from a product perspective and separately considers the Debt Purchasing and Debt Collection.

Both segments meet the quantitative thresholds required by IFRS 8 for reportable segments. Management assesses the performance of the operating segments based on a measure of Contribution Margin 1 which is gross revenues minus direct operating expenses.

Revenue

Sales between segments are carried out at arm's length. The revenue from external parties reported to management is measured in a manner consistent with that in the income statement. The following table presents a reconciliation of the reportable segments' main captions from profit and loss to the entity's profit and loss before tax:

1 Jan-31 Dec 2015 EURm	Debt Purchasing	Debt Collection	Other	Eliminations & unallocated items	Total
Revenue from external customers	262	248	19		529
Inter-segment revenue		110		–110	—
Revaluation of loans and receivables	5				5
Total operating revenue	**267**	**358**	**19**	**–110**	**534**
Direct operating expenses	–127	–206	–13	110	–237
Contribution margin	**140**	**151**	**6**	**—**	**297**
SG&A				–54	–54
IT				–36	–36
Other not allocated expenses				–21	–21
Depreciation and amortisation of assets				–37	–37
Operating profit (loss)/EBIT				**–147**	**150**
Financial items				–172	–172
Profit and loss before tax				**–320**	**–23**

22 May-31 Dec 2014 EURm	Debt Purchasing	Debt Collection	Other	Eliminations & unallocated items	Total
Revenue from external customers	57	68	5		129
Inter-segment revenue		27		–27	—
Revaluation of loans and receivables	1				1
Total operating revenue	**58**	**95**	**5**	**–27**	**130**
Direct operating expenses	–30	–54	–2	27	–58
Contribution margin	**28**	**41**	**2**	**—**	**71**
SG&A				–14	–14
IT				–10	–10
Other not allocated expenses				–22	–22
Depreciation and amortisation of assets				–5	–5
Operating profit (loss)/EBIT				**–51**	**21**
Financial items				–66	–66
Profit and loss before tax					**–45**

Revenue and other income by service:

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Collection fees, commissions and debtors fees	239	65
Revenue from purchased loans and receivables, excl revaluations	262	57
Revaluation of purchased loans and receivables	5	1
Loan administration	7	2
Invoice administration	6	2
Other revenue	15	3
Total	**534**	**130**

Revenue and other income from external customers by country

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Denmark	23	6
ECE*	87	23
Italy	3	1
Germany	68	16
Netherlands	40	7
Norway	138	36
Poland	7	—
Spain	111	29
Sweden	57	13
Total	**534**	**130**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

No individual customer is generating more than 10 percent of the Group's total revenue.

Non-current assets exclusive financial assets, deferred tax assets, goodwill and pensions per country representing more than 5% of the Group's total of such assets

Non current assets by country

EURm	31 Dec 2015	31 Dec 2014
Finland	21	19
Norway	19	16
Spain	205	203
Other (not representing more than 5%)	12	10
Total	**258**	**248**

Purchased loans and receivables are the most significant non-current asset for the Group and are specified in note 4 and 14.

6 Employees, salaries and other remuneration

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Board members, CEO and Group Management	4	5
– of which bonuses	1	2
– of which severance payment	—	1
Other employees	152	37
Total	155	42
Social insurance contribution	16	5
Pension costs—defined contribution plan	11	2
Pension costs—defined benefit plan (note 26)		0
Total remuneration and other staff costs	182	49
Other staff related costs	5	1
Total employee benefit expense	**187**	**50**

Terms and conditions of employment for Group Management

Board of Directors:

No fees have been paid from parent company to Board members for the reporting period.

Remuneration to Chairman of the Board paid from other group companies amounted to EUR 103k.

CEO

Peter Sjunnesson served as interim CEO from 1 January 2015 – 28 February 2015. The remuneration was based on a fixed monthly fee. The compensation was a fixed monthly fee, covering all direct and indirect cost related to the position.

On 1 March 2015 Klaus-Anders Nysteen was appointed as CEO of Lindorff Group.

The CEO compensation is based on a fixed annual salary. In addition the CEO has the opportunity to receive variable compensation up to 100 percent of his annual base salary depending on the results achieved by Group operating earnings and individual performance objectives, approved by the Board and paid in the following year. In addition to his fixed and variable salary, he is entitled to a car allowance in accordance with Group's policy. In case of termination of the contract, the CEO has 5 months period of notice and 1 month severance payment.

Senior Executives

All senior executives receive a fixed annual salary and variable compensation. The variable compensation is, with a few exceptions, up to 50% of the annual base salary and is based on the results achieved by Group's operating earnings, results in their area of responsibility and individual performance objectives. Lindorff has agreements with certain members of the management on severance payment equal to six to twelve months of base salary.

Compensation committee

The CEO has appointed a Committee to handle compensation issues. The committee is comprised of the CEO, CFO and EVP HR.

Remuneration and benefits during the year

In order to assist the CEO in performing his over-all responsibilities and to make sure that business-oriented, geographical and functional areas are managed in a professional way, the CEO has established a management team. This management team consists of central business and/or staff and support functions and Country managers. Combined, these responsibilities make the Executive Team of the Lindorff Group.

Remuneration for the CEO and other senior executives in the Executive team consist of a base salary, variable salary, other benefits and pensions. The group of Senior Executives in the table below refers to the Executive team which, in 2015 included: Peter Sjunnesson/Klaus-Anders Nysteen (CEO), Hans Larsson (Interim Chief of Staff), Scott Danielsen (CFO), Geir Inge Skålevik (Group Legal), Siv Farstad (Group HR), Knut Eirik Storsul/Rune K Sjøhelle (Group IT), Anders Engdahl (Debt Purchasing), Turkka Kuusisto (Debt Collection), Keronen Tuija (Finland and the Baltics), Anette Willumsen (Norway), Erika Rönnquist Hoh (Sweden), Lisbeth Dalum Hansen (Denmark), David Perez/Alejandro Zurbano (Spain), Hendrik Kroeze (Netherlands), Florian Wöretshofer (Germany) and Sławomir Szarek (Poland).

CEO

EURk	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Base salary	419	334
Severance payment	—	857
Bonuses	—	1,160
Other benefits	40	159
Other benefits (interim CEO)	481	—
Pension costs	63	142
Total	**1,004**	**2,652**

2015

Other senior executives

EURk	Base salary	Bonus	Severance pay	Pension cost	Other benefit	Sum
Hans Larsson	—	—	—	—	328	328
Anders Engdahl	185	—	—	—	499	684
Scott Danielsen	315	60	—	7	14	395
Siv Farstad	65	37	—	—	5	107
Geir Inge Skålevik	172	41	—	0	26	238
Knut E Storsul	207	40	—	3	23	273
Rune K Sjøhelle	54	42	—	—	5	100
Anette Willumsen	207	52	—	6	25	290
Erika Rönnquist Hoh	217	76	—	44	9	346
Lisbeth Dalum Hansen	190	48	—	19	41	299
Turkka Kuusisto	353	41	—	47	46	487
Tuija Keronen	171	46	—	32	1	251
David Perez/A. Zurbano	321	117	—	17	9	464
H.K. Kroeze	205	21	—	36	40	302
Florian Wöretshofer	203	50	—	—	9	262
Sław omir Szarek	62	—	—	—	1	62
Sum	**2,927**	**670**	**—**	**211**	**1,083**	**4,891**

2014

Other senior executives

EURk	Base salary	Bonus	Severance pay	Pension cost	Other benefit	Sum
Endre Rangnes	334	1,160	857	142	15	2,507
Peter Sjunnesson	—	—	—	—	145	145
Oddgeir Hansen	58	352	—	13	6	429
Scott Danielsen	73	397	—	7	4	480
Geir Inge Skålevik	49	299	—	5	6	360
Ingeborg Dybvig	37	280	—	1	4	322
Siv Farstad	45	—	—	1	4	51
Knut E Storsul	57	—	—	2	6	65
Hans Larsson	—	—	—	—	141	141
Anette Willumsen	58	—	—	3	5	66
Erika Rönnqvist Hoh	50	—	—	13	2	65
Lisbeth Jensen	40	—	—	4	3	48
Turkka Kuusisto	53	—	—	—	6	59
David Perez	68	—	—	6	24	97
Henk Kreuze	51	—	—	9	10	70
Florian Woeretshofer	111	—	—	—	7	118
Sum	**1,084**	**2,488**	**857**	**207**	**387**	**5,023**

7 Audit fees

The table below summarizes audit fees, fees for audit related services, tax services and other services incurred by the Group to PWC, the auditor for all companies in the Group.

EURk	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Auditor's fees	898	238
Auditor's fee for tax advice services	566	91
Auditor's fees for other services	161	408
Total	**1,626**	**738**

8 Financial income and costs

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Other interest income	1	0
Finance income	**1**	**0**
Net foreign exchange gains/losses on financing activities	–19	–17
Changes in market value financial derivatives	1	0
Revolver fac. Interest cost	–5	–0
Interest expense bonds	–131	–46
Fees and other financial expenses Bonds	–1	—
Other interest expenses	–4	–1
Rating expenses	—	–1
Writedown of investment in subsidiaries	–1	–0
Other financial expenses	–14	–0
Finance costs	**–173**	**–66**

9 Income tax

a) Income tax expense

EURm	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Current taxes	**–32**	**3**
Changes in deferred taxes	**39**	**12**
Income tax expense	**6**	**15**

The income tax is positive, EUR 6m, due to recognition of deferred tax assets related to operating losses where it is probably that the losses may be offset by future operating profit.

	1 Jan-31 Dec 2015	22 May-31 Dec 2014
Profit and loss before tax	**–23**	**–45**
Tax calculated at domestic tax rates applicable to profits in the respective countries	6	13
Tax effects of		
– Income not subject to tax	0	0
– Expenses not deductible for tax purposes	–1	–4
– Utilisation of previously unrecognised tax losses	2	6
– Re-measurement of deferred tax—change in tax rates	–2	0
– Adjustments in respect of prior years	2	0
Income tax expense	**6**	**15**
Effective tax rate	28%	33%

The group has operations in a number of countries with different tax rates:

Income (nominal) tax rate per country:	2015	2014
Denmark (FY 2016: 22%)	23.5%	24.5%
Estonia	21.0%	21.0%
Finland	20.0%	20.0%
Germany	31.0%	31.0%
Italy	31.4%	
Latvia	15.0%	20.0%
Lithuania	15.0%	15.0%
The Netherlands	25.0%	25.0%
Norway (FY 2016: 25%)	27.0%	27.0%
Poland	19.0%	
Russia	20.0%	20.0%
Spain (FY 2016: 25%)	28.0%	30.0%
Sweden	22.0%	22.0%

Expectations regarding effective tax rate

The Group is subject to varying income tax rates depending on local tax regulations in the relevant country; hence Lindorff's operations are subject to effective tax rates ranging from 15% to significantly above the nominal tax rates. Several countries have implemented interest limitations rules which may increase the effective tax rate going forward. This may be offset somewhat with lower nominal tax rates. In some periods, tax losses (and interest) carried forward that are not recognised in the statement of financial position will cause variations in the effective tax rate. In periods, when such assets are not recognised, the effective tax rate will be higher than the long-term expectation, whereas it may be lower in period when tax losses not recognised as assets have been utilised.

b) Deferred tax

The deferred income tax assets and liabilities during the period are as follows:

EURm	31 Dec 2015	31 Dec 2014
Deferred tax assets		
Fixed assets	0	3
Retirement benefit obligations	2	3
Tax losses and interest carry-forward	87	84
Taxes paid, disputed	32	
Offset against deferred tax liabilities	–51	–63
Total deferred tax assets	**71**	**27**
Deferred tax liabilities		
Deferred tax on brand name	21	21
Deferred tax on loans and receivables	65	67
Deferred tax non amortised fees bonds	12	14
Other differences		1
Offset against deferred tax assets	–51	–63
Total deferred tax liabilities	**47**	**40**
Reconciliation of deferred tax		
Deferred tax at beginning of the period	–13	0
Deferred tax in income statement	39	12
Deferred tax Acquisition of subsidiaries	1	–7
Deferred tax on brand name/Purchase price allocation	0	–21
Changes recorded against comprehensive income	–1	1
Translation differences	–1	2
Net deferred tax at the end of the period	**24**	**–13**
Deferred tax assets	71	27
Deferred tax liabilities	47	40
Net deferred tax	**24**	**–13**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities are offset within the same tax jurisdiction.

The Group has substantial tax losses brought forward in the end of 2015. These have to a large extent been generated by interest on shareholder loans in to the Lindorff Group prior to the acquisition in October 2014.

Overview of deferred tax assets from corporate income tax, trade tax and interest carried forward:

2015 EURm	Gross tax losses and interest carried forward	Tax value of total carried forward	Recognised tax asset TLCF
Denmark	21	5	3
Germany	76	24	24
Norway	117	29	29
Sweden	159	35	19
Spain	50	13	12
Total	424	105	87

Tax disputes included in other tax assets

Finland	Related to interest on group internal loans 2009-2014	31
Norway	Related to write down of a loan to Lindorff A/S in Denmark in FY 2010	1
Total		32

Lindorff Group has certain tax issues related to deductibility of interest of group internal loans in Finland and Norway. Tax exposure of these cases is estimated at EUR 42m including EUR 6m of potential penalties, whereof EUR 27m has been paid on request to respective tax authorities in Norway and Finland in 2015 and additional EUR 5m as advance current tax in Finland.

Lindorff contests the claims and has filed complaints to the Tax Authorities in both countries. No provisions have been recorded as Lindorff believes that our arguments are strong and hence our standing in the disputes is solid.

10 Fixtures and furniture

Carrying value of fixtures and furniture were EUR 14m as at 31 December 2015 (2014: 12m). Investment in fixtures and fittings were EUR 5m and additional EUR 2m were taken over through acquisition of Casus Finanse (2014: 13m); the depreciation was EUR 3m (2014: 1 m).

The assets are depreciated over the economic useful lives which are usually considered to be 3-5 years.

11 Intangible assets

Intangible assets in the table below consist of internally developed software, client relationships and brand:

EURm	31 Dec 2015	31 Dec 2014
Opening balance	319	0
Acquisitions	42	0
Acquisition of subsidiary	1	339
Disposal	–4	–12
Reclassification	4	–2
Amortisation and impairment	–33	–4
Translation differences	–2	–1
Balance at 31 December	**327**	**319**

Intangible assets by type of asset:

EURm	31 Dec 2015	31 Dec 2014
Ongoing software projects	14	8
Internally developed software	25	24
Brand	83	83
Patents, trademarks, licences and similar rights	6	8
Client Relationships	198	196
Balance at 31 December	**327**	**319**

Capitalised expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants.

Brand, client relations and goodwill (see note 12) are acquired in connection with business acquisitions. Client relations include the rights related to collection contracts with a third party, and are amortised straight line over their useful economic lives. Investment in client relationships in the reporting period amounted to EUR 23m (2014: 165 m).

Brand value related to acquisition of Lindorff Group in 2014 amounting to EUR 83m is recognised as an intangible asset. Brand is considered having an indefinite useful life time and is not amortised. The value is tested for impairment on a yearly basis together with goodwill.

Amortisation of intangible assets having a definite useful life time is included in "depreciation and amortisation" costs for the year in income statement.

12 Goodwill

EURm	31 Dec 2015	31 Dec 2014
Opening Balance	1,378	0
Acquisitions through subsidiary	0	1,416
Investments	29	0
Translation differences	–23	–38
Balance at 31 December	**1,384**	**1,378**

Lindorff has two major business areas: (i) Debt Collection, consisting of debt-related administrative services and (ii) Debt Purchasing. Book value of goodwill as at 31 December 2015 as at EUR 1,384m is allocated to Debt Collection segment.

Goodwill related to Lindorff acquisition in October 2014 was identified at EUR 1,416m.

Acquisition price of Casus Finanse in Poland August 2015 was EUR 35m. Like Lindorff, Casus group has two major business areas: i) Debt Collection, consisting of debt-related administrative services and (ii) Debt Purchasing.

The purchase price allocation procedure reconciles the transaction values with projected future cash flow from the segments. The identified intangible assets in Poland are related to Debt Collection segment, in all material aspects.

Valuation of Debt Collection

Forecasted revenues comprise estimated revenues from 3PC (3rd party collection) and IDC (internal debt collection) based on historical growth with declined growth towards the end of period. Forecasted operating expenses relate to staff cost in debt collection operations. Based on estimated depreciation and amortisation, tax rate of 25%, WACC of 6.5% and terminal growth of 3%, the business enterprise value of Debt Collection segment is estimated at EUR 1,953m.

Brand name

Lindorff brand is well known and respected and ensures us to be invited to participate in competitive tender offers we otherwise might not be eligible to. Value of brand name is estimated by a royalty based model, assuming a royalty rate of 1.5% net of maintenance and administration cost. Based on a discount rate of 7% the brand name value is estimated at EUR 83m with an indefinite useful lifetime. Value is tested annually for impairment together with goodwill.

Database

Statistic databases allow Lindorff to do qualified debt purchasing decisions as well as improve profitability in Debt Collection. The value of database related to Debt Purchase is included in the fair value of portfolios. Value of database related to Debt Collection is highly connected to the competence of our employees and is hard to separate from the value of workforce. The value of database is estimated to be non-material and is not recognised as a separate intangible asset.

Workforce

Under current IFRS3, workforce cannot be recognised as an asset separable from goodwill. As Lindorff's business model depends on attract, develop, motivate and retain highly skilled employees, the workforce is considered of material value. Based on assumptions of recruiting cost, training cost, efficiency cost of hiring new people compared to experienced staff members, Lindorff estimates the value of the workforce in each business combination transaction and reported and tested annually tested for impairment as part of goodwill.

Goodwill allocated at acquisition of Casus Group

Based on the purchase price and fair value valuation of identified assets and liabilities, the preliminary goodwill is estimated at EUR 29m. Prediction of future cash flows in new entities is connected with significant uncertainty, especially when entering new markets. The valuation based on PPA (Purchase price allocation) is to be considered as a preliminary assessment and may be reallocated within 12 months after acquisition.

Impairment testing of goodwill

Goodwill is tested for impairment on yearly basis by comparing recoverable amount with carrying value. Recoverable amount has been determined by value in use based on management estimates of future cash flow for the period 2016 – 2019 approved by the Board, average growth of 7% in the measurement period, terminal growth rate of 3%, tax rate of 25% and WACC of 6.5%. The value of Debt Collection segment is EUR 1.953m. Carrying value of Debt Collection segment is net operational segment assets, recognised at EUR 1.677m. No impairment is identified.

Determination of WACC for goodwill impairment testing:

Risk free rate

Goodwill is denominated mainly in EUR, but also partly in NOK and a minor part in PLN. The risk free rate used in the calculation of the WACC is based on the Norwegian 10 year government bond interest rate, which on 31st December was priced at 1.37%. The respective 10 year government bond for the other currencies range from 0.63% for EUR and 3.1% for PLN. Given the fluctuations in the yield for these bonds we deem it reasonable to use the NOK risk free rate as basis for the risk free rate for the Group. Calculating a currency specific WACC for each currency, the risk free rate element would have decreased the WACC slightly compared to the WACC used.

Risk premium

Based on available market information related to CMS business, the long-term risk premium is about 6.4%,

Equity Beta

The equity beta is based on 5 years of weekly observations for market peers. The calculations are based on data from Bloomberg. We have then used this as a basis for our Beta re-levered.

Cost of Capital calculation—WACC

Factor	31 Dec 2015
10-year risk-free rate	1.37%
Equity Beta (Observed) Raw	0.74
Beta Relevered	1.77
Market risk premium	4.40%
Unsystematic risk/additional risk component	2.00%
Risk Premium	6.40%
Tax rate group	25.00%
Cost of equity/required return on Equity	12.70%
Cost of debt	6.31%
Equity weight	25.65%
Debt weight (interest bearing)	66.98%
WACC (after tax)	**6.53%**

Impairment sensitivity (headroom)

Increase in WACC up to 7.1% and decrease in terminal growth to 2.3% will independently match recoverable amount to book value.

13 (a) Financial instruments by category

	31 December 2015		
EURm	**Loans and receivables measured at amortised cost**	**Financial assets at fair value through profit or loss**	**Total**
Assets as per statement of financial position			
Purchased loans and receivables	1,070		**1,070**
Investment in shares		3	**3**
Loans to employees	3		**3**
Other long-term receivables	7		**7**
Trade and other receivables	21		**21**
Other short-term receivables	62		**62**
Cash and cash equivalents	53		**53**
Total	**1,216**	**3**	**1,219**

EURm	**Financial liabilities measured at amortised cost**	**Financial liabilities at fair value through profit or loss**	**Total**
Liabilities as per statement of financial position			
Bond	1,860		**1,860**
Interest rate swaps		2	**2**
Short-term loan	242		**242**
Trade payables	19		**19**
Other short-term liabilities	29		**29**
Total	**2,151**	**2**	**2,153**

	31 December 2014		
EURm	**Loans and receivables measured at amortised cost**	**Financial assets at fair value through profit or loss**	**Total**
Assets as per statement of financial position			
Purchased loans and receivables	809		**809**
Other long-term receivables	5		**5**
Trade and other receivables	13		**13**
Other short-term receivables	27		**27**
Cash and cash equivalents	99		**99**
Total	**953**	**0**	**953**

EURm	**Financial liabilities measured at amortised cost**	**Financial liabilities at fair value through profit or loss**	**Total**
Liabilities as per statement of financial position			
Bond	1,629		**1,629**
Interest rate swaps		3	**3**
Short-term loan	124		**124**
Trade payables	21		**21**
Other short-term liabilities	25		**25**
Total	**1,799**	**3**	**1,802**

13 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Purchased loans and receivables—See note 4 and 14.

Trade receivables

The Group's trade receivables are related to clients in various industries and regions. The Group's largest client accounts for less than 8% of revenues in 2015. Most accounts receivable outstanding are with customers known to the Group and whose creditworthiness is good and Lindorff has historically had very limited losses on such receivables.

Other short-term receivables

Other short-term receivables consist mainly of accrued income not invoiced, payment service receivables and fee outlay, where customer is bearing the risk. It also includes short-term restricted deposit and other receivables, where credit risk is considered to be low.

Cash at bank and short-term bank deposits

S&P rating EURm	31 Dec 2015	31 Dec 2014
AA– to AA+	20	—
A– to A+	29	71
BBB+ or lower*	4	28
Total	**53**	**99**

* BBB+ in 2015 was EUR 3 mln

14 Purchased loans and receivables

Purchased loans and receivables are classified as loans and receivables and recognised at amortised cost according to the effective interest method.

The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' initial effective interest rate. Adjustments are recognised in the income statement. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. The valuation method used results in the best estimate of the fair value of debt portfolios.

The carrying value of purchased loans and receivables:

EURm	31 Dec 2015	31 Dec 2014
Opening balance	809	787
Acquisition through subsidiaries	21	0
Acquisitions	395	75
Divestments and disposals	–1	0
Amortisation	–149	–39
Revaluation	5	1
Translation differences	–9	–13
Balance at 31 December	**1,070**	**809**

The carrying value of Purchased loans and receivables recognised at amortised cost does not perfectly match the fair value determined by discounting the net cash flow i.e. the gross cash receipts reduced by the cost to collect discounted with a market based discount rate at every end of the reporting period. The method and result of the fair value estimation as at 31 December is illustrated below and shows a non-significant deviation between the two valuation methods. The method falls within level 3 of the fair value hierarchy.

Fair value estimation of portfolios of purchased debt and receivables

The fair value of financial instruments that are not traded in an active market (e.g. loans and receivables) is determined by using valuation techniques such as net present value of estimated cash flows. For loans and receivables, the discount rate used is the weighted average cost of capital, which is weighted value of the Group's cost of debt and the cost of equity. The cost of equity is estimated by applying the capital asset pricing model.

The preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from portfolios. The estimated future portfolio cash flows are reviewed by management each quarter. The fair value is estimated to be approximately EUR 1,126m (2014:843m) and is based on net future estimated cash flows after tax, discounted with the estimated WACC. The corresponding carrying amount is EUR 1,070 (2014:809m), which is based on IAS 39 using the estimated gross future cash flows, where the discount factor is the individual IRR for the each portfolio. The future cash flow forecasts used to estimate the fair market value are the same as the cash flow forecast used in the accounting for loans and receivables at 31 December 2015.

The fair value estimation is based on estimated annual net cash flows from portfolios. The estimated annual net cash flows from portfolios is the assumed annual future collection on portfolios per country, less assumed annual collection costs per portfolio before tax. Collection costs consist of operational costs in the portfolio segment, i.e. commission to Debt Collection, payroll expenses, premises, communication costs, depreciation and other costs directly attributable to the Debt Purchasing segment. The collection costs as a percentage of the portfolio collection differ from portfolio to portfolio, ranging from 5.0% to over 50.0%.

In addition, the country specific marginal tax rate is applied. This individual collection cost and tax rate is applied to each portfolio's estimated future cash flow, adding up to an estimated total net cash flow for the Group.

The weighted average cost of capital after tax for the portfolio segment is estimated to 12% (2014:12%) as at 31 December 2015 (details of the calculation is shown below). Based on this rate, the discounted value of the estimated net cash flows indicates that the fair value of portfolios is approximately EUR 1,126m(2014:843m).

To evaluate this calculation, a sensitivity analysis of the cash flow estimates is presented in the table below in order to see the effect of deviations to the cash flow estimates and variations in the cost of capital.

Fair Value (NPV) EUR million

876.8	90%	95%	100%	105%	110%
8.5%	1,139.0	1,181.9	1,224.6	1,266.9	1,309.1
9.5%	1,111.1	1,152.7	1,194.0	1,235.0	1,275.8
10.5%	1,084.9	1,125.3	1,165.3	1,205.1	1,244.7
11.5%	1,060.4	1,099.6	1,138.5	1,177.1	1,215.5
12.0%	1,048.8	1,087.4	**1,125.8**	1,163.8	1,201.6
12.5%	1,037.4	1,075.6	1,113.4	1,150.9	1,188.2
13.5%	1,015.8	1,052.9	1,089.7	1,126.2	1,162.4
14.5%	995.5	1,031.6	1,067.4	1,102.9	1,138.2
15.5%	976.3	1,011.5	1,046.4	1,081.0	1,115.3
16.5%	958.1	992.5	1,026.6	1,060.3	1,093.8

The cost of capital after tax for the Portfolio segment is calculated using the capital asset pricing model (CAPM) in combination with the weighted average cost of capital (WACC). Based on the variables from the table below, the estimated cost of capital after tax is approximately 12%.

Risk free rate

The risk free rate used in the calculation of the WACC is based on the EUR risk free interest rate, which on 31st December was priced at 0.63%. However, the Group has a significant part of the cash flows in other different currencies, the largest being NOK and SEK. The respective 10 year government bond for these currencies range from 0.63% for EUR, 1.48% for NOK and 0.96% for SEK. Given the fluctuations in the yield for these bonds we deem it reasonable to use the EUR risk free rate as basis for the risk free rate for the Group. Calculating a currency specific WACC for each currency, the risk free rate element would have increased the WACC slightly compared to the WACC estimated for the Group.

Risk premium

Based on empirical research done the long-term risk premium is about 6.7%. It is reasonable to assume that the risk of investing in non-performing loan portfolios is higher than observed average market risk premium. Therefore a small cap premium risk premium of 9.74% is added to the calculation—resulting in a total risk premium of 16.44%. These risk premiums are based on the research found by Ilbbotson Risk Premiums Over time Report.

Equity Beta

The equity beta is based on 5 years of weekly observations for market peers. The calculations are based on data from Bloomberg. We have then used this as a basis for our Beta re-levered.

Future cash flow estimates

The future cash flow estimates are based on the current 15 year IFRS forecast for the current asset base with no value after this 15 year period. Therefore there are no adding cash flows from future investments included in the fair value estimation.

Cost of Capital calculation—WACC

WACC Factor	**31 Dec 2015**
10-year risk-free rate	0.63%
Equity Beta (Observed) Raw	0.77
Beta Relevered	1.82
Long horizon expected equity risk premium	6.70%
Small Cap Premium	9.74%
Risk Premium	16.44%
Tax rate group	25.00%
Cost of equity/required return on Equity	22.57%
Cost of debt	7.50%
Equity weight	25.76%
Debt weight	74.24%
WACC (after tax)	**12.05%**
Weighted Average Cost of Capital (rounded)	**12.00%**

15 Other long-term assets

EURm	**31 Dec 2015**	**31 Dec 2014**
Long term loans to group companies	2	—
Investments in shares	3	—
Loans to employees	3	0
Other long-term receivables	4	3
Escrow deposit accounts LT	0	2
Total	**12**	**6**

Other long-term assets' fair value is equal to its book value and is within level 3 of the fair value hierarchy.

16 Trade receivables

EURm	31 Dec 2015	31 Dec 2014
Trade receivable	21	14
Less: provision for impairment of trade receivables	–0	–1
Trade receivables—net	**21**	**13**

Trade receivables are non-interest-bearing and are generally on 30-90 days' terms.

Provision for impairment of trade receivables for 2015 amounted to EUR 410k (2014: 555k).

17 Other short-term receivables

Prepayments, accrued income and other short-term receivables fair values are based on unobservable inputs not corroborated by market data and are equal to book value and within level 3 of fair value hierarchy.

EURm	31 Dec 2015	31 Dec 2014
Prepayments	6	8
Accrued income	13	9
Payment services receivables*	42	6
Other	5	11
Account receivable—VAT related	5	4
Restricted deposits ST	2	–0
Total	**73**	**39**

* As of 31 Dec 2015 accrued credit loss for payment services receivables was EUR 0.6m

18 Cash and cash equivalents

At 31 December 2015, the Group had available EUR 93m (2014: 177m) of undrawn committed overdraft facilities (EUR 25m are allocated to guarantees out of total EUR 118m).

EURm	31 Dec 2015	31 Dec 2014
Cash and cash equivalents	53	99
Cash and cash equivalents	**53**	**99**

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of the following:

EURm	31 Dec 2015	31 Dec 2014
Cash and cash equivalents	53	99
Cash and cash equivalents	**53**	**99**

19 Share capital and premium

EUR	Number of shares	Par value ordinary shares	Book value ordinary shares	Par value share premium	Book value share premium	Total book value
Ordinary shares	851,000	10	8,847,074	840	714,710,897	723,557,971
Total	**851,000**		**8,847,074**		**714,710,897**	**723,557,971**

All shares are owned by Lock Upper Holding AS, Hoffsveien 70B, 0377 Oslo.

20 Group companies

Lock Lower Holding AS is the parent company of the Group. Lock Lower Holding AS was established on 22 May 2014 and acquired 100% of Lock AS at 15 July 2014. Lock Lower Holding AS and its subsidiaries own 100% of all companies within Lindorff Group.

Lindorff Group is organised with local holding companies:

Country	Holding company
Norway and Denmark	Lindorff Holding Norway AS
Sweden	Lindorff Sverige Holding AB, which also holds a Norwegian subsidiary
Finland, Baltic countries and Russia	Lindorff Group AB Finnish Branch
Germany	Lindorff Finanzholding GmbH
The Netherlands	Lindorff Netherlands Holding B.V.
Spain	Lindorff Holding Spain S.A.U
Italy	Lindorff Italy S.r.l
Poland	Lindorff S.A. (former Lindorff Casus Finanse S.A.)

Subsidiary

Subsidiary	Corporate identity number	Domicile	No of shares	% of capital	Book value 2015
Lock AS	NO 913 741 102	Norway	100%	100%	723,456,305

Group 31 December 2015 Company	Corporate identity number	Domicile	Share of capital	% of votes
Lock AS	NO 913 741 102	Norway	100%	100%
Indif AB	SE 556733-9915	Sweden	100%	100%
Lindorff AB	SE 556723-5956	Sweden	100%	100%
Lindorff Holding Norway AS	NO 992 984 899	Norway	100%	100%
Lindorff AS	NO 835 302 202	Norway	100%	100%
Lindorff Obligations AS	NO 945 153 547	Norway	100%	100%
Lindorff A/S	DK CVR 17 47 31 82	Denmark	100%	100%
Lindorff Danmark A/S	DK CVR 18 45 79 70	Denmark	100%	100%
Lindorff Sverige Holding AB	SE 556664-5460	Sweden	100%	100%
Lindorff Capital AS	NO 958 422 830	Norway	100%	100%
Lindorff Sverige AB	SE 556209-5363	Sweden	100%	100%
Lindorff Group AB, filial i Finland	FI 2200090-9	Finland	100%	100%
Lindorff Finland Oy	FI 1858518-2	Finland	100%	100%
OOO Lindorff	5077746802568	Russia	100%	100%
Lindorff Oy	FI 0140351-4	Finland	100%	100%
Lindorff Invest OY	FI 0425475-3	Finland	100%	100%
Lindorff Eesti AS	EE 10123 1048	Estonia	100%	100%
Lindorff Oy Filialas Litauen EUR	LT 111 882 842	Lithuania	100%	100%
Lindorff Oy Filialas Latvija EUR	LV 403 514 990	Latvia	100%	100%
Lindorff Business Services, UAB	LT 303 326 659	Lithuania	100%	100%
Lindorff Netherlands Holding B.V.	NL 08178741	Netherlands	100%	100%
Lindorff Netherlands B.V.	NL 05082522	Netherlands	100%	100%
Lindorff B.V.	NL 05025428	Netherlands	100%	100%
Lindorff Finanzholding GmbH	HRB 175161	Germany	100%	100%
Lindorff Holding GmbH	HRB 63483	Germany	100%	100%
Lindorff Deutschland GmbH	HRB 26141	Germany	100%	100%
Lindorff Holding Spain SAU	B 86128147	Spain	100%	100%
Lindorff España SAU	B 8558 2377	Spain	100%	100%
Lindorff Italy S.r.l.	IT 08724660967	Italy	100%	100%
Isabel SPV S.r.l.	IT 04614020263	Italy	100%	100%
Lindorff S.A.	KRS 0000414651	Poland	100%	100%
Lindorff 1 NSFIZ	RFI 752	Poland	100%	100%
Lindorff Szczurow ski & Wspólnicy Kancelaria Prawna Spólka Komandytowa	KRS: 0000270515	Poland	100%	100%
Lindorff Detektyw Sp. z.o.o	KRS: 0000223801	Poland	100%	100%
Lindorff Service Sp. z.o.o	KRS: 0000364126	Poland	100%	100%
Casus Management Ltd (Cyprus)	HE 310705	Poland	100%	100%
Finotrex sp z o.o.	KRS 0000507125	Poland	100%	100%
Finotrex sp z o.o.sp.k.	KRS 0000510916	Poland	100%	100%
Casus Investments Sp. z o.o.	KRS 0000487414	Poland	100%	100%
Portfolio SPV V sp. z o.o. sp.k.	KRS 0000487993	Poland	100%	100%
Portfolio SPV VI sp. z o.o. sp.k.	KRS 0000539574	Poland	100%	100%
Portfolio SPV VI sp. z o.o.	KRS 0000539035	Poland	100%	100%

Changes in legal structure during 2015:

In March 2015 the two Spanish companies were transformed from S.L.U. to S.A.U. and changed names accordingly.

On 29 May 2015 Lindorff Ukraine was liquidated.

On 6 July 2015 Lindorff Norge was liquidated through merger with Lindorff Holding Norway AS.

On 31 July 2015 EBH Erste portfolio UG (no activity) merged with Lindorff Holding Gmbh.

On 18 August 2015 Lindorff Group AB acquired Casus Finanse S.A. group in Poland.

On 31 August 2015 Lindorff Institutional Management AB and Lindorff CoInvest AB were dissolved through merger with Indif AB.

On 6 October 2015 Lindorff AB and Lindorff Second Holding AB dissolved through merger with Lindorff Group AB (name changed to Lindorff AB in 2016)

21 Trade payables

EURm	31 Dec 2015	31 Dec 2014
Trade payables	19	21
Total	**19**	**21**

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

Trade payables fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

22 Other short-term liabilities

EURm	31 Dec 2015	31 Dec 2014
Public duties payable	9	12
Deferred Revenue (<12 months)	3	4
Accrued costs	25	21
Accounts Payable—Payroll related	20	19
Other short-term liabilities	1	6
Total	**58**	**63**

Accrued expenses are non-interest-bearing and have an average term of 30 days.

Accrued costs, deferred payments and other short-term liabilities' fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

23 Borrowings

EURm	31 Dec 2015	31 Dec 2014
Non-current liabilities		
Bonds	1,907	1,680
Non-amortised fees Bonds	–47	–51
Total non-current liabilities	1,860	1,629
Current liabilities		
Revolving Credit and other short-term liabilities	208	78
Accrued interest on secured and unsecured bonds	35	46
Total current liabilities	242	124
Total borrowings	**2,103**	**1,753**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

EURm	31 Dec 2015	31 Dec 2014
EUR	1,531	1,300
NOK	175	186
SEK	201	194
Total	**1,907**	**1,680**

Fair value of bonds

EURm	31 Dec 2015	31 Dec 2014
Fair value of bonds	**1,956**	**1,793**

The fair value measurements of bonds are based on quoted prices at Oslo Stock Exchange and Irish Stock Exchange at measurement date and are within level 1 of the fair value hierarchy.

The fair value of Revolving Credit and other short-term liabilities is equal its' carrying value. The fair value is based on market data and is within level 2 of the fair value hierarchy.

The Group has the following undrawn borrowing facilities:

EURm	31 Dec 2015	31 Dec 2014
Revolver*	93	177
Total	**93**	**177**

* Excluding EUR 25m allocated to guarantees, 118m are still available

Additional funding capacity

Additional RCF capacity*	0	108
Basket for receivables financing	50	50
Basket for local financing (leasing+WC)	59	60
Total	**109**	**218**

* 18.4% of ERC 84 months December 2015 is included in current RCF facility

Bonds and liabilities to credit institutions

The Group is funded through a Super Senior RCF(SSRCF) of EUR 324m, Senior Secured Notes of EUR 1,457m equivalent (issued in EUR and NOK) and Senior Notes of EUR 451m equivalent (issued in EUR and SEK).

The average interest on the notes is approximately 7% with an average duration of 5.6 years. The SSRCF is priced at a current margin of 3.50%. At year-end 2015 the RCF draw amounted to EUR 207m (excluding a draw for unfunded guarantees of EUR 20m).

The covenants set forth in the Senior Secured Notes Agreement and the Senior Notes Agreement are typical for 144A/Reg S high yield issue of this type, including but not limited to the following: Change of Control, Debt Incurrence, Permitted Liens, Limitation on Sales of Assets & Subsidiary Stock, Limitation on Affiliate Transactions, Limitation on Restricted Payments, Anti-layering, Reports, Merger and Consolidation, Line of Business and Suspension of Covenants on Achievement of Investment Grade Status.

The SSRCF Agreement contains certain of the incurrence covenants that are set forth in the Senior Secured Notes Agreement. In addition, the SSRCF Agreement contains a Drawn Super Senior Leverage Ratio financial covenant which will be tested for each annual accounting period and quarterly on a rolling twelve month basis; The Financial Covenant is set at 2:1 (Drawn Super Senior Indebtedness to Adjusted EBITDA).

Security package

Companies of the Group representing more than 80% of consolidated EBITDA and more than 90% of consolidated assets for the year ended December 31, 2015 have provided security for the SSRCF and the Bond package through pledges of shares, bank accounts, receivables and a guarantee for the commitments under the SSRCF and the Bond Package. Pursuant to the Intercreditor Agreement, the liens securing the Senior Secured Notes will be senior liens over the Senior Secured Notes Collateral that rank equally with the liens that secure: (i) on a super-priority basis (A) obligations under the Revolving Credit Facility Agreement and (B) obligations under certain super-priority hedging arrangements; and (ii) on an equal and ratable basis, (A) certain other future debt permitted to be incurred under the Senior Secured Indenture, including certain acquisition indebtedness and (B) obligations under certain hedging arrangements. The Senior Notes will be secured by the Shared Collateral on a second-ranking basis and by the Senior Notes Only Collateral on a first-ranking basis.

24 Other long-term liabilities

EURm	31 Dec 2015	31 Dec 2014
Provisions	1	2
Total	**1**	**2**

The fair value of other long-term liabilities equals their carrying amount, as the impact of discounting is not significant. The fair value is based on unobservable inputs not corroborated by market data and is within level 3 of the fair value hierarchy.

25 Derivative financial instruments

EURm	31 Dec 2015	31 Dec 2014
Financial derivatives LT	—	3
Financial derivatives ST	2	—
Total	**2**	**3**

The fair value of interest rate swaps is equal its' carrying value. The fair value is based on market data and is within level 2 of the fair value hierarchy.

The full fair value of the derivative is classified as a non-current asset or liability if the remaining maturity is more than 12 months and, as a current asset or liability, if the maturity is less than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2015 were EUR 105m (2014: 170m).

At 31 December 2015, the fixed interest rates were 1.35 %, and 2.00 % and the main floating rates were EURIBOR 3 months and STIBOR 3 months.

26 Post-employment benefits

The Group has pension liabilities for certain employees from defined benefit plans in Norway. The major plans are covered by assets in funds administrated by insurance companies. The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for a specific number of years. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The plans in Lindorff have been closed to new employees since 2006. Pensions for new employees are instead based on defined contribution plans.

The pension costs and pension liabilities for the defined benefit plans are presented below.

EURm	31 Dec 2015	31 Dec 2014
Present value of funded obligations	31	36
Fair value of plan assets	–25	–24
Deficit of funded plans	7	12
Present value of unfunded obligations	0	0
Total deficit of defined benefit pension plans	7	12
Impact of minimum funding requirement/asset ceiling	0	0
Net liability in the statement of financial position	**7**	**12**

EURm	Present value of obligation	Fair value of plan assets	Total
At 1 January 2015	36	–24	12
Current service cost	2	0	2
Interest expense/(-income)	1	–1	0
Total pension cost	2	–1	2
Remeasurements:			
Remeasurement on defined benefit plans	–4	–0	–5
Total remeasurements	–4	–0	–5
Exchange differences	–2	2	–0
Contributions from employers	0	–2	–2
Benefit payments	–1	1	–0
At 31 December 2015	31	–25	7

EURm	Present value of obligation	Fair value of plan assets	Total
At 22 May 2014	0	0	0
Total pension cost	–0	–0	0
Remeasurements:			
Remeasurement on defined benefit plans	3	1	4
Total remeasurements	3	1	4
Exchange differences	–3	2	–1
Contributions from employers	0	–2	–2
Benefit payments	–1	1	–0
Acquired in a business combination	35	–25	10
At 31 December 2014	36	–24	12

The plan assets consist primarily of investments in listed bonds. Due to the low net exposure there would not be a significant impact on the financial position of the company due to reasonable changes in the actuarial assumptions.

The main actuarial assumptions are as follows:

	31 Dec 2015	31 Dec 2014
Major plans in Norway:		
Discount rate (OMF)	2.70%	2.30%
Salary increase	2.50%	2.75%
Increase of social security base (Norway)	2.25%	2.50%

Pension insurance with Alecta, Sweden

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. This constitutes a multi-employer plan. For the 2015 fiscal year, the company did not have access to such information that would enable the company to record this plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The contribution to the plan is determined based on the age, salary and previously earned pension benefits of the plan participants. The expected contributions for pension insurance taken out with Alecta for the next annual reporting period are expected to be in line with current year which was EUR 0.4m. The Group's level of participation in the plan is insignificant.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. The collective solvency is normally allowed to vary between 125 and 155 percent. If the level of collective solvency is less than 125 percent or exceeds 155 percent, measures are to be taken in order to create conditions for restoring the level of collective solvency to the normal interval. Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155 percent. However, Alecta aim to avoid surplus by using reduced contributions. At December 31, 2015, Alecta's surplus corresponded to a collective consolidation ratio of 153 percent.

Germany

In addition there is a defined benefit plan for one employee in Germany. The net value of the plan is negative and EUR 35k (2014: 25k) is recognised as a defined benefit liability.

27 Provisions for other liabilities and charges

The Group had provisions for other liabilities of EUR 1m (2014: 2m).

28 Pledged assets, contingent assets and liabilities

The external funding of the Group is secured through Lock AS and Lock Lower Holding AS.

Companies of the Group representing more than 80% of EBITDA as of 31 December 2015 have provided security for the RCF and the Bond package through pledge of shares, bank accounts, receivables and a guarantee for the commitments under the RCF and the Bond package.

When conducting their business, the Group companies are from time to time obliged to provide bank guarantees to various government bodies or business parties. Such guarantees are backed by a guarantee facility, which is part of the Group's funding through Lock AS. The guarantee facility amounts to EUR 25m, where upon EUR 21m is currently utilised.

The book value of the share pledge amounts to:

EURm	31 Dec 2015	31 Dec 2014
Equity	798	764
Cash and cash equivalents	40	88

As of 31 December 2015 there were no contingent assets.

Contingent liabilities:

Lindorff Group has certain tax issues related to deductibility of interest of group internal loans in Finland and Norway. Tax exposure of these cases is estimated at EUR 42m including EUR 6m of potential penalties, whereof EUR 27m has been paid on request to respective tax authorities in Norway and Finland in 2015 and additional EUR 5m as advance current tax in Finland. Lindorff contests the claims and has filed complaints to the Tax Authorities in both countries. No provisions have been recorded as Lindorff believes that our arguments are strong and hence our standing in the disputes is solid.

During the normal business operations, the Group faces from time to time claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant effect on the Group or its financial position.

29 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

EURm	31 Dec 2015	31 Dec 2014
Forward flow agreements and purchase of funds	88	96
Total	**88**	**96**

The Group has committed to buy non-performing Debt Portfolios for delivery in future periods; these commitments are from “forward flow” contracts and—for Poland—an investment fund in which we have obligated ourselves to become owner of total fund over time. Estimated Capital Expenditure is based on previous acquisitions under the same contracts and client’s expectations.

(b) Operating lease commitments—Group company as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various cars and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of these agreements. The lease expenditure charged to the income statement during the year is disclosed under other operating costs.

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

EURm	31 Dec 2015	31 Dec 2014
No later than 1 year	8	7
Later than 1 year and no later than 5 years	21	18
Later than 5 years	6	9
Total	**35**	**34**

Lease expense during the period amounts to EUR 13m (2014: 3m).

Classification

EURm	31 Dec 2015	31 Dec 2014
Lease agreements, premises	33	32
Other lease agreements	3	2
Total	**35**	**34**

30 Business combinations

Acquisition of Casus Finanse S.A. in Poland

On 18 August 2015, Lindorff acquired Casus Finanse (changed name to Lindorff S.A group in March 2016), one of the largest Credit Management Services (CMS) players in Poland. With this acquisition Lindorff expands its geographical footprint in Europe.

The purchase price for Casus Finanse was EUR 35m.

The allocation of the purchase price to assets and liabilities at fair value led to recognition of goodwill at EUR 29m.

Casus Finanse was established in 1997 and has a long term experience in serving the Polish CMS market. Like Lindorff, Casus group has two major business areas: Debt Collection, consisting of debt-related administrative services and Debt Purchasing.

Lindorff expects synergies effects of Casus knowledge of the market combined with Lindorff’s business model for collection performances. The workforce of approximately 500 FTEs is considered of material value. Based on assumptions of recruiting cost, training cost, efficiency cost of hiring new people compared to experienced staff members, Lindorff estimates the value of the workforce to be significant.

Valuation of purchased loans and receivables based on information available at purchase date, was EUR 23m. Prediction of future cash flows in new entities is connected with significant uncertainty, especially when entering new markets. The valuation based on the PPA (Purchase price allocation) is to be considered as a preliminary assessment and may be reallocated within 12 months after acquisition.

Consideration at 18 August 2015:

EURm	18 August 2015
Purchase Price Casus Finanse S.A.	35
Fair value of acquired net assets	6
Goodwill	**29**

Recognised amounts of identifiable assets acquired and liabilities assumed:

EURm	Fair value	Book value
Assets		
Fixtures and furnitures	1	1
Intangible assets	1	1
Loans and receivables	23	26
Non-current assets	**25**	**28**
Trade receivables	1	1
Cash and cash equivalents	3	3
Current assets	**4**	**4**
Total assets	**29**	**32**
Trade payables	1	1
Short-term loan	21	21
Other short-term liabilities	1	1
Current liabilities	**23**	**23**
Total liabilities	**23**	**23**
Net assets	**6**	**9**

According to the purchase agreement, the former owners of Casus Finanse could be entitled to an earn-out based on performance in 2015. No provision was recorded as at 31 December 2015.

Transaction costs related to business combinations have been expensed.

31 Related party disclosures

The Group is organised in a legal structure with Lock companies being a holding companies of Indif AB, which owns 100% of Lindorff AB. Lindorff AB owns 100% of the parent/holding companies per country or region.

The Group's related parties include Group Management, members of the Board of Directors and parent companies (Lock Upper Holding AS and Lock Topco AS). All transactions with related parties are performed at normal market prices at arm's length.

Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

Loans to Board Members and key management

Certain key managers and Board members in Lindorff have invested EUR 6m in the Management Investment Program implemented in 2015 in Lock Upper Holding AS. Acquisition price of the shares is based on fair value conditions. Seven of the investors have been granted a loan on market terms from Lindorff Holding Norway AS to fully or partially finance their investment in the program. The outstanding loans to these individuals amounted to EUR 3m at 31 December 2015 and investments are pledged to secure the loans.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has not made any provisions relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

32 Events after the reporting period

Trond Brandsrud was appointed as CFO from 1 February 2016.

Lindorff has signed an agreement to acquire 100% of the shares in Cross Factor S.p.A. Cross Factor is an Italian company providing both Debt Purchasing and Debt Collection services. Closing is expected in Q2 2016.

Independent auditor's report

To the Board of Dirctors of Lindorff AB.

We have audited the consolidated financial report of the Lindorff AB Group and a summary of significant accounting policies and other explanatory information (together "the financial report"). The financial report has been prepared in accordance with the accounting principles described in Note 2.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the accounting principles described in Note 2, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We belive that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Lindorff AB group as at 31 December 2014 in accordance with the accounting principles described in Note 2.

PricewaterhouseCoopers AB

Helena Kaiser de Carolis

25 juni 2015

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Ohrlings PricewaterhouseCoopers AB, Seat of the firm Stockholm, Organisation number 556029-6740

Consolidated Income statement

EURm		2014	2013
Revenue	5	475	447
Total income	5	**475**	**447**
Employee benefit expense	6	–178	–170
Legal fee cost		–35	–35
Phone, postage and packaging		–19	–19
Other operating costs	7	–93	–83
Depreciation and amortisation	10,11	–16	–10
Results from operating activities (EBIT)		**136**	**130**
Finance income	8	1	1
Finance costs	8	–108	–128
Net finance costs		**–108**	**–127**
Profit and loss before tax		**28**	**3**
Income tax expense	9	–10	–21
Profit and loss for the year		**18**	**–18**
Profit (loss) attributable to:			
Owners of the Company		18	–18
Profit and loss for the year		18	–18

Consolidated statement of comprehensive income

EURm		2014	2013
Profit (loss) for the year		**18**	**–18**
Other comprehensive income:			
Items that will not be reclassified to the income statement			
Remeasurements of post employment benefit obligations gain(+)/loss (–)	26	–3	–1
Tax on remeasurement of post employment benefit obligations	26	1	
		–2	**–1**
Items that may be subsequently reclassified to the income statement			
Currency translation differences		–38	–26
Other comprehensive income for the year, net of tax		**–41**	**–28**
Total comprehensive income for the year		**–22**	**–46**
Attributable to:			
Owners of the Company		–22	–46
Total comprehensive income for the year		**–22**	**–46**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Financial Position

EURm	Notes	2014	2013
ASSETS			
Fixtures and furnitures	10	12	6
Intangible assets	11	236	69
Goodwill	12	758	782
Purchased loans and receivables	14	809	675
Deferred income tax assets	9	18	9
Other long-term assets	15	6	3
Non-current assets		**1,839**	**1,544**
Trade receivables	16	13	17
Current tax receivable		3	5
Other short-term receivables	17	42	35
Client funds		21	45
Cash and cash equivalents	18	79	52
Current assets		**160**	**154**
Total assets		**1,999**	**1,697**
EQUITY			
Share Capital	19	6	5
Share Premium	19	876	742
Retained earnings	19	–214	–223
Equity attributable to owners of the Company		**667**	**524**
Total equity		**667**	**524**
Liabilities			
Liabilities to credit institutions	23	0	563
Subordinated loan	23	0	137
Shareholder loans	23	1,129	0
Convertible loan	23	42	161
Other long-term liabilities	24,27	2	2
Pension liabilities	26	12	9
Deferred income tax liabilities	9	19	9
Financial derivatives	25	0	3
Non-current liabilities		**1,203**	**885**
Trade payables	21	19	23
Short-term loan	23	0	130
Client liabilities		21	45
Current tax liabilities		6	22
Short term liabilities to shareholders		19	0
Other short-term liabilities	22	63	69
Current liabilities		**128**	**289**
Total liabilities		**1,331**	**1,173**
Total equity and liabilities		**1,999**	**1,697**

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement

EURm	Notes	Year ended 31 December 2014	2013
Cash flows from operating activities:			
Results from operating activities (EBIT)		136	130
Non-cash items:			
Amortisation, depreciation and impairment	10,11	16	10
Revaluation of purchased loans and receivables	14	–3	–1
Cash items:			
Amortisation of purchased loans and receivables	14	126	116
Interest received	8	0	1
Interest paid		–40	–42
Corporate income tax paid	9	–22	5
Adjustment for other non-cash items			–2
Cash flows from operating activities before changes in working capital		**212**	**218**
Cash flows from changes in working capital:			
Decrease/increase in accounts receivable	16	3	0
Decrease/increase in other receivables	17	–10	–4
Decrease/increase in accounts payable	21	–3	–10
Decrease/increase in other current liabilities	22	–7	20
Decrease/increase in restricted cash		0	–2
Net cash generated from operating activities		**195**	**222**
Cash flows from investing activities:			
Acquisition/disposal of subsidiaries	30	0	1
Acquisition of tangible fixed assets	10	–9	–3
Acquisition of intangible fixed assets	11	–182	–56
Acquisition of financial assets		–273	–167
Net cash used in investing activities		**–464**	**–224**
Cash flows from financing activities:			
New share issue			
Increase in long-term liabilities	23	1,276	132
Amortisation long-term debts	23	–980	–131
Net cash used in financing activities		**296**	**1**
Net (decrease)/increase in cash and cash equivalents		**27**	**–2**
Currency effect		1	**–6**
Cash and cash equivalents at the beginning of the year	18	52	60
Cash and cash equivalents at end of year	18	**79**	**52**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity

EURm	Share capital	Share premium	Retained earnings	Total equity
Balance as at 1 January 2013	2	212	–177	**37**
Profit/loss for the year	0	0	–18	**–18**
Other comprehensive income for the year:				
Remeasurements of post employment benefit obligations			–1	**–1**
Translation differences			–27	**–27**
Total comprehensive income for the year	0	0	–47	**–47**
Capital increase/(reduction)	3	530	0	**533**
Balance as at 31 December 2013	**5**	**742**	**–223**	**524**
Balance as at 1 Jan 2014	**5**	**742**	**–223**	**524**
Profit/loss for the year			18	**18**
Other comprehensive income for the year:				
Remeasurements of post employment benefit obligations			–3	**–3**
Translation differences	0	0	–38	**–37**
Total comprehensive income for the year	**0**	**0**	**–22**	**–22**
Capital increase/(reduction)	1	221	–56	**166**
Balance as at 31 December 2014	**6**	**876**	**–214**	**667**

The accompanying notes are an integral part of these financial statements

Notes to the consolidated financial statements

1 General information

The parent company Lindorff International AB is a registered company domiciled in Stockholm with office address at Kungsgatan 57A, P.O. Box 47292, SE-100 74 Stockholm, Sweden.

Lindorff group have two core business segments; Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of the acquisition, management and collection of unsecured non-performing loans. The Third Party Debt Collection segment consists of contingency collection for various clients. Other services include invoice and loan administration.

The group has offices in 12 countries—Denmark, Finland, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Russia and the Baltic States (Estonia, Latvia, Lithuania).

The consolidated financial statements of the group for the period ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2015.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Lindorff International AB and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations set by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value through profit or loss.

The consolidated financial statements are presented in EUR and all values are rounded to the nearest million (EURm) except when otherwise indicated. The consolidated accounts pertain to 1 January to 31 December for income statements and 31 December for items on the statements of financial position.

2.1.1 Changes in accounting policy and disclosures

The group has adopted all new and revised standards and interpretations issued by IASB and IFRIC and approved by EU if relevant to the business and come into force for the accounting year starting 1 January 2014.

The following standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, but have been applied in preparing this consolidated financial statement:

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI no recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018, with early adoption permitted.

The group has decided against early application of the following new or amended accounting recommendations or interpretations that enter into force in or after 2015 as none of these is expected to have a significant effect on the consolidated financial statements of the group. Below is a short description of the new standards and interpretations:

IFRS 15 was issued in May 2014. It deals with revenue recognition and establishes principles for reporting useful information used to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good and service. The standard replaces IAS 18 Revenue". The Standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31 December 2014.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

Subsidiaries

The consolidated financial statements comprise the financial statements of Lindorff International AB and entities where the group has controlling interest (subsidiaries). Controlling interest is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company obtains and exercises control through direct or indirect voting rights. Controlling interest will normally exist when the Company has voting rights of more than 50% through ownership or agreements.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. These financial statements are for consolidation purposes restated to IFRS. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of control is obtained and until the control ceases. Intercompany transactions, balances, revenues and expenses are eliminated in consolidation. This also applies for unrealized internal gains and losses.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

There is a reassessment of the allocation of the acquisition price within 12 months after the acquisition date when the initial accounting for a business combination can be determined only provisionally.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The group is organised in two main operating segments: Debt Purchasing and Debt Collection. The Debt Purchasing segment consists of acquisition and management of mainly unsecured non-performing loans and receivables. The Debt Collection segment consists of collection for various clients and on portfolios of loans and receivables owned by Debt Purchasing.

The Other group segment relates to the remaining head office expenses and amortisation of intangible assets, as well as revenues not related to the operating segments.

The geographical areas specified represent 10% or more of the total revenue from external customers and intersegment sales.

2.4 Foreign currency translation

The consolidated financial statements are presented in EUR, which is the group's presentation currency.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented (i.e. including comparatives) are translated at the closing rate at the date of the financial position;

b) income and expenses for each income statement (i.e. including comparatives) are translated at average exchange rates and

c) all exchange differences are recognised in other comprehensive income

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in income statement within "finance income or costs". Foreign exchange gains and losses on non-monetary financial assets and liabilities such as financial liabilities at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Tangible assets

Tangible assets are recognised at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment. Such cost includes the cost of replacing part of such tangible assets when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful life of the assets. The useful lives of tangible assets, machinery and fixtures are three to five years.

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The group's intangible assets are assessed to be finite except goodwill. Intangible assets with finite lives are mainly amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as an expense and included in "Amortisation of intangible fixed assets".

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes. The operating segment level is Debt Purchasing and Debt Collection. However, when acquiring a company a PPA is prepared and the fair value of assets and liabilities are allocated to the different assets. Loans and receivables are recognised at fair value at the acquisition date. The goodwill allocated in full to the Debt Collection segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Client relationships

Client relationships include the rights related to collection contracts with a third party and got measured on initial recognition at cost. Client relationships contract are amortised straight line over their useful economic lives.

(c) Internally developed software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years unless strong indication of a longer useful life is demonstrated (for instance by an underlying contract).

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non-financial assets other than goodwill are reviewed for possible reversal at each reporting date. An assessment is made as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Financial assets

2.8.1 Classification

Financial assets in the scope of IAS 39 are classified as either as financial assets at fair value or at amortised cost. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI). The classification of a financial asset is made by management at the time it is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments the FVTOCI classification is mandatory, unless the fair value option is elected. While for equity investments, the FVTOCI classification is an election.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

2.8.2 Recognition and measurement

At initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “Other (losses)/gains-net” in the period in which they arise.

Purchased loans and receivables

Purchased loans and receivables are portfolios of non performing claims. A portfolio is defined to be the lowest reliable level for pool of accounts with similar attributes. Typically, each portfolio consists of an individual acquisition of accounts. Each portfolio is classified in the loans and receivable category and is initially recorded at fair value including external cost of acquiring the portfolio. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments from recalculation of the estimated future cash flows.

The accounting policy is also applied when one or more portfolios are acquired in a business combination.

Significant estimates are made by the management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by management on a rolling 15 year basis. If the cash flow estimates are revised, the carrying amount is recalculated to reflect actual and revised estimated cash flows by computing the present value of estimated future cash flows using the initial effective interest rate. An adjustment in the carrying amount is recognised in net revenue. See 2.21 Revenue recognition for further information.

Management’s interpretations of historical cash flows, type of receivable, age, face value of the individual account and experience from other portfolios form the basis for the cash flow estimates. As these estimates are prepared on a rolling 15 year basis, an additional year is included in the 15 year cash flow forecast each year. The effect of including an additional year is recorded as a revaluation in the income statement. Actual results may differ from the estimates, making it reasonably possible that a change in estimates could occur within one year and impact the carrying value of the related loans and receivables. On a quarterly basis, management reviews the estimates of future cash flows, and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates.

From time to time, the group acquires portfolios on a forward flow basis. This means that a contract is established for purchases of debts at an agreed price, but where the volumes of debts are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on weekly, monthly or quarterly basis. The effective interest rate is calculated by contract and used for each batch. If experience indicates a change in the attributes of the claims management may decide to apply a new effective interest rate for new batches.

Other financial assets

Long-term loans and receivables and other receivables are those that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are short-term receivables. Loans and receivables assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at cost.

2.9 Impairment of financial assets

Under the impairment approach in IFS 39 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

Purchased loans and receivables are treated differently because the asset is credit-impaired at initial recognition. For these assets, group would recognize changes in lifetime expected losses since initial recognition as a loss allowance with any changes recognized in profit or loss. Under the requirement, any favourable changes for such assets are an impairment gain even if the resulting expected cash flows of a financial asset exceed the estimated cash flows on initial recognition.

Evidence of changes in lifetime expected losses may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decreases in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the credit loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s initial effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.10 Derivative financial instruments and hedging activities

Lock Lower Holding group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially and subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the income statement.

2.11 Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any credit losses recognised.

Legal fees/bailiff costs: The group incurs outlays for bailiff/court costs, legal representation, enforcement authorities, etc. which can be charged to and collected from debtors. In certain cases Lindorff has agreements with its clients where expenses that cannot be collected from the debtor are instead refunded by the client. The amount that is expected to be recovered from the client is recognised as an asset in Other short term receivables.

Client funds: Client funds are reported as assets and liabilities in the statement of financial position and comprise cash received on collection of a specific debt on behalf of a client and which are to be passed on to the clients within a specified period.

2.12 Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.13 Equity

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits. Retained earnings include all current and prior period results as disclosed in the income statement.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The upfront fees are a part of the borrowing cost and are recognised as an expense in accordance with the effective interest method.

2.16 Borrowing costs

Borrowing costs other than upfront fees are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Employee benefits

a) Pension benefits

The group has various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit than an employee will receive on retirement, usually depended on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on governments bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: a) when the group can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment or termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Profit sharing and bonus plans

The group recognizes a liability and an expense for bonus based on a formula that takes into consideration the agreed terms.

2.19 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received and represents interest and amounts receivable for services supplied, stated net of discounts and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probably that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group’s activities, as described below.

a) Commission and debt collection fees in Collection are recognised on collection of the debt

b) Income from subscription services is recognised proportionally over the duration of the agreement, usually one year

c) Income from other services are recognised when the service is provided

d) Revenue on portfolios of purchased loans and receivables are recognised using the effective interest method

Purchased loans and receivables consists mainly of portfolios of delinquent consumer debts purchased at prices significantly below the nominal face value and are recognised according to IFRS 9 for loans and receivables, i.e. at amortised cost using the effective interest method. According to the effective interest method, the carrying value of each portfolio corresponds to the present value of gross projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, and the method also allocates the interest revenue over the relevant period. The initial effective interest rate is based on the relation between acquisition cost and the projected future cash flows on the acquisition date.

With the projection of future gross cash flows and the purchase price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. If appropriate, the EIR is reassessed and adjusted up to 12 months after the purchase of the portfolio of overdue receivables to reflect refinements made to our estimates of future cash flows based on enhanced data and analysis considered during that time period. This adjustment has historically not resulted in any material impact on our income from purchased portfolios.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information. Cash flow projections are made at portfolio level, since each portfolio of receivables consists of homogeneous accounts. On the basis of the updated cash flow projections and the initial effective interest rate, a new carrying value for the portfolio is calculated at the reporting date.

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result net revenue.

Income on portfolios is accrued monthly based on each portfolios effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period is recorded as revenue in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period is recorded as a reduction of revenue in the period. Compensation received due to price adjustments for portfolios acquired are recorded as an adjustment to the book value.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

As of 31 December 2014 group has not recognised any finance leases.

2.22 Dividend distribution

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Shareholder's General Meeting.

2.23 Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

2.24 Classification in the statement of financial position

Current assets and short-term liabilities include items due less than one year from the balance sheet date, and items tied to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Other assets are classified as non-current assets.

2.25 Cash flow statement

The indirect method is used for the cash flow statement. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined in 2.12.

Cash related to acquisition of portfolios of loans and receivables is included in investing activities while payments and amortisation on these portfolios are included in operating activities.

3 Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Revenue recognition Purchased loans and receivables

The group uses the effective interest rate method to account for portfolios and loans. The use of the effective interest rate method requires the group to estimate future cash flows from loans and receivables at each balance sheet date. The underlying estimates that form the basis for revenue recognition depends on variables such as the ability to contact the debtor and reach an agreement, timing of cash flows, general economic environment and statutory regulations. If the estimations are revised, the group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IFRS 9 paragraph AG8. Events or changes in assumptions and managements judgment will affect the recognition of revenue in the period.

Book value of Purchased loans and receivables

Loans and receivables (portfolios) consist mainly of acquired non-performing unsecured loans and non-derivative financial assets without fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Events or changes in assumptions and managements judgment will affect the cash flow for the portfolios and therefore also the net present value of future cash flows and the book value of the portfolios.

Impairment of goodwill

The group determines whether goodwill is impaired when circumstances indicate that there may be a potential impairment. Estimating recoverable amounts of assets and companies are partly based on management's evaluation, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's estimation of future events may give rise to impairment losses.

Impairment of goodwill is evaluated on an annual basis and determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Estimating the recoverable amount requires the group to make assumptions regarding the expected future cash flow and the discount rate used to calculate the net present value of those cash flows.

Deferred Income Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The group is subject to income taxes in some jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 Financial risk management

4.1 Financial risk factors

Group financial risk is limited, with strong cash flow from the Debt Purchasing business combined with limited investments needed in the Third Party Collection business. Lindorff's funding and financial risk are managed within the group in accordance with the Treasury policy. The Treasury policy contains rules for managing financial activities, measuring and identifying financial risk and limiting these risks. Internal and external financial operations are concentrated in Group Treasury, which ensures economies of scale when pricing financial transactions.

The group's activities are exposed to financial risk, market risk, currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The risk management guidelines set out in the Treasury policy aim to reduce the effect of volatility in financial markets and the potential adverse effects that can have on the group's financial performance.

a) Market risk

The services and products offered in the respective local geographical markets are subject to strict local laws and regulations including requirements for debt collection licenses.

i) Market and regulatory environment

The main market risk is related to general macroeconomic conditions and local rules and statutory regulations in each of the geographical markets the group is present in and which affect the debtors' ability to pay and the vendors' ability and willingness to sell portfolios of loans and receivables and potential commission from third party collection.

ii) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK (Norwegian krone) and SEK (Swedish krone) compared to the group's internal and external reporting currency EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The group's strategy is to manage and limit currency risk. The following exchange rates have been used to translate SEK and NOK in the financial accounts:

NOK	2014	2013
Average	8.35	7.80
Closing	9.05	8.45

SEK	2014	2013
Average	9.10	8.65
Closing	9.52	8.94

Exchange rate risk can be divided into transaction exposure and translation exposure.

The group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Transaction exposure

In each country, revenues and operating expenses are mainly denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Revenues and expenses in national currency are thus hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected cash flow exposure is not hedged at present.

At group level financing both the third party collection business and the capital business are funded in the relevant currencies reflecting the underlying expected cash flow.

Translation exposure

The group operates in 12 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into EUR for inclusion in the consolidated financial statements. Approximately 43% of the group's revenue is in foreign currency. Consequently, fluctuations in exchange rates against EUR affect the group's revenues and earnings, as well as equity and other items in its financial statements.

The group's revenues are distributed by currency as follows:

EURm	2014	2013
EUR	248	221
DKK	21	16
NOK	142	150
SEK	59	56
Other currencies	4	5
Total	**475**	**447**

If currencies had weakened/strengthened by 10% in average against the presentation currency EUR with all other variable held constant, net revenues would have decreased/increased by approximately EUR 6m.

b) Interest rate risk

Interest rate risks for Lindorff group relate primarily to the Lock Lower Holding group's interest-bearing net debt. The external debt amounted to EUR 1,759m at 31 December 2014. The funding consists of bonds and a revolving credit facility. The bonds are a mix of fixed rate and floating rate bonds, share of fixed rate bonds are 56%.

The floating rate bonds are tied to the market rate, with quarterly interest fixing. The Lock Lower Holding group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (quarterly), the difference between fixed contracts rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. The hedge ratio (fixed rate bonds + swaps) was 71% at 31 December 2014. A one-percent increase in market interest rates would have adversely affected net financial items by approximately EUR 5m. A five-percent increase would have adversely affected net financial items by approximately EUR 25m.

c) Credit risk

Credit risk is the risk that Lindorff`s counterparties are unable to fulfil their obligations to the group. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from assets such as cash and cash equivalents, guarantees and derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables; Purchased loans and receivables and outlays on behalf of clients. For financial assets owned by Lindorff, no collateral (very limited) or other credit reinforcements have been received.

The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

There is also a limited risk of loss linked to the group's Third Party Debt Collection, however the risk is primarily carried by the client.

Portfolios of purchased loans and receivables

To minimize the risks related to purchase of non- performing claims, caution is exercised in purchase decisions. Purchases are usually made from clients with whom the group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. Purchased loans and receivables are usually purchased at prices significantly below the nominal value of the receivables, and are not collateralised. Lindorff retains the entire amount collected, including interest and fees.

Lindorff has high yield requirements on purchased loans and receivables. Before every acquisition, a careful assessment is made based on a projection of future cash flows (estimated gross collection less expected costs of collection) from the portfolio. In its calculations, Lindorff is aided by its long experience in collection management and its valuation models.

Scoring entails the consumer's payment capacity being assessed with the aid of statistical analysis. Lindorff therefore believes that it has the expertise required to evaluate these types of receivables.

To facilitate the purchase of larger portfolios at attractive risk levels, Lindorff works in cooperation with other companies, primarily in Spain. Risks are further diversified by acquiring receivables from clients in different sectors and different countries

A share of the investments in purchased loans and receivables has been made as forward flow agreements (see note 29), meaning that the group has committed to buy non-performing debt portfolios for delivery in future periods. The duration of the contracts are usually not more than 12 months and for the majority of contracts Lindorff has the possibility to decline to acquire the portfolios if the credit quality of the claims are significant weaker than assumed in the agreement.

The group's purchased loans and receivables include debtors in 12 countries and the carrying value is distributed as follows:

EURm	2014	2013
Denmark	64	53
ECE*	93	76
Italy	14	—
Germany	230	188
The Netherlands	40	42
Norway	59	63
Spain	148	82
Sweden	162	171
Total	**809**	**675**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables per country in percent of total carrying value

Denmark	8%	8%
ECE*	12%	11%
Italy	2%	0%
Germany	28%	28%
The Netherlands	5%	6%
Norway	7%	9%
Spain	18%	12%
Sweden	20%	25%
Total	**100%**	**100%**

Purchased loans and receivables are overdue at acquisition date and therefore usually purchased at prices significantly below the nominal value. The average claim size at the end of 2014 was approximately EUR 3,085. Even though it is obvious that the full face value will not be recovered, the group has the right to collect the full face value including principal, interest and fees on its own behalf.

The carrying value of EUR 809m as at 31 December 2014, representing approximately 5% of face value, is the maximum theoretical risk if the whole portfolio become worthless/non collectable.

The group has established long term relationship with large financial institutions in Europe. As a result the distribution of carrying value of the portfolios of purchased loans and receivables by sector shows that 89% are claims acquired from Banks and other financial institutions at the end of 2014.

EURm	2014	2013
Bank	587	471
Finance/Insurance	132	117
Retail	25	26
Telecom	53	48
Other	12	12
Total	**809**	**675**

The group has had only minor impairment losses and positive revaluations during the last year.

See note 14 re fair value of the portfolios of acquired loans and receivables.

In order to continue minimising the credit risk exposure, Lindorff continues to invest in staff with a broad experience in credit management, and focus on increased analytical approach to portfolio assessments. Monitoring processes are implemented to follow up actual collection compared to forecasts. In addition, the group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the group's business, which in turn will also help reduce the risk of credit loss.

d) Liquidity risk

Liquidity risk is the risk that the group does not have the ability to fulfil its short and long-term payment obligations to outside parties. The group's long-term financing risk is minimized through long term financing in the form of committed lines of credit. The group's loan facilities ensure funding to meet future payment obligations. As of 31 December the group held unused facilities totalling EUR 177m (net of guarantees EUR 156m).

Cash flow forecasting is performed in the operating entities of the group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operations needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 23) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financial plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirement.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Group Treasury (cash-pool). Group Treasury invests surplus cash in interest bearing current accounts.

The table below shows the group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

EURm	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2014					
Loans to shareholders					1,546
Trade and other payables	18	(0)	2	1	
At 31 December 2013					
Borrowings (Bank)					
(ex finance lease liabilities)	—	117	189	438	—
Shareholder Loans	—	—	—	562	—
Trading and net settled derivative financial instruments					
(interest rate swaps)	1	3	5	2	—
Trade and other payables	22	—	—	—	—

4.2 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratio is calculated as net interest bearing debt divided by adjusted EBITDA. Net interest bearing debt is calculated as bonds and revolving credit less cash and cash equivalents. Adjusted EBITDA is calculated as EBITDA adjusted for amortisation and revaluation of portfolios of purchased loans and receivables.

Group's external rating from Standard & Poor's Rating Services is BB and from Moody's Investor Service is B2.

5 Segment information

Management has determined the operating segments based on information reviewed by management for the purpose of allocating resources and assessing performance. Management considers the performance from a product perspective and separately considers the Debt Purchasing and Debt Collection.

Both segments meet the quantitative thresholds required by IFRS 8 for reportable segments. Management assesses the performance of the operating segments based on a measure of Contribution Margin 1 which is gross revenues minus direct operating expenses.

Revenue

Sales between segments are carried out at arm's length. The revenue from external parties reported to management is measured in a manner consistent with that in the income statement. The following table presents a reconciliation of the reportable segments' main captions from profit and loss to the entity's profit and loss before tax:

2014 EURm	**Debt Purchasing**	**Debt Collection**	**Other**	**Eliminations & unallocated items**	**Total**
Revenue from external customers	217	238	17		472
Inter-segment revenue		98		–98	0
Revaluation of loans and receivables	3				3
Total operating revenue	**220**	**336**	**17**	**–98**	**475**
Direct operating expenses	–105	–196	–13	98	–217
Segment earnings	**115**	**139**	**4**	**0**	**258**
SG&A				–49	–49
IT				–35	–35
Other not allocated expenses				–22	–22
Depreciation and amortisation of assets				–16	–16
Operating profit (loss)/EBIT				**–122**	**136**
Financial items				–108	–108
Profit and loss before tax				**–230**	**28**

2013 EURm	**Debt Purchasing**	**Debt Collection**	**Other**	**Eliminations & unallocated items**	**Total**
Revenue from external customers	199	228	19		446
Inter-segment revenue		84		–84	0
Revaluation of loans and receivables	1				1
Total operating revenue	**200**	**313**	**19**	**–84**	**447**
Direct operating expenses	–91	–185	–15	84	–207
Segment earnings	**109**	**128**	**3**	**—**	**240**
SG&A				–49	–49
IT				–38	–38
Other not allocated expenses				–12	–12
Depreciation and amortisation of assets				–10	–10
Operating profit (loss)/EBIT				**–109**	**130**
Financial items				–127	–127
Profit and loss before tax				**–236**	**3**

Revenue and other income by service:

EURm	2014	2013
Collection fees, commissions and debtors fees	228	219
Revenue from purchased loans and receivables, excl revaluations	218	199
Revaluation of purchased loans and receivables	3	1
Loan administration	9	9
Invoice administration	6	6
Other revenue	12	13
Total	**475**	**447**

Revenue and other income from external customers by country

EURm	2014	2013
Denmark	21	16
ECE*	87	84
Italy	1	—
Germany	58	58
Netherlands	33	38
Norway	142	150
Spain	73	45
Sweden	59	56
Total	**475**	**447**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

No individual customer is generating more than 10 per cent of the group's total revenue.

Non-current assets exclusive financial assets, deferred tax assets, goodwill and pensions per country representing more than 5% of the Group's total of such assets

Non current assets by country

EURm	2014	2013
ECE*	21	12
Norway	16	4
Spain	203	44
Sweden		8
Other (not representing more than 5%)	9	7
Total	**248**	**75**

* Eastern and Central Europe includes Finland, Russia, Estonia, Latvia and Lithuania

Purchased loans and receivables are the most significant non-current asset for the group and are specified in note 4 and 14.

6 Employees, salaries and other remuneration

EURm	2014	2013
Board members, CEO and Group Management	9	4
– of which bonuses	*3*	*1*
– of which severance payment	*1*	*0*
Other employees	136	136
Total	**145**	**140**
Social insurance contribution	16	15
Pension costs—defined contribution plan	5	6
Pension costs—defined benefit plan (note 27)	5	4
Total remuneration and other staff costs	**171**	**165**
Other staff related costs	7	5
Total personnel costs	**178**	**170**

Average number of FTEs per country and in proportion of males and females

	2014	2013
Denmark	130	130
Estonia	20	21
Finland	450	446
Germany	247	262
Latvia	42	34
Lithuania	28	28
Netherlands	211	227
Norway	734	704
Russia	55	58
Spain	708	676
Sweden	202	214
Total	**2,827**	**2,799**
of which females	1,783	1,792
of which females, %	63%	64%
of which mailes	1,044	1,008
of which mailes, %	37%	36%
Board of Directors and Group management,	19	14
of which females	7	9
of which females, %	37%	64%

Gender by geographical area for the year ended 2014

	Share of females	Share of males	Females	Males
Denmark	65%	35%	85	46
Estonia	91%	9%	18	2
Finland	67%	33%	300	150
Germany	68%	32%	168	79
Latvia	79%	21%	34	9
Lithuania	92%	8%	26	2
Netherlands	50%	50%	106	106
Norway	57%	43%	419	316
Russia	65%	35%	36	19
Spain	67%	33%	474	234
Sweden	59%	41%	119	83
Total	**63%**	**37%**	**1,783**	**1,044**

Terms and conditions of employment for Group Management

Board of Directors:

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year amounted to EUR 240k.

Board of Directors remuneration	2014	2013
Marco Mazzucchelli	83	
Monika Elling	40	
Malin Eriksson	56	32
Carl Lindgren	53	
Arne Liljedahl	8	32
Total	**240**	**64**

CEO

Endre Rangnes resigned as CEO at 21 October 2014. Termination agreement included severance payment of EUR 857k.

Peter Sjunnesson was engaged as interim CEO on 21 October 2014. The CEO compensation is a fixed monthly fee, covering all direct and indirect cost related to the position. He has no severance payment included in the agreement.

Senior Executives

All senior executives receive a fixed annual salary and variable compensation. The variable compensation is, with a few exceptions, up to 30% of the annual base salary and is based on the results achieved by Group operating earnings, results in their area of responsibility and individual performance objectives. Lindorff has agreements with certain members of the management on severance payment equal to six to twelve months of base salary.

Compensation committee

The CEO has appointed a Committee to handle compensation issues. The committee is comprised of the CEO, CFO and SVP HR.

Remuneration and benefits during the year

In order to assist the CEO in performing his over-all responsibilities and to make sure that business-oriented, geographical and functional areas are managed in a professional way, the CEO has established a management team. This management team consists of central business and/or staff and support functions and Country managers. Combined, these responsibilities make the Executive Team of the Lindorff Group. Remuneration for the CEO and other senior executives in the Executive team consist of a base salary, variable salary, other benefits and pensions. The group of Senior Executives in the table below refers to the Executive team which, from 6 October 2014 included, Scott Danielsen (CFO), Geir Inge Skålevik (Group Legal), Siv Farstad (Group HR), Ingeborg Dybvig (Group Communication), Knut Eirik Storsul (Group IT), Turkka Kuusisto (ECE), Anette Willumsen (Norway), Erika Rönnquist Hoh, (Sweden), Lisbeth Jensen (Denmark), David Perez (Spain), Hendrik Kroeze (NL) and Florian Wöretshofer (Germany).

CEO

EURk	2014	2013
Base salary	787	612
Severance payment	857	
Bonuses	1,299	207
Other benefits	217	72
Pension costs	338	264
Total CEO	**3,497**	**1,155**

Other senior executives

EURk	2014	2013
Base salary	2,950	2,944
Bonuses	1,832	525
Other benefits	502	248
Pension costs	255	237
Total Other Senior Executives	**5,539**	**3,955**

7 Audit fees

The table below summarizes audit fees, fees for audit related services, tax services and other services incurred by the group to PWC, the auditor for all companies in the group.

EURk	2014	2013
Auditor's fees	731	897
Auditor's fee for tax advice services	149	498
Auditor's fees for other services	426	463
Total	**1,306**	**1,858**

8 Financial income and costs

EURm	2014	2013
Other interest income	1	1
Finance income	**1**	**1**
Net foreign exchange gains/losses on financing activities	22	–7
Changes in market value financial derivatives	–1	3
Tranche Interest cost	–6	–10
Borrowing Base Interest cost	–18	–25
Acqusition fac. Interest cost	–1	–1
Swaps Interest cost	–2	–4
Interest cost internal	–20	—
Other interest expenses	–62	–77
Other financial expenses	–18	–6
Finance costs	**–108**	**–128**
Net finance costs	**–109**	**–127**

9 Income tax

a) Income tax expense

EURm	2014	2013
Current taxes	**–8**	**–20**
Changes in deferred taxes	**–2**	**–1**
Income tax expense	**–10**	**–21**

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of Sweden as follows:

Profit and loss before tax	**28**	**3**
Tax rate calculated at a tax rate of 22%	–6	–1
Tax effects of		
– Expenses not deductible for tax purposes	–3	–5
– Utilisation of previously unrecognised tax losses	1	3
– Tax losses for which no deferred income tax asset was recognized	–2	–2
– Re-measurement of deferred tax—change in tax rates	0	–2
– Effect of different tax rate		–1
– Adjustments in respect of prior years	0	–13
Income tax expense	**–10**	**–21**
Effective tax rate	34.6%	649.5%

The group has operations in a number of countries with different tax rates:

Income (nominal) tax rate per country:		
Denmark (FY2015: 23.5% and FY 2016: 22%)	24.5%	25.0%
Estonia	21.0%	21.0%
Finland	20.0%	24.5%
Germany	31.0%	30.0%
Latvia	20.0%	15.0%
Lithuania	15.0%	20.0%
The Netherlands	25.0%	25.0%
Norway	27.0%	28.0%
Russia	20.0%	20.0%
Spain (FY2015: 28%; FY 2016: 25%)	30.0%	30.0%
Sweden	22.0%	22.0%

Expectations regarding effective tax rate

The group is subject to varying income tax rates depending on local tax regulations in the relevant country; hence Lindorff's operations are subject to effective tax rates ranging from 15% to significantly above the nominal tax rates. Several countries have implemented interest limitations rules which may increase the effective tax rate going forward. This may be offset by lower nominal tax rates. In the longer term, the effective tax rate is expected to be approximately 25%.

In some periods, tax losses (and interest) carried forward that are not recognised in the statement of financial position will cause variations in the effective tax rate. In periods, when such assets are not recognised, the effective tax rate will be higher than the long-term expectation, whereas it may be lower in period when tax losses not recognised as assets have been utilised.

b) *Deferred tax*

EURm	2014	2013
Deferred tax assets		
Fixed assets	3	2
Retirement benefit obligations	3	3
Tax losses and interest carry-forward	61	68
Offset against deferred tax liabilities	–49	–63
Total deferred tax assets	**18**	**9**
Deferred tax liabilities		
Deferred tax on loans and receivables	67	59
Deferred tax convertibles	0	12
Other differences	1	1
Offset against deferred tax assets	–49	–63
Total deferred tax liabilities	**19**	**9**
Reconciliation of deferred tax		
Deferred tax at beginning of the period	–1	3
Deferred tax in income statement	–2	–1
Sale of subsidiaries	0	–1
Remeasurements of post employment benefit liabilities	1	1
Translation differences	2	–1
Net deferred tax at the end of the period	**–1**	**0**
Deferred tax assets	18	9
Deferred tax liabilities	19	9
Net deferred tax	**–1**	**0**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities are offset within the same tax jurisdiction.

The group has substantial tax losses brought forward in the end of 2014. These have to a large extent been generated by interest on shareholder loans in to the Lindorff Group prior to the acquisition in October 2014.

Overview of deferred tax assets from corporate income tax, trade tax and interest carried forward:

EURm	Gross tax losses and interest	Of which basis for tax assets	Recognised tax asset
Denmark	23	5	3
Finland[1)]	14	3	3
Germany	92	28	28
Norway[2)]	8	2	2
Sweden	167	37	21
Spain	40	10	5
Total	**343**	**85**	**61**

1) Related to interest on group internal loans which is disputed. The amount is included in the exposure described below.

2) Includes EUR 4.5m/tax value EUR 1.5m related to write down of a loan to Lindorff A/S in Denmark FY 2010. The amount is disputed and included in the exposure described below.

The group has tax issues related to group internal loans in Finland and Norway. Tax exposure of these cases is estimated at EUR 37m including EUR 6m of potential penalties, whereof EUR 1.5m and EUR 21m were paid to the respective tax authorities in Norway and Finland in the beginning of 2015. Lindorff contests the claims and has filed complaints to the Tax Authorities in both countries. No provisions have been recorded as Lindorff believes that our arguments are strong and hence our standing in the disputes is solid.

10 Fixtures and furniture

Carrying value of fixtures and furniture were EUR 12m as at 31 December 2014 (6m). Acquisitions were EUR 13m (3m) and depreciation EUR 1m (3m).

The assets are depreciated over the economic useful lives which are usually considered to be 3-5 years.

11 Intangible assets

Intangible assets in the table below consist of internally developed software and client relationships.

EURm	2014	2013
Opening balance	69	23
Acquisitions	181	49
Disposal	0	–1
Reclassification	1	7
Amortisation and impairment	–14	–7
Translation differences	–1	–2
Balance at 31 December	**236**	**69**

Intangible assets by type of asset:

EURm	2014	2013
Ongoing software projects	8	12
Internally developed software	24	12
Patents, trademarks, licences and similar rights	8	3
Client Relationships	196	42
Balance at 31 December	**236**	**69**

Capitalised expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants.

Client relations and goodwill (see note 12) are acquired in connection with business acquisitions. Client relations include the rights related to collection contracts with a third party, and are amortised straight line over their useful economic lives. Investment in client relationships in the reporting period amounted to EUR 159m mainly related to an acquisition in Spain (Banco Sabadell carve-out), see note 30.

Amortisation is included in "depreciation and amortisation" costs for the year in income statement.

12 Goodwill

EURm	2014	2013
Balance at 1 Jan	782	825
Acquisitions through subsidiary	1	
Divestments	2	–3
Reclassification	0	–4
Translation differences	–26	–37
Balance at 31 December	**758**	**782**

Goodwill is allocated to two operating segments: Debt Purchasing and Debt Collection which coincides on which level Goodwill is monitored by management on group level. When acquiring a company a PPA is prepared and the fair value of assets and liabilities is allocated to the different assets. Loans and receivables are recognised at fair value at the acquisition date and the goodwill of EUR 758m has been allocated in full to the Debt Collection segment.

Goodwill is tested for impairment on a yearly basis by comparing recoverable amount with carrying value.

The transaction price when Lock AS acquired Lindorff group in October 2014 shows that there is no need for write-down of the goodwill due to impairment. The decrease in carrying value is due to translation effects only.

13 (a) Financial instruments by category

	31 December 2014		
EURm	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position			
Purchased loans and receivables	809		**809**
Other long-term receivables	5		**5**
Trade and other receivables	13		**13**
Other short-term receivables	31		**31**
Cash and cash equivalents	79		**79**
Total	**938**	**0**	**937**

EURm	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Total
Liabilities as per statement of financial position			
Loans from shareholders	1,129		**1,129**
Convertible loans		**42**	**42**
Trade payables	19		**19**
Short-term liabilities to shareholders	19		**19**
Other short-term liabilities	24		**24**
Total	**1,191**	**42**	**1,233**

EURm	31 December 2013 Loans and receivables	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position			
Purchased loans and receivables	675		675
Trade and other receivables	17		17
Other short-term receivables	19		19
Equities		1	1
Cash and cash equivalents	52		52
Total	**762**	**1**	**763**

EURm	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Total
Liabilities as per statement of financial position			
Borrowings	700		**700**
Convertible loan	148	14	**161**
Interest rate swaps		3	**3**
Short-term loan, tranches	130		**130**
Trade payables	23		**23**
Other short-term liabilities	41		**41**
Total	**1,041**	**17**	**1,058**

13 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Purchased loans and receivables—See note 4 and14.

Trade receivables

The group's trade receivables are related to clients in various industries and regions. The group's largest client accounts for less than 5% of revenues in 2014. Most accounts receivable outstanding are with customers known to the group and whose creditworthiness is good and Lindorff has historically had very limited losses on such receivables.

Other short-term receivables

Other short-term receivables consist mainly of accrued income not invoiced, web invoice receivables and fee outlay, where customer is bearing the risk. It also includes other receivables, where credit risk is considered to be low.

Cash at bank and short-term bank deposits

S&P rating EURm	2014	2013
AAA		5
A+	38	27
A	13	16
BBB+	28	4
Total	79	51

14 Purchased loans and receivables

Purchased loans and receivables are classified as loans and receivables and recognised at amortised cost according to the effective interest method.

The group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' initial effective interest rate. Adjustments are recognised in the income statement. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. The valuation method used results in the best estimate of the fair value of debt portfolios.

The carrying value of purchased loans and receivables:

EURm	2014	2013
Balance at beginning for period	675	658
Acquisitions	275	154
Divestments and disposals	–1	–5
Amortisation	–126	–116
Revaluation	3	1
Translation differences	–16	–16
Balance at 31 December	**809**	**675**

The carrying value of Purchased loans and receivables recognised at amortised cost does not perfectly match the fair value determined by discounting the net cash flow i.e. the gross cash receipts reduced by the cost to collect discounted with a market based discount rate at every reporting date. The method and result of the fair value estimation as at 31 December is illustrated below and shows a non-significant deviation between the two valuation methods. The method falls within level 3 of the fair value hierarchy.

Fair value estimation of portfolios of purchased debt and receivables

The fair value of financial instruments that are not traded in an active market (e.g. loans and receivables) is determined by using valuation techniques such as net present value of estimated cash flows. For loans and receivables, the discount rate used is the weighted average cost of capital, which is weighted value of the Group's cost of debt and the cost of equity. The cost of equity is estimated by applying the capital asset pricing model.

The preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from portfolios. The estimated future portfolio cash flows are reviewed by management each quarter. The fair value is estimated to be approximately EUR 843m and is based on net future estimated cash flows after tax, discounted with the estimated WACC for the Group. The corresponding carrying amount is EUR 809m which is based on IAS 39 using the estimated gross future cash flows, where the discount factor is the individual IRR for the each portfolio. The future cash flow forecasts used to estimate the fair market value are the same as the cash flow forecast used in the accounting for loans and receivables at 31 December 2014.

The fair value estimation is based on estimated annual net cash flows from portfolios. The estimated annual net cash flows from portfolios is the assumed annual future collection on portfolios per country, less assumed annual collection costs per portfolio before tax. Collection costs consist of operational costs in the portfolio segment, i.e. commission to Debt Collection, payroll expenses, premises, communication costs, depreciation and other costs directly attributable to the Debt Purchasing segment. The collection costs as a percentage of the portfolio collection differ from portfolio to portfolio, ranging from 5.0% to over 50.0%.

In addition, the country specific marginal tax rate is applied. This individual collection cost and tax rate is applied to each portfolio's estimated future cash flow, adding up to an estimated total net cash flow for the Group.

The weighted average cost of capital after tax for the portfolio segment is estimated to 12% as at 31 December 2014 (details of the calculation is shown below). Based on this rate, the discounted value of the estimated net cash flows indicates that the fair value of portfolios is approximately EUR 843m.

To evaluate this calculation, a sensitivity analysis of the cash flow estimates is presented in the table below in order to see the effect of deviations to the cash flow estimates and variations in the cost of capital.

Fair Value (NPV) EURm

WACC variations	% of forecast performance				
	90%	95%	100%	105%	110%
10.0%	820	858	895	932	970
10.5%	808	845	881	918	955
11.0%	795	832	868	904	940
11.5%	783	819	855	891	926
12.0%	772	807	**843**	878	913
13.0%	750	784	819	853	887
14.0%	729	763	796	829	862
15.0%	710	743	775	807	839
16.0%	692	723	755	786	818
17.0%	674	705	736	767	797

The cost of capital after tax for the Portfolio segment is calculated using the capital asset pricing model (CAPM) in combination with the weighted average cost of capital (WACC). Based on the variables from the table below, the estimated cost of capital after tax is approximately 12%.

Risk free rate

The risk free rate used in the calculation of the WACC is based on the 10 year Norwegian government bond, which on 31st December was priced at 1.61%. However, the Group has a significant part of the cash flows in other different currencies, the largest being EUR and SEK. The respective 10 year government bond for these currencies range from 0.54% for EUR, 1.61% for NOK and 0.98% for SEK. Given the fluctuations in the yield for these bonds we deem it reasonable and conservative to use the Norwegian 10 year government bond as basis for the risk free rate for the Group. Calculating a currency specific WACC for each currency, the risk free rate element would have reduced the WACC slightly compared to the WACC estimated for the Group.

Risk premium

Based on empirical research done the long-term risk premium is about 6.7%. It is reasonable to assume that the risk of investing in nonperforming loan portfolios is higher than observed average market risk premium. Therefore a small cap premium risk premium of 9.74% is added to the calculation – resulting in a total risk premium of 16.44%. These risk premiums are based on the research found by Ibbotson Risk Premiums Over time Report

Equity Beta

The equity beta is based on 5 years of weekly observations for market peers. The calculations are based on data from Bloomberg. We have then used this as a basis for our Beta re-levered.

Future cash flow estimates

The future cash flow estimates are based on the current 15 year IFRS forecast for the current asset base with no value after this 15 year period. Therefore there are no adding cash flows from future investments included in the fair value estimation.

Cost of Capital calculation—WACC

Factor	31 Dec 2014
10-year risk-free rate	1.61%
Equity Beta (Observed) Raw	0.85
Beta Relevered	2.01
Long horizon expected equity risk premium	6.70%
Small Cap Premium	9.74%
Risk Premium	16.44%
Tax rate group	25.00%
Cost of equity/required return on Equity	24.83%
Cost of debt	7.50%
Equity weight	34.78%
Debt weight	65.22%
WACC (after tax)	**12.00%**

15 Other long-term assets

EURm	2014	2013
Other financial assets	3	0
Restricted deposits	2	2
Total	**6**	**3**

Other financial assets' fair value is equal to its book value and is within level 3 of the fair value hierarchy.

16 Trade receivables

EURm	2014	2013
Trade receivable	14	17
Less: provision for impairment of trade receivables	–1	(0)
Trade receivables—net*	**13**	**17**

Trade receivables are non-interest-bearing and are generally on 30-90 days' terms.

Provision for impairment of trade receivables for 2014 amounted to EUR 355k.

17 Other short-term receivables

Prepayments, accrued income and other short-term receivables fair values are based on unobservable inputs not corroborated by market data and are equal to book value and within level 3 of fair value hierarchy.

EURm	2014	2013
Prepayments	8	9
Accrued income	9	8
Account receivable (shareholders)	4	0
Other	17	11
Account receivable—VAT related	4	7
Total	**42**	**35**

18 Cash and short-term deposits

Cash at banks earns interest at floating rates which is based on daily bank deposit rates.

EURm	2014	2013
Cash at hand and in banks	79	52
Cash and cash equivalents (excluding bank overdrafts)	**79**	**52**

19 Share capital and premium

31 December 2014

EURm	Number of shares	Par value ordinary shares	Book value ordinary shares	Par value share premium	Book value share premium	Total
A1-shares	312,015,875	0.01	3	1.60	499	**502**
A2-shares	239,018,748	0.01	2	1.52	363	**366**
B-shares	13,333,330	0.01	0	0.99	13	**13**
Total	**564,367,953**		**6**		**876**	**882**

The increase of shares, 74,330,460 is due to conversion of convertible 30 November 2014 (Indif AB)

31 December 2013

EURm	Number of shares	Par value ordinary shares	Book value ordinary shares	Par value share premium	Book value share premium	Total
A1-shares	237,685,415	0.01	2	1.54	365	**367**
A2-shares	239,018,748	0.01	2	1.52	363	**366**
B-shares	13,333,330	0.01	0	0.99	13	**13**
Total	**490,037,493**		**5**		**742**	**747**

All shares are owned by Indif AB

20 Group companies

Lindorff International AB is the parent company of the group. The company was established in 2006 and was dormant until medio 2008 when it was capitalised by new owners and subsequently purchased 100% of Lindorff Second Holding AB, which purchased Lindorff Group AB. The registered domicile of Lindorff International AB is Stockholm, with office address at Kungsgatan 57A, P.O. Box 47292, SE-100 74 Stockholm, Sweden. The group is organised in a legal structure with Lindorff International AB as the parent company, which owns Lindorff Second Holding AB, which in turn owns Lindorff Group AB. Lindorff Group AB holds 100% of the parent/holding companies per country or region.

Lindorff group is organized with local holding companies:

Country	Holding company
Norway and Denmark	Lindorff Holding Norway AS
Sweden	Lindorff Sverige Holding AB, which also holds a Norwegian subsidiary
Finland and Baltic countries, Russia and Ukraine	Lindorff Group AB Finnish Branch
Germany	Lindorff Finanzholding GmbH
The Netherlands	Lindorff Netherlands Holding B.V.
Spain	Lindorff Holding Spain S.L.U
Italy	Lindorff Italy S.r.l

Subsidiary	Corporate identity number	Domicile	Share of capital	Share of votes	Book value
Lindroff second Holding AB	SE 556714-9355	Sweden	100%	100%	701,750,166

Group 31 December 2016 Company	Corporate identity number	Domicile	Share of capital	Share of votes
Lindorff Group AB	SE 556723-5956	Sweden	100%	100%
Lindorff Holding Norway AS	NO 992 984 899	Norway	100%	100%
Lindorff Norge AS	NO 986 058 818	Norway	100%	100%
Lindorff AS	NO 835 302 202	Norway	100%	100%
Lindorff Obligations AS	NO 945 153 547	Norway	100%	100%
Lindorff A/S	DK CVR 17 47 31 82	Denmark	100%	100%
Lindorff Danmark A/S	DK CVR 18 45 79 70	Denmark	100%	100%
Lindorff Sverige Holding AB	SE 556664-5460	Sweden	100%	100%
Lindorff Capital AS	NO 958 422 830	Norway	100%	100%
Lindorff Sverige AB	SE 556209-5363	Sweden	100%	100%
Lindorff Group AB, filial i Finland	FI 2200090-9	Finland	100%	100%
Lindorff Finland Oy	FI 1858518-2	Finland	100%	100%
OOO Lindorff	5077746802568	Russia	100%	100%
Lindorff Ukraine LLC	36219617	Ukraine	100%	100%
Lindorff Oy	FI 0140351-4	Finland	100%	100%
Lindorff Invest OY	FI 0425475-3	Finland	100%	100%
Lindorff Eesti AS	EE 10123 1048	Estonia	100%	100%
Lindorff OY, filialas	LT 111 882 842	Lithuania	100%	100%
Lindorff OY Latvijas filiāle	LV 403 514 990	Latvia	100%	100%
Lindorff Business Services, UAB	LT 303 326 659	Lithuania	100%	100%
Lindorff Netherlands Holding B.V.	NL 08178741	Netherlands	100%	100%
Lindorff Netherlands B.V.	NL 05082522	Netherlands	100%	100%
Lindorff B.V.	NL 05025428	Netherlands	100%	100%
Lindorff Finanzholding GmbH	HRB 175161	Germany	100%	100%
Lindorff Holding GmbH	HRB 63483	Germany	100%	100%
Lindorff Deutschland GmbH	HRB 26141	Germany	100%	100%
Lindorff Holding Spain SLU	B 86128147	Spain	100%	100%
Lindorff España SLU	B 8558 2377	Spain	100%	100%
Lindorff Italy S.r.l.	IT 08724660967	Italy	100%	100%
Isabel SPV S.r.l.	IT 04614020263	Italy	100%	100%

Changes in legal structure during 2014:

Lindorff BV and Lindorff Credit Management in Netherland have been merged.

21 Trade payables

EURm	2014	2013
Trade payables	19	23
Total	**19**	**23**

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

Trade payables fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

22 Other short-term liabilities

EURm	2014	2013
Public duties payable	12	6
Deferred Revenue (<12 months)	4	6
Accrued costs	21	16
Accounts Payable—Payroll related	19	16
Deferred payments portfolio capex ST	2	4
Other short term liabilities	3	21
Total	**63**	**69**

Accrued expenses are non-interest-bearing and have an average term of 30 days.

Accrued costs, deferred payments and other short-term liabilities' fair values equal their carrying amounts. The fair value measurements are based on unobservable inputs not corroborated by market data and are within level 3 of the fair value hierarchy.

23 Borrowings

EURm	2014	2013
Non-current liabilities		
Liabilities to credit institutions	0	580
Prepaid fees	0	–17
Carrying value of liabilities to credit institutions*	**0**	**563**
Vendor notes	0	101
Mezzanine loan	0	35
Other shareholder loans	1,129	1
Convertible loans	42	161
Total non-current liabilities	**1,170**	**861**

In connection with Nordic Capital Fund VIII's acquisition of Lindorff, which was completed on 6 October 2014, Lindorff International AB group's bank funding package of EUR 840m was terminated and replaced by funding from Lock AS which together with Lock Lower Holding AS established a new funding package consisting of Super Senior RCF of EUR 255m, Senior Secured Bonds of EUR 1,002.5m equivalent (issued in EUR and NOK) and Senior Notes of EUR 450m equivalent (issued in EUR and SEK). EUR 1,119m of the funding package was on lent to Lindorff International AB. The interest charged by Lock AS on the loans to Lindorff group reflects the external cost.

On 4 November an additional bond issue of EUR 250m was finalized. The issue was split between a senior secured floating tranche of EUR 100m (EURIBOR + 5.5%) maturing in 2020, and a senior secured fixed tranche of EUR 150m (7%) maturing in 2021. The proceeds of the issue were on lent to Lindorff International AB and mainly used to settle the Spanish acquisition of EUR 159m and repay the RCF draw.

The average interest rate on the notes is 7.4% with an average duration of 7 years. The SSRCF is priced at a current margin of 3.50% with a commitment fee equivalent to 35% of the applicable margin on any undrawn amount. The margin has a step down based on net leverage ratio. At year end the RCF draw amounted to EUR 78m (excluding a draw for unfunded guarantees of 21m).

Covenants for bond package are typical for a 144A/Reg S high yield issue of this type, including but not limited to, the following: Change of Control, Debt Incurrence, Permitted Liens, Limitation on Sales of Assets & Subsidiary Stock, Limitation on Affiliate

Transactions, Limitation on Restricted Payments, Anti-layering, Reports, Merger and Consolidation, Line of Business and Suspension of Covenants on Achievement of Investment Grade Status.

The Super Senior Revolving Credit Facility Agreement contains a Drawn Super Senior Leverage Ratio financial covenant which will be tested for each annual accounting period and quarterly on a rolling twelve month basis; The Financial Covenant is set at 2:1, (Drawn Super Senior Amount to Adjusted EBITDA), with no step downs.

See Lock Lower Holding AS Annual report 2014 for additional information in regard to funding and available liquidity.

Security package

Companies of the group representing more than 80% of EBITDA as of 31 December 2013 have provided security for the RCF and the Bond package through pledge of shares, bank accounts, receivables and a guarantee for the commitments under the RCF and the Bond package. Pursuant to the Intercreditor Agreement, the liens securing the Senior Secured Notes will be senior liens over the Senior Secured Notes Collateral that rank equally with the liens that secure: (i) on a super-priority basis (A) obligations under the Revolving Credit Facility Agreement and (B) obligations under certain super-priority hedging arrangements; and (ii) on an equal and ratable basis, A) certain other future debt permitted to be incurred under the Senior Secured Indenture, including certain acquisition indebtedness and (B) obligations under certain hedging arrangements. The Senior Notes will be secured by the Shared Collateral on a second-ranking basis.

Convertibles

Lindorff International AB has interest free convertibles towards Coinvest AB with a face value of EUR 8.4m. Coinvest AB was included in the transaction where the Lindorff group was acquired by Lock AS and is at 31 December 2014 owned by Lindorff Institutional Management AB which is owned by Indif AB, the parent company of Lindorff International AB. The convertible debentures to Coinvest AB are due for repayment at the latest on 31 January 2019. The convertibles can be settled by the company by issuing a variable number of shares which means that there is no equity component and that the instrument is recognised as a liability in full. The fair value of convertibles towards Coinvest AB is estimated to EUR 42m for the year-ending 2014 (2013: 14m). The fair value is based on comparable to trading multiples and is within level 3 of the fair value hierarchy.

24 Other long-term liabilities

EURm	2014	2013
Provisions	2	1
Other long-term liabilities	0	1
Total	**2**	**2**

The fair value of other long-term liabilities equals their carrying amount, as the impact of discounting is not significant. The fair value is based on unobservable inputs not corroborated by market data and is within level 3 of the fair value hierarchy.

25 Derivative financial instruments

EURm	2014	2013
Interest rate swaps	0	3
Total	**0**	**3**

The fair value of interest rate swaps based on market data equals its' carrying value and is within level 2 of the fair value hierarchy.

26 Post-employment benefits

The group has pension liabilities for certain employees from defined benefit plans in Norway. The major plans are covered by assets in funds administrated by insurance companies. The plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for a specific number of years. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The plans in Lindorff have been closed to new employees since 2006. Pensions for new employees are instead based on defined contribution plans.

The pension costs and pension liabilities for the defined benefit plans are presented below.

EURm	2014	2013
Present value of funded obligations	36	34
Fair value of plan assets	–24	–25
Deficit of funded plans	12	9
Total deficit of defined benefit pension plans	12	9
Net liability in the statement of financial position	**12**	**9**

	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	34	–25	9
Current service cost	1	0	1
Interest expense/(-income)	1	–0	1
Total pension cost	2	–0	3
Remeasurements:			
Remeasurement on defined benefit plans	3	1	4
Total remeasurements	3	1	4
Exchange differences	–3	2	–1
Contributions from employers	0	–2	–2
Benefit payments	–1	1	–0
At 31 December 2014	36	–24	12

The plan assets consist primarily of investments in listed bonds. Due to the low net exposure there would not be a significant impact on the financial position of the company due to reasonable changes in the actuarial assumptions.

	Present value of obligation	Fair value of plan assets	Total
At 1 January 2013	46	–34	12
Current service cost	2	0	2
Interest expense/(-income)	1	–1	0
Total pension cost	3	–1	2
Remeasurements:			
Remeasurement on defined benefit plans	1	1	2
Total remeasurements	1	1	2
Exchange differences	–6	4	–2
Contributions from employers	0	–2	–2
Benefit payments	–2	1	–1
Sale of subsidiary	–8	6	–2
At 31 December 2013	34	–25	9

The main actuarial assumptions are as follows:

	2014	2013
Major plans in Norway:		
Discount rate (OMF)	2.30%	4.00%
Salary increase	2.75%	3.75%
Increase of social security base (Norway)	2.50%	3.50%
Expected lifetime based on table	K2013BE	K2013BE

Pension insurance with Alecta, Sweden

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. This constitutes a multi-employer plan. For the 2014 fiscal year, the company did not have access to such information that would enable the company to record this plan as a defined benefit plan. Consequently, the ITP pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The contribution to the plan is determined based on the age, salary and previously earned pension benefits of the plan participants. The expected contributions for pension insurance taken out with Alecta for the next annual reporting period are expected to be in line with current year which was EUR 0.4m. The group's level of participation in the plan is insignificant.

The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19. The collective solvency is normally allowed to vary between 125 and 155 percent. If the level of collective solvency is less than 125 percent or exceeds 155 percent, measures are to be taken in order to create conditions for restoring the level of collective solvency to the normal interval. Alecta's surplus can be distributed to the policyholders and/or the insured if the collective consolidation ratio exceeds 155 percent. However, Alecta aim to avoid surplus by using reduced contributions. At December 31, 2014, Alecta's surplus corresponded to a collective consolidation ratio of 143 percent.

Germany

In addition there is a defined benefit plan for one employee in Germany. The net value of the plan is positive and EUR 25k is recognised as a defined benefit asset.

27 Provisions for other liabilities and charges

The group had provisions for other liabilities of EUR 2m at the end of 2014 (2013: 1m).

28 Pledged assets, contingent assets and liabilities

The external funding of the group is secured through Lock AS and Lock Lower Holding AS.

Companies of the group representing more than 80% of EBITDA as of 31 December 2013 have provided security for the RCF and the Bond package through pledge of shares, bank accounts, receivables and a guarantee for the commitments under the RCF and the Bond package.

When conducting their business, the group companies are from time to time obliged to provide bank guarantees to various government bodies or business parties. Such guarantees are backed by a guarantee facility, which is part of the group's funding through Lock AS. The guarantee facility amounts to EUR 25m, where upon EUR 21m is currently utilized.

The book value of the share pledge amounts to:

EURm	2014	2013
Equity	627	524
Cash and cash equivalents	68	52

As of 31 December 2014 there were no contingent assets. Contingent liabilities at the end of the reporting period consist of tax disputes and are described in tax note 9.

During the normal business operations, the group faces from time to time claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant effect on the group or its financial position.

29 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

EURm	2014	2013
Forward flow agreements	96	66
Total	**96**	**66**

The group has committed to buy non-performing debt portfolios for delivery in future periods ("forward flow" contracts) from financial institutions and other vendors (where if significant in certain countries) with an estimated purchase price of EUR 96m. The estimated face value and purchase price of the majority of the contracts is based on previous acquisitions under the same contracts (20-60% of face value) and are therefore reflecting the estimated business volumes for sale from the vendors under the forward flow commitments.

(b) Operating lease commitments—group company as lessee

The group leases various offices under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The group also leases various cars and machinery under cancellable operating lease agreements. The group is required to give a six-month notice for the termination of these agreements. The lease expenditure charged to the income statement during the year is disclosed under Other operating costs.

The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

EURm	2014	2013
No later than 1 year	7	10
Later than 1 year and no later than 5 years	18	26
Later than 5 years	9	13
Total	**34**	**50**

Lease expense during the period amounts to EUR 13m (2013:15m).

EURm	2014	2013
Lease agreements, premises	32	46
Other lease agreements	2	4
Total	**34**	**50**

30 Business combinations

Acquisition of debt recovery business from Banco Sabadell

To strengthen its position in Spain, Lindorff España has acquired the debt recovery business from Banco Sabadell. The acquisition date was 22 December 2014 and the price was EUR 159m. The agreement includes the provision of services for the management and collection of past-due receivables by Lindorff, for an initial period of ten years. Lindorff has taken over 53 employees in connection with the contract.

The acquisition cost EUR 159m is recorded as an intangible asset (client contract) and is amortised over the agreed servicing period.

Transaction costs related to the transaction have been expensed.

31 Related party disclosures

The group is organised in a legal structure with Lock companies being a holding companies of Lindorff International AB, which owns 100% of Lindorff Second Holding AB, which in turn owns 100% of Lindorff Group AB. Lindorff Group AB owns 100% of the parent/holding companies per country or region.

The group's related parties include Group Management, members of the Board of Directors and parent companies (Lock AS, Lock Lower Holding AS, Lock Upper Holding AS and Lock Topco AS). All transactions with related parties are performed at normal market prices at arm's length. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the group has not made any provisions relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

32 Events after the reporting date

Klaus-Anders Nysteen was appointed new CEO at 16 March 2015.

The current Board of Directors was elected 30 March 2015 and consists of Chairman Hanna Bjurström and board members Scott Danielsen and Geir-Inge Skålevik.

It has been decided to merge Lindorff International AB and its subsidiary Lindorff Second Holding AB with Lindorff Group AB. Lindorff Group AB will be the surviving company. The merger plans was filed with the Swedish Companies Registration Office in the beginning of June 2015. The mergers are expected to be registered during September 2015.

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