intrum justitia

Annual Report 2002

"Our Receivables Management Services improve our clients' cash flow."

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Intrum Justitia in brief

Intrum Justitia is Europe's leading company in the area of Receivables Management Services (RMS). In simple terms, RMS covers the process that starts when an invoice is issued and ends when the receivable is paid. Intrum Justitia's extensive range of services allows the company to support its clients throughout this process, with the aim of measurably improving the client's cash flow.

Intrum Justitia's Services are mainly grouped within three service lines: Sales Ledger Services, Consumer Collection & Debt Surveillance and Commercial & International Collection. The company also purchases receivables that have been written off (Purchased Debt services), as a channel for generating cases for its consumer debt collection operations. Furthermore Intrum Justitia provides a range of RMS-related services, as a result of local client demands.

Intrum Justitia offers a wide range of services in 21 European countries.

INTERNATIONAL COVERAGE AND LOCAL MARKET KNOW-HOW

The company's operations are divided into seven regions. As market leader, Intrum Justitia has a broad geographic presence, with more than 80,000 clients in 21 European countries. Based on its local coverage and long experience, Intrum Justitia can provide a range of effective services tailored to meet local market requirements at the same time as economies of scale and transfer of knowledge can be achieved by utilizing the Group's collective resources. The head office is located in Nacka, outside Stockholm in Sweden. The Intrum Justitia share is listed on the O-list of Stockholmsbörsen (Stockholm Stock Exchange) since June 7, 2002 and is included in the Attract40 section since January, 2003.

Fair pay – strong business ethics

Contracts and business agreements are based on trust. Intrum Justitia's role is to ensure that commitments are met and to help its clients to rapidly and efficiently gain access to their receivables without jeopardizing future business relations with their customers. Accordingly, it is essential that good service is combined with strong ethical considerations and that all parties feel that they have been dealt with in a correct and responsible manner. This forms the basis of our *"Fair pay… please!"* philosophy, which permeates all of the work undertaken by the company.

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This Annual Report is a translation from a Swedish original. In the event of any differences between this translation and the Swedish original, the Swedish Annual Report (Årsredovisning) shall govern.

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The year in brief

GOOD GROWTH, STABLE MARGINS AND CONTINUED STRONG CASH FLOW

- Revenues in 2002 increased by 20%, to SEK 2,774.9 M (2,320.6). Organic growth amounted to 12%, in line with Intrum Justitia's target of at least 10% over an economic cycle. Other growth was attributable to acquisitions.
- Operating profit before amortization of goodwill and items affecting comparability (adjusted EBITA) increased by 22%, to SEK 481.4 M (395.2).
- Cash flow from current operations, which continued to be strong, amounted to SEK 333.1 M (371.1). As a result, all of the Group's investments and acquisitions during the year could be financed through cash flow from our operations.
- Earnings per share amounted to SEK 2.61. The Board of Directors proposes that a dividend of SEK 1.00 per share, equal to 49% of the net profit, be paid.

Key figures for the Group

	2002	2001	Change %
Revenues, SEK M	2,774.9	2,320.6	19.6
Adjusted EBITA, SEK M	481.4	395.2	21.8
Operating profit (EBIT), SEK M	346.2	241.5	43.4
Profit before tax, SEK M	238.4	120.1	98.5
Adjusted EBITA margin, %	17.3	17.0	–
Operating margin, %	12.5	10.4	–
Return on capital employed (exc. goodwill), %	19.7	18.8	–
Return on operating capital (exc. goodwill), %	20.5	19.9	–
Return on shareholders' equity, %	16.8	13.4	–
Net debt, SEK M	813.1	1,142.5	–28.8
Net debt/equity ratio, %	52.9	107.3	–
Equity/assets ratio, %	41.1	15.7	–
Interest-coverage ratio	3.0	1.9	–
Collection cases in stock, millions	8.2	7.2	13.9
Total collection value, SEK billions	79.9	74.1	7.8
Average number of employees	2,661	2,396	11.1

Definitions as well as a multiple-year review and financial data are on pages 10–11. Share date and financial objectives are on pages 12–13. Key data per employee is shown on page 34.

The European RMS market grew in 2002, in part as a consequence of companies' increased interest in outsourcing the handling of their accounts receivable, and also through deregulation in a number of industries. This has resulted in the strengthening of Intrum Justitia's customer base which, together with larger volumes of business from existing customers, served as the basis for the good growth during the year.

Service lines

The Group's two core operating areas combined – Consumer Collection & Debt Surveillance and Commercial & International Collection – accounted for 81% of revenues during the year. The trend of sales in all operating areas was favorable.

With the exception of Sales Ledger Services, which is in a build-up phase, all operating areas showed a positive trend of profit.

The regions

The growth in revenues was good in most regions, with France, Spain & Portugal, as well as the Netherlands, Belgium & Germany, as the primary growth regions.

Fifty-one percent of the regions total results at the EBITA level was developed in Sweden, Norway & Denmark, plus United Kingdom & Ireland. All but two regions showed better results than in the preceding year, with the strongest trend being in Switzerland, Austria & Italy, followed by Finland, Estonia, Latvia & Lithuania.

Acquisitions

Stirling Park, one of Scotland's leading collection companies, was acquired in July 2002. Two French collection companies – Jean Riou Contentieux and Cofreco – which also have leading positions in the consumer collection field, were acquired at the end of 2002. The year was also characterized by the program to integrate D&B RMS which was acquired in 2001.

Following the end of the year

Jan Roxendal assumed the position of President and Chief Executive Officer on February 25, 2003.

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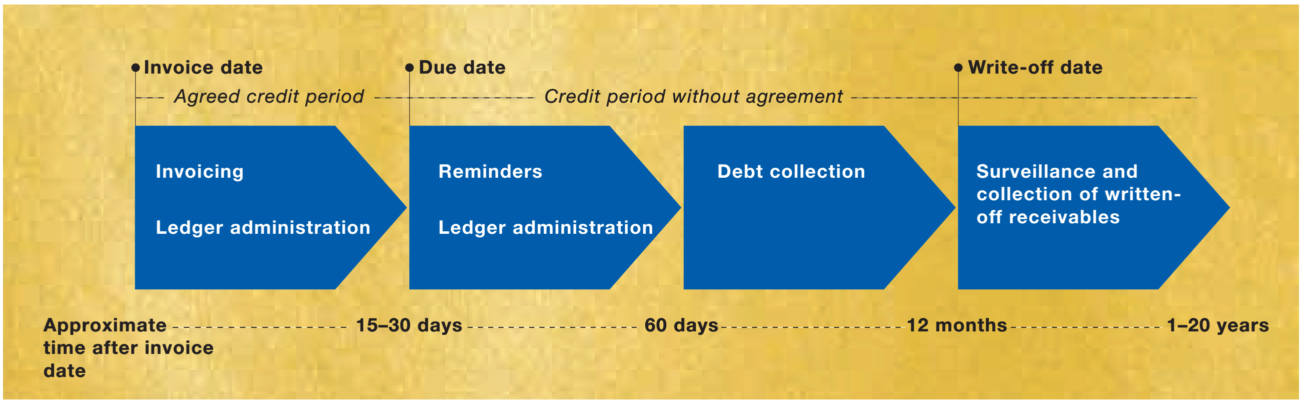
What does Intrum Justitia do?



The life cycle of a receivable and its management at various stages.

Intrum Justitia's business concept is to measurably improve its clients' cash flow and long-term profitability by providing optimally effective Receivables Management Services (RMS). The services offered are linked to different phases of this process, from invoicing, via ledger administration, reminders and debt collection, to payments. The management process begins with the production and issuing of an invoice. The majority of invoices are paid before the due date. Approximately one third of all invoices are not paid within the stated period, however, with the result that one or more reminders are issued. A receivable that remains unpaid, despite these reminders, becomes subject to debt collection. If payment is still not made within a certain period, the receivable is written off – but the debt remains, even if the receivable is written off in the selling party's accounts. At this stage, surveillance of the written-off receivable is initiated and recurring attempts are made to recover the debt.

A debt is more difficult to collect, the older it becomes. The earlier it is managed, the greater the possibility of obtaining payment. This is also the most important reason why a comprehensive program of actions and approaches to the management of receivables provides the best results. Other important reasons include improved opportunities to achieve synergies in the management process through, for example, the transfer of knowledge and process development.

Intrum Justitia provides services for the entire RMS chain. Most of the services are conducted on an assignment basis, but Intrum Justitia also purchases portfolios of written-off consumer receivables and works actively to collect these debts. In response to local market demand, Intrum Justitia also offers a range of other specialist services related to RMS. However, the company's core competence in achieving rapid and successful results remains the same regardless of the service provided, namely *its ability to get paid by applying the right measures at the right time*.

The business of debt-collection work is viewed and approached differently in Europe and its regions. Although such differences may be considerable from market to market, it can generally be said that markets in northern Europe, because of their legislation and traditions designed to encourage shorter payment periods and the willingness of companies to commission external RMS specialists, are more advanced in this respect than markets in southern and eastern Europe. Intrum Justitia's long experience, combined with a strong local presence and knowledge, means that the company can offer optimally efficient services in each local market.

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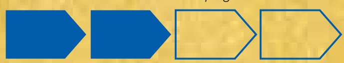
What does Intrum Justitia do?

Intrum Justitia's services are grouped in various service lines. The following table provides an overview of the operations conducted by each service line. The table also ties up with the diagram to the left, which describes the life cycle of a receivable and how it is managed at various stages.

	Market description	**Driving forces**	**Intrum Justitia's clients**	**Competetive situation**	**Types of revenues**
Sales Ledger Invoicing Reminders Ledger administration *For more information see pages 19–22* 	Immature, fragmented and volume-driven market.Good prospects for exploiting economies of scale.	Economic growth. Increased outsourcing. Deregulation.	Companies issuing a large number of invoices to private individuals.	Large number of players at national level; few at international level.	Primarily variable fees and, to a lesser extent, fixed subscription fees.
Consumer Collection & Debt Surveillance *For more information see pages 19–22* 	Relatively mature market in northern Europe, immature in southern Europe. Fragmented market. Development of economies of scale.	Increased outsourcing. Deregulation. Increase in household debt.	Companies issuing a large number of invoices to private individuals.	Varies depending on country/region. Intrum Justitia encounters greatest competition in northern Europe.	Mainly commission and, to a lesser extent, variable fees.
Commercial & International Collection *For more information see pages 19–22* 	Relatively mature market in northern Europe, immature in southern Europe. Specialized and less standardized management.	Increased outsourcing. Integration within Europe. Harmonization of regulations. Increase in corporate debt.	Companies with receivables due from other companies. Companies with large revenues from exports.	Varies depending on country/region. Competitors are normally local firms specializing in corporate debt collection.	Mainly commission but also fixed and variable fees.
Purchased Debt *For more information see pages 19–22* 	Growing interest from clients to sell their written-off receivables. In other respects, refer to Consumer Collection & Debt Surveillance.[1]	The customers' desire for reduced balance sheet, and risk reduction.	Companies with written-off receivables on private individuals.	Several players at national level, a few at international level. Compared with Intrum Justitia, the majority focus on portfolios with higher amounts per receivable.	Refer to Consumer Collection & Debt Surveillance.[1]

[1] Collection of written-off receivables is carried out by the Consumer Collection & Debt Surveillance service line.

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Interview with Chairman, CEO and CFO

Fiscal 2002 was the year in which Intrum Justitia was listed on Stockholmsbörsen in Sweden. But that was not all that happened. Here, Board Chairman Bo Ingemarson, new Group CEO Jan Roxendal and Administrative Director and CFO Bertil Persson, who was also acting CEO up until February 25, 2003, discuss events during the past year and the outlook for the future.

Bo Ingemarson

Bertil Persson

Jan Roxendal

Let us begin with 2002 – how would you sum up the past year?

Bo Ingemarson (BI): Naturally, the year was marked to a large extent by the share listing at the beginning of June. Despite a very difficult stock market climate, the listing was successful. The offer was oversubscribed, the ownership was well spread and major interest was shown by foreign investors.

Bertil Persson (BP): The listing provides Intrum Justitia and its clients with many positive advantages. The listing in itself is an important seal of quality. As a result, we are exposed to public attention and greater transparency, which means that knowledge about not only Intrum Justitia but also the Receivables Management Services sector as a whole is increased. As a listed company, it is also easier to further strengthen and clarify our corporate identity, or brand, and the increased attention that is created could also help the company become even more attractive as an employer.

Jan Roxendal (JR): The listing also simplifies acquisitions. An important part of our strategy is that we shall take an active part in the consolidation of our industry, which has already started. As a publicly traded company it will become easier for the counterparty concerned to identify and evaluate Intrum Justitia as a purchaser. With a share that can be used as payment, the acquisition process is also made easier.

What other points would you particularly like to emphasize?

BP: We carried out the acquisitions of D&B RMS during 2001 and Stirling Park in 2002. A great deal of work during 2002 was characterized by the integration of these operations and by efforts to gain synergies, which we have yet to finalize. The integration work has been completed but we need a little more time to achieve all the synergies. We have also identified additional synergies that were not so evident at the time of acquisition, and which we now want to realize.

BI: While on the subject of integration work, it is worth noting that we have also learned from experience during this process. When D&B RMS was acquired, the decision was made to conduct operations in Germany and the Netherlands under two brand names with two parallel organizations. This turned out to create a number of problems. Now, as we work to fully integrate operations in Germany and the Netherlands, we realize that we are already gaining more synergies than originally expected.

BP: Another notable event during 2002 was the 10% growth we delivered, which was exactly in line with our goal. During the year, problems were experienced by companies in several of our key client segments, for example the telecom sector. I am extremely satisfied that we managed to achieve good growth, and also improved margins, given the market climate.

How do you regard the conditions for continued growth?

BI: Our goal in terms of organic growth is at least 10% per year spread over an economic cycle. But it is important to point out that this is not relying on whether the market as a whole will grow by 10%. Intrum Justitia is active in a very small part of the total market – today, only 2–3% of all invoices issued in Europe are outsourced. In other words, there is a large and, as yet, uncultivated market and our future growth will be largely dependent on our own ability to develop this market.

BP: The growing interest among companies in focusing on their own core competence and outsourcing non-core activities is arguably the single most important driving force behind the RMS industry. Although the Nordic and UK markets have made the most progress in this area, this is a trend that is becoming increasingly evident throughout large areas of Europe. Reminders and the collection of debts is a marginal operation for most companies and it is difficult for them to inject vitality and efficiency into such operations when the focus is missing.

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Interview with Chairman, CEO and CFO

BI: Yes, and the most important core competence in regards to the collection of debts is to be able to go into a portfolio of unpaid receivables and identify those that should be prioritized. If you start to work in the dark with all of them at the same time, too much money and time will be spent on receivables that are difficult or impossible to collect, with the result that you get an unacceptably low return on the resources employed. This is where we have our strength. We have built up databases with information about payment patterns and we have the knowledge and analytical tools to enable us to identify the receivables worth managing and thereafter take the right measures at the right time. This means that we are able to show a higher level of cost-efficiency in the area of receivables management than any other company.

JR: The advantages to clients of allowing Intrum Justitia to manage their accounts receivable do not end with an improvement to their cash flow. The resources that are released in this way can be invested by the clients in areas where they have their primary competence, thereby making them even more competitive in their core business areas. Capital requirements can also be reduced, since the client companies avoid having to engage in technology investments, which they would otherwise be forced to do in order to improve the efficiency of their own receivables collection operations.

But do you not encounter any hesitancy among clients, when they are faced with having to relinquishtheir customer relations?

BP: Rather the contrary. The least enjoyable aspect of any customer relationship must be having to trouble the customer by pointing out that "You have not actually paid for the goods or services that you purchased from us." That in itself is a strong argument for allowing a well-known expert in the area – a professional "intermediary" if you like – to take care of this less enjoyable side of customer relations.

BI: In this context, it is very important that our customers know that our work in this area is based on our "Fair-pay" approach and that we follow well-developed ethical rules in all our relations with the client's own customers. Fair pay is a cornerstone of our brand strategy and we devote major resources to training our personnel in what this policy means in practice.

How will Intrum be affected by the harmonization process within the EU?

BI: Although it will take a long time, the new common EU regulations for debt collection will provide further opportunities for economies of scale in production. The underlying processes, systems and routines will gradually become more uniform. On the other hand, it will continue to be necessary in the future to work and act at the local level in relation to our clients. This is where our different sector concepts will play an important role. Through these concepts, we can tailor and match solutions to meet individual client requirements, at the same time as we benefit from economies of scale in the production of our services.

Where can you improve?

JR: I consider that we have major potential to further develop our "scoring" assessment system, thereby becoming even better at deploying resources to manage the right receivables at the right time. Today, Intrum Justitia's scoring system is already perceived as a unique tool that provides an important competitive edge, but it is also a learning system. By using scoring, we can further refine our information on payment patterns and thus become even more efficient in our operations.

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Interview with Chairman, CEO and CFO

Have you noticed any changes in client demands?
BI: It is becoming increasingly important to understand the customer's core business and offer services that are specifically tailored to suit such operations, rather than supplying standard solutions. Although our own operations are based on a common platform, with standardized routines and processes, the services we provide must function in a tailored manner for our clients.

JR: Intrum Justitia is a service company and its services and business are generated by people. That is why it is important that we have the right employees. That they feel they take an active part in what we do, that they understand both our own and our clients' business, and the conditions under which our clients operate. The important thing is not to seek the most complicated solutions in order to impress, but rather to seek simple solutions that are easily managed and whose value is apparent.

What does the future hold within the Purchased Debt area?
BP: Intrum Justitia's core operations have always been and still are the collection of debt. Within this area, Intrum Justitia assumes responsibility for its client-company portfolios of problem receivables and works to secure the value of the receivables. But we do not own these receivables and our business model is based on fees and commissions. The business itself is characterized by low risk and no major investments. In recent times, however, we have noted that an increasing number of our larger clients want to sell their problem receivables to us, thereby clearing their balance sheets.

Accordingly, the concept of acquiring portfolios of written-off receivables and subsequently using our knowledge and working methods to manage them is a natural progression of the debt-collection chain. It is important to point out, however, that we work in a way that minimizes risk. We purchase receivables only from clients that we know well and with whom we have long professional relationships. We are therefore well informed about the portfolios we acquire and have good potential to accurately assess their value.

BI: Today, Intrum Justitia is well capitalized, with a high equity/assets ratio and a low level of risk. We also have a good cash flow. Given this background, the purchase of written-off receivables is an exciting area with major opportunities. Yet another way of managing risk within this area is to establish partnerships with companies that are prepared to share the risk. We provide the know-how and the methodology, but we share the capital investment.

Jan Roxendal – what was it that attracted you to Intrum Justitia?
JR: There are many things that I find exciting about Intrum Justitia. It is an international company, well positioned with a strong brand. It is a service company with a range that creates a very high level of value-added for its clients. Although Intrum Justitia has a history dating back to 1923, I find it a very youthful company in its thinking. I have found a spirit of entrepreneurealism and energy that I regard as extremely positive, and many excellent and exciting ideas are generated by the company's personnel. Last, but by no means least, I find it stimulating that so much interest is shown in the company by the media and the capital market.

Can you say anything about where you would like Intrum Justitia to be in five years' time?
JR: Obviously, I want to make a contribution to Intrum Justitia's growth as a company, and here I am not only referring to figures, but also to it becoming a workplace that offers everyone the opportunity to develop and grow. This also applies, naturally, to our products and the services we provide. I would like to continue to develop partnerships with our clients that will create added value. My impression of Intrum Justitia is that it is a modern company, with much of its future in its own hands.

Finally, how do you view prospects in 2003?
JR: There is good reason to be optimistic about us achieving organic growth of 10% also for 2003. We are already on the right track, which is to further develop both client contacts and the outsourcing trend. While becoming more efficient at penetrating markets in countries such as Germany and the Netherlands, we must also continue to realize cost and know-how synergies throughout the Group as a whole.

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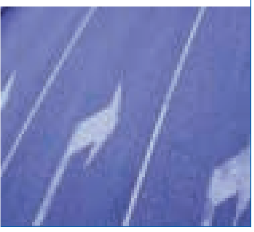
Objective and strategy



OVERALL OBJECTIVE

Intrum Justitia's overall objective is to continue to be the leading provider of receivables management services in Europe. The company strives to measurably improve its clients' cash flow and long-term profitability by providing high-quality services to both clients and debtors in all local markets.

STRATEGY

To achieve its overall objective, Intrum Justitia works in accordance with a strategy consisting of the following main elements:

Continue to focus nationally and on the development of synergies
By maintaining close proximity to both clients and debtors, the company will increase its potential to provide efficient services that are tailored to meet local market requirements, regulations and practices. At the same time, economies of scale will be achieved by utilizing the resources of the entire Intrum Justitia Group, in the form of IT systems, for example.

Work continuously to achieve increased quality and efficiency
Intrum Justitia strives continuously to increase the quality and efficiency of its operations. As part of these efforts, Centers of Excellence have been established for most of the services the Group provides. One of the aims of these centers is to identify the best practices for specific tasks and/or processes and to ensure that these are used throughout the Group. For example, "scoring," a method to determine debtor payment probability, is being used to optimize the measures applied in debt-collection cases.

Achieve organic growth supplemented by selective acquisitions
By expanding the scope of the Group's business, operating costs per case will decrease, leading in turn to improved overall efficiency and profitability. Although Intrum Justitia's primary aim is to grow organically, the company continuously studies opportunities for selective acquisitions.

Offer services for the entire RMS chain
Many companies and organizations still process their receivables on an internal basis. By offering a comprehensive range of services and efficient processes, Intrum Justitia can provide advantages that will benefit clients in the form of reduced overheads and time gains. As a result, the Group is increasingly accepted as the natural supplier of those services that client companies today perform internally. This strengthens business relations and increases client loyalty.

Utilize regional approach to IT systems
Information processing is an important competitive tool in the RMS sector, primarily to enhance and automate processes. To enable the efficient processing of information, regional IT systems and intra-Group methods are used to evaluate this data.

Continue to build the brand
Intrum Justitia strives to increase awareness of the company among prospective clients and debtors in Europe to reduce the costs related to the launch of new services, among other reasons. Brand recognition will be created through a coordinated central and local marketing and via sponsorship activities.

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Financial review

Consolidated income statements

SEK M	1999	2000	2001	2002
Revenues	1,516.0	1,694.1	2,320.6	2,774.9
Cost of sales	–1,000.4	–1,047.2	–1,427.1	–1,755.4
Gross earnings	**515.6**	**646.9**	**893.5**	**1,019.5**
Sales and marketing expenses	–151.6	–141.3	–221.2	–257.3
General and administrative expenses	–229.6	–228.6	–274.6	–287.8
Goodwill amortization	–136.8	–116.9	–142.2	–126.7
Items affecting comparability	–136.7	22.8	–11.5	–8.5
Participations in associated companies	0.0	0.0	–2.5	7.0
Operating earnings (EBIT)	**–139.1**	**182.9**	**241.5**	**346.2**
Net financial income/expense	–84.9	–100.9	–121.4	–107.8
Earnings after financial items	**–224.0**	**82.0**	**120.1**	**238.4**
Current and deferred taxes	–12.7	–30.3	–52.7	–65.4
Minority interests	–0.1	1.1	0.0	0.3
Net result for the year	**–236.8**	**52.8**	**67.4**	**173.3**

Consolidated balance sheets

SEK M	1999	2000	2001	2002
Assets				
Total fixed assets	1,878.7	1,819.6	2,357.9	2,450.1
Total current assets	541.5	613.4	1,002.6	1,287.2
Total assets	**2,420.2**	**2,433.0**	**3,360.5**	**3,737.3**
Shareholders' equity and liabilities				
Total shareholders' equity	429.1	477.1	528.3	1,537.8
Minority interests	2.9	1.4	1.2	0.9
Total liabilities, including provisions	1,988.2	1,954.5	2,831.0	2,198.6
Total shareholders' equity and liabilities	**2,420.2**	**2,433.0**	**3,360.5**	**3,737.3**

Definitions

Adjusted EBITA Operating result before goodwill amortization and items affecting comparability.

Adjusted EBITA margin Adjusted EBITA as a percentage of revenues.

Operating margin Operating earnings as a percentage of revenues.

Capital employed Sum of shareholders' equity, minority interests, pension provisions and interest-bearing liabilities.

Return on capital employed Result after net financial income/expense plus financial expense and goodwill amortization, divided by average capital employed.

Operating capital Sum of shareholders' equity, minority interests, pension commitments and interest-bearing liabilities, minus liquid funds.

Return on shareholders' equity Net result for the year as a percentage of average shareholders' equity.

Net debt Interest-bearing loans (total long-term liabilities and current liabilities to credit institutions), excluding shareholder loans and convertible debenture loans, minus liquid funds.

Equity/assets ratio Shareholders' equity as a percentage of total assets.

Interest coverage ratio Result after financial items plus interest expenses and similar items as a percentage of interest expense and similar income statement items.

Collection cases in stock Total number of debt collection cases within the Consumer Collection & Debt Surveillance and Commercial & International Collection service lines at year-end.

Total collection value Amount outstanding on due date, including interest accrued prior to due date. Does not include penalty interest or fees.

Average number of employees The average number of employees during the year, recalculated to full-time positions.

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Revenues by service line

SEK M	1999	2000	2001	2002
Consumer Collection & Debt Surveillance	885.8	1,040.3	1,343.4	1,597.1
Commercial & International Collection	347.4	335.4	587.7	706.0
Purchased Debt	79.2	95.3	136.0	163.1
Sales Ledger services[1]	–	–	65.7	101.2
Other services	234.2	258.7	224.2	276.0
Internal elimination	–30.6	–35.6	–36.4	–68.5
Total	**1,516.0**	**1,694.1**	**2,320.6**	**2,774.9**

Operating earnings (EBITA) by service line

SEK M	1999	2000	2001	2002
Consumer Collection & Debt Surveillance	178.5	251.3	312.5	370.4
Commercial & International Collection	–5.0	35.9	69.6	102.0
Purchased Debt	41.5	52.3	78.5	84.2
Sales Ledger services[1]	–	–	–28.6	–37.4
Other services	–20.7	–15.1	14.6	39.0
Central expenses	–59.9	–47.4	–51.4	–76.8
Items affecting comparability	–136.7	22.8	–11.5	–8.5
Total	**–2.3**	**299.8**	**383.7**	**472.9**

Revenues by region

SEK M	1999	2000	2001	2002
Sweden, Norway & Denmark	451.8	543.5	617.6	712.0
United Kingdom & Ireland	362.7	409.1	484.6	525.4
Netherlands, Belgium & Germany	185.8	220.8	428.5	561.7
Switzerland, Austria & Italy	237.8	232.2	350.9	413.7
Finland, Estonia, Latvia & Lithuania	144.4	156.8	211.7	246.3
France, Spain & Portugal	103.1	84.6	125.7	192.4
Poland, Czech Republic & Hungary	30.4	47.1	101.6	123.4
Total	**1,516.0**	**1,694.1**	**2,320.6**	**2,774.9**

Operating earnings (EBITA) by region

SEK M	1999	2000	2001	2002
Sweden, Norway & Denmark	91.0	114.7	141.7	170.6
United Kingdom & Ireland	76.4	99.3	99.2	115.3
Netherlands, Belgium & Germany	–3.0	38.5	71.0	61.4
Switzerland, Austria & Italy	34.7	45.1	55.4	90.6
Finland, Estonia, Latvia & Lithuania	42.6	42.0	71.3	97.7
France, Spain & Portugal	–27.0	–15.4	–3.2	6.8
Poland, Czech Republic & Hungary	–1.4	1.3	22.5	22.1
Central expenses	–78.9	–48.5	–62.7	–83.1
Items affecting comparability	–136.7	22.8	–11.5	–8.5
Total	**–2.3**	**299.8**	**383.7**	**472.9**

[1] Sales Ledger services is a separate service line since January 1, 2001. During the period 1999–2000, Sales Ledger services were accounted for as part of Other services.

EBITA for service lines and regions is the externally generated EBITA less central marketing expenses.

In all tables the figures for years before 2002 pertain to the Group with Intrum Justitia Holding NV as the Parent Company, adjusted to conform to Swedish accounting principles. Refer also to Note 1, page 47.

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The share and shareholders

LISTING AND SHARE CAPITAL

The Intrum Justitia share has been listed on the O-list of Stockholmsbörsen (symbol IJ) since June 7, 2002. As of January 1, 2003, the share is included in the Attract40 section on the O-list, which consists exclusively of shares that meet certain criteria, including share turnover and the company's market capitalization. A trading lot comprises 200 shares.

In conjunction with the initial listing of the shares, institutional investors and the general public in Sweden were invited to acquire 30,638,298 newly issued shares in the company. The selling price of SEK 47 per share was established through a tender procedure. In addition, a new share issue of SEK 12.6 M was directed to the main owners. Through the new share issues, Intrum Justitia secured capital reinforcement in a net amount of SEK 1,374 M to Intrum Justitia. On December 31, 2002, Intrum Justitia AB had a total of SEK 1,699,712 M in share capital, distributed among 84,985,604 shares, each with a par value of SEK 0.02. All of the shares have the same voting rights.

Development of share capital

The table below describes the changes in Intrum Justitia AB's share capital from its incorporation on March 2, 2001.

Year	Transactions	Increase in share capital	Total share capital	Total number of shares	Par value per share, SEK
2001	Incorporation	100,000	100,000	1,000	100
2001	Split (5,000:1)	0	100,000	5,000,000	0.02
2001	New issue[1]	778,729.40	878,729.40	43,936,470	0.02
2002	New issue[2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New issue[3]	612,765.96	1,699,712.08	84,985,604	0.02

[1] Directed to each of the Industri Kapital 1997 Fund and Synergy Ltd (company owned by a trust, of which Bo Göranson is the sole nominated beneficiary) at a subscription price of SEK 0.02 as part of the legal restructuring on the Intrum Justitia Group. Refer also to Note 17.

[2] New issue based on the issuance of 1,402,228 shares to each of Synergy Ltd and the Industri Kapital 1997 Fund for a subscription price of SEK 4.432 per share and the issuance of 3,803,190 shares to each of Synergy Ltd and the Industri Kapital 1997 Fund for a subscription price of SEK 0.02 per share.

[3] New issue of 30,638,298 shares to the retail investors in Sweden and international institutional investors at a subscription price of SEK 47 per share.

MARKET VALUE, PRICE TREND AND TURNOVER

On the initial listing day, June 7, 2002, Intrum Justitia had a market capitalization of SEK 3,994 M. The last price paid for the company's share at year-end 2002 was SEK 40.50, corresponding to a market capitalization value of SEK 3,442 M. Since the first trading day to year-end, the share price declined by 14%. During the same period, Stockholmsbörsen's All Share Index declined by 21%. The lowest price paid during the period as a whole was SEK 31 and the highest was SEK 56. During the period, an average of 338,464 shares were traded per trading day.

PRINCIPAL OWNERS AND OWNERSHIP STRUCTURE[1]

Shareholders	Number of shares	Capital and votes, %
Parkerhouse Investments[2]	21,440,699	25.2
Industri Kapital 1997 Fund[3]	21,230,669	25.0
Fidelity funds	5,381,660	6.3
Handelsbanken funds	951,440	1.1
Robur funds	889,800	1.1
Principal Group	831,355	1.0
Avanse funds	704,700	0.8
Skandia Carlson funds	691,700	0.8
Julius Baer funds	650,000	0.8
SEB funds	620,000	0.7
Other owners with more than 100,000 shares	27,013,128	31.8
Owners with between 50,001 and 100,000 shares	2,042,756	2.4
Owners with between 10,001 and 50,000 shares	1,800,831	2.1
Owners with between 1,001 and 10,000 shares	389,186	0.5
Owners with up to 1,000 shares	347,680	0.4
Total	**84,985,604**	**100.0**

[1] According to VPC shareholder register on December 30, 2002 and changes known to Intrum Justitia.

[2] Company owned by a trust, of which Bo Göransson is the sole nominated beneficiary.

[3] Industri Kapital 1997 Ltd. act as a general partner or agent to the investors who together are the Industri Kapital 1997 Fund and to Laureth Limited Partnership who co-invests with the Industri Kapital 1997 Fund. For the purpose of this table the Industri Kapital 1997 Fund includes Laureth Limited Partnership.

SHAREHOLDERS

On June 7, 2002, the first day of trading in the share on Stockholmsbörsen, the company had a total of approx. 3,000 shareholders, of whom Swedish shareholders accounted for about 20%, and foreign shareholders for some 80%. At year-end 2002, Intrum Justitia had a total of 1,359 shareholders, of whom Swedish shareholders

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The share and shareholders

accounted for approx. 10% and foreign shareholders for about 90%.

Certain of Intrum Justitia's senior executives, with a shareholding of 3,717,820 shares, are covered by a lock-up agreement. The agreement specifies that these persons have agreed that for a period of 360 days from June 6, 2002, without the prior written consent of the Issuing Institution, not to divest, directly or indirectly any shares or securities convertible into or exchangeable for shares in Intrum Justitia AB, or participate in any decision that Intrum Justitia shall issue any shares or stated securities.

Share data	2002
Number of shares at year-end	84,985,604
Average number of shares	66,399,468
Shareholders' equity per share, SEK	18.10
Earnings per share, SEK	2.61
Dividend per share, SEK	1.00

Analysts who monitor Intrum Justitia:

ABG Sundal Collier	Espen Bruu Syversen
Carnegie	Carsten Jantzen Leth
Cazenove	Gorm Thomassen
Enskilda Securities	Johan Tisell
Handelsbanken	Andreas Theorén
Morgan Stanley	E R. de Figueiredo, C Jimenez
Nordea Securities	Stefan Andersson

FINANCIAL TARGETS

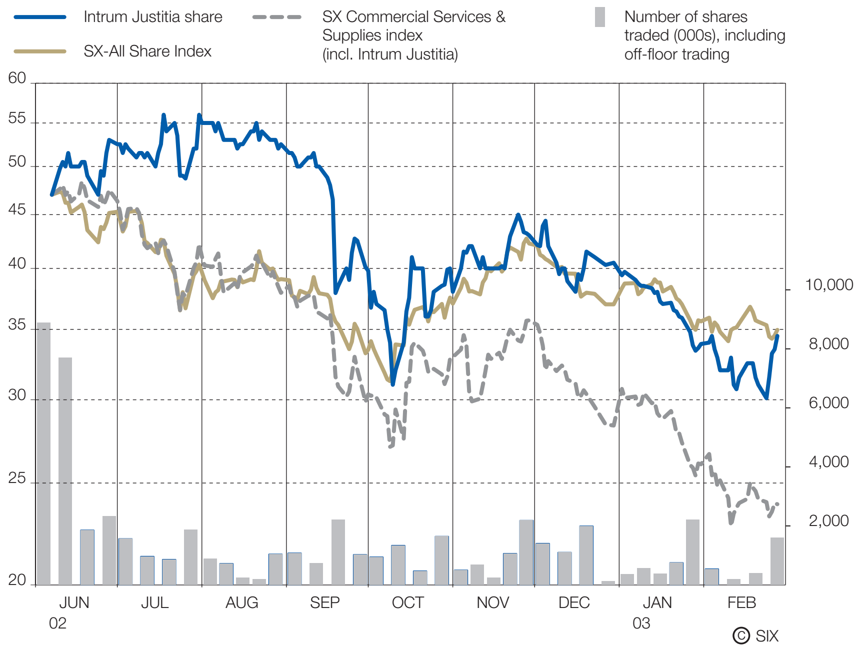
Intrum Justitia's financial targets are as follows:

- Average organic revenue growth shall amount to at least 10% per year over a full business cycle of the general economy. Moreover, the company shall actively seek opportunities to grow through selective acquisitions.
- The net debt/equity ratio (interest-bearing net debt as a percentage of shareholders' equity and minority interests) shall not exceed 100% over the long term.

DIVIDEND POLICY

It is the intention of the Intrum Justitia Board of Directors to annually propose that shareholders be paid a dividend that over time averages at least 30% of net profit for the year, after tax, assuming that the company's operations, capital structure or the RMS market have not changed significantly. Decisions relating to the dividend proposal shall take into account the company's future revenues, financial condition, capital requirements and situation in general. For fiscal 2002, the Board proposes that a dividend of SEK 1.00 per share be paid, corresponding to 49% of net profit for the year.

SHARE PRICE TREND AND TRADING



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Market

MARKET OVERVIEW

The RMS market can be defined in two ways: firstly, as the total market comprising all receivables management, irrespective of whether it is conducted in-house or externally by a services supplier; or, secondly, as the external market, which consists of receivables management by professional suppliers on a commission from the client. Unless otherwise stated, Intrum Justitia uses the latter definition of the market.

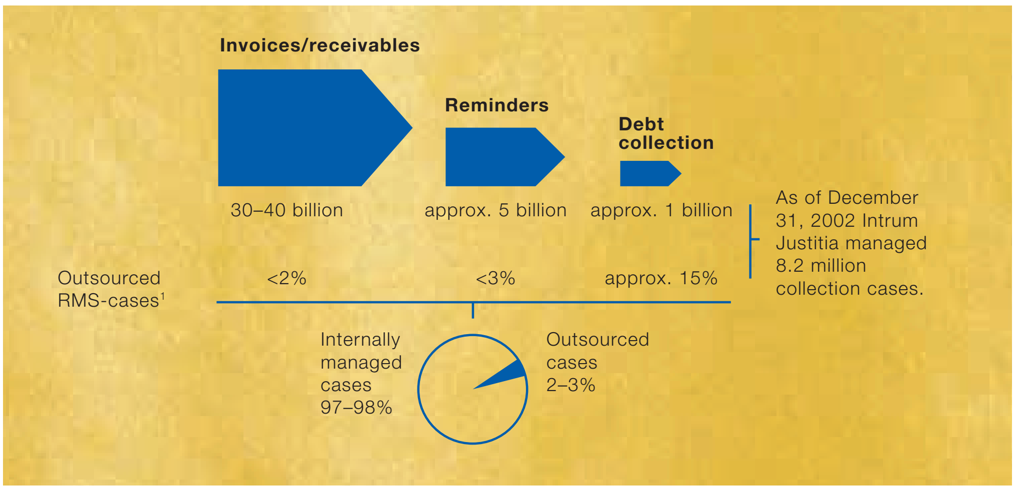
The overwhelming proportion of all RMS services is currently conducted in-house. Even though access to data on market size is limited, this may be estimated using certain criteria, such as the number of invoices dispatched and the number of outstanding collection cases. Intrum Justitia estimates that, in 2002, 30-40 billion invoices were dispatched in the 21 countries in which the company is active, and that these generated some five billion reminders. Moreover, Intrum Justitia estimates that there are about one billion outstanding collection cases in these countries and that approximately 150 million of these cases were outsourced to professional players.[1]

MARKET DRIVING FORCES

A number of factors have a positive impact on the size and rate of growth of the RMS market:

Increased outsourcing

Intrum Justitia estimates that 97 to 98% of all RMS cases in Europe are currently handled in-house by companies and organizations. Consequently, continuing market growth is largely determined by the degree to which companies use external suppliers for these services. A growing number of companies see the benefits of focusing on operations in which they have leading-edge expertise, and use professional suppliers in areas outside their core business. This trend is particularly noticeable in transaction-intensive industries that were recently deregulated, such as financial services, telecommunications, energy, retail trading, and health and medical care.



[1] The estimates are based on a recalculation of available statistics on invoices in the Nordic region, such as Nordic Electronic Billing and Payment Market 2000–2005 from IDC, and from national collection associations. Data pertains to the 21 countries in which Intrum Justitia is active.

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Market

Benefits of outsourcing

Greater competitive pressure imposes demands on the ability of companies to be efficient and provide quality, compelling them to review and evaluate operations at all stages. The question that arises in this situation is why are we doing this when some other company can do it for us, cheaper and better? This then is the driving force underlying outsourcing of internal functions to external suppliers.

For the vast majority of companies, functions such as sales ledger services, surveillance and collection of receivables are not part of their core business. Outsourcing these functions to an RMS company specializing in these particular functions offers a number of benefits to the client company.

- Access to leading-edge expertise and sophisticated technical support systems in the RMS area, without having to undertake the costly investments that are otherwise required.
- Decreased costs and released resources can be focused on the development of client companies' own core expertise, thereby enhancing their competitiveness.
- By customizing the outsourcing assignment and information solutions, better control can be gained over financial information.
- Internal functions can be opened up to competition in a bid to achieve cost cutting and productivity enhancement.
- Companies with international sales gain assistance in bridging cultural and language barriers in receivables management.

Deregulation is fuelling growth

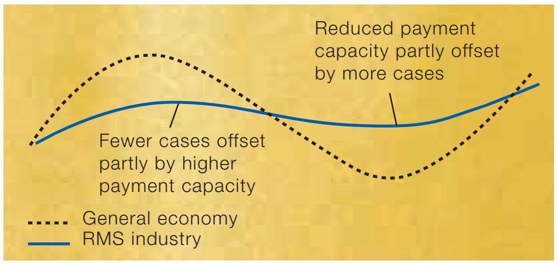
Deregulation in Europe – which has occurred primarily in transaction-intensive industries – fuels market growth in two ways. A greater number of players increase the supply of services, which in turn adds to the amount of invoices dispatched and which require monitoring. Stiffer competition and the emergence of niche players also prompt a growing number of companies to outsource receivables management and other operations that do not impact directly on their competitiveness.

Higher indebtedness among households and companies

The level of household and corporate indebtedness is a key indicator of the potential of the RMS market. Attractive borrowing conditions have led indebtedness to rise significantly in recent years. Between January 1, 1998 and September 30, 2002 total household and corporate indebtedness in the EMU countries rose 44%, from EUR 4,912 billion (SEK 44,409 billion) to EUR 7,077 billion (SEK 64,482 billion).[1]

CYCLICALITY

Limited cyclicality



The RMS industry has historically been less affected by economic fluctuations than other sectors. For example, in a buoyant economy, the percentage of overdue receivables declines and thus also the number of debt collection cases, at the same time as payment capacity rises. Conversely, during recession, payment capacity declines, at the same time as the proportion of overdue receivables increases, leading in turn to a rise in the number of collection cases.

Seasonal variations

Payment flows from debtors is affected to a certain extent by various seasonal features such as the timing of tax refunds, bonus payments and vacation periods. Seasonal variations differ from country to country, but overall they result in Intrum Justitia's revenues being normally lower during the first and third quarters, and slightly higher during the second and fourth quarters.

[1] Data pertaining to indebtedness derives from European Central Bank, Monthly Bulletin, March 2003.

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Market

COMPETITIVE SITUATION

The European RMS industry is highly fragmented, with an estimated 25,000 suppliers. Most of these are either small collection companies with nationwide operations or companies whose core business comprises activities other than the receivables management services, such as legal firms, banks and accounting agencies. Accordingly, many of Intrum Justitia's competitors do not regard themselves primarily as RMS or collection companies. Of the competitors that focus on RMS, there are only a few whose operations encompass a number of European countries and hardly anyone of them has a geographic coverage comparable to that of Intrum Justitia.

The fragmented and national industry structure is due to a number of factors. For example, there was previously no need for sophisticated IT systems for managing receivables, as is the case today, which resulted in low entry barriers for new players. Also, corporate collection cases represented a larger share of the total volume of collection cases than is currently the case. Since these cases are marked by larger debt amounts, and require greater individual attention than household collection cases, economies of scale were limited.

Consolidation of a fragmented industry

However, in recent years the industry has been marked by a definite trend towards consolidation. A number of driving forces point to a continuation in this direction:

- In pace with growing European integration, there is a greater corporate need to manage receivables among countries. This in turn leads to a greater demand for multinational RMS services.
- The potential to create economies of scale rises partly as a result of an increase in the number of clients with large volumes and small amounts per case, notably as a result of deregulation in the energy and telecom industries, but also as a result of the development of new, sophisticated IT and telecom services.
- Large-scale RMS companies have greater capacity to utilize in-house and external databases for the development of the scoring models used to optimize collection measures.

The combination of the above factors offers distinct economies of scale, making it difficult for potential newcomers to enter the industry, while simultaneously favoring large RMS companies.

Few competitors at international level

In the sales ledger sector, a large number of competitors operate at the national level. However, the market is relatively immature and Intrum Justitia figures that there are no competitors offering the same type of services on a pan-European level. Competition is likely to develop in pace with market growth.

Companies providing consumer debt collection services also usually pursue other operations unrelated to the RMS business. These include, for example, financial institutions and banks, or companies with sales to a large number of customers. Intrum Justitia's major competitors in commercial debt collection are usually units in credit insurance companies. These may frequently be classified as small or medium-sized companies with national operations. The market for debt collection services is more mature in Northern than in Southern Europe, but industry development in Southern Europe has accelerated.

In the Purchased Debt service line, there are some competitors who acquire receivables in a number of countries, while others are more active at local or regional level. Many focus on large portfolios with relatively large average amounts per receivable. However, Intrum Justitia focuses primarily on small and medium-sized portfolios with relatively small average amounts per receivable. This since the company, through its good relations with the selling party, considers that it holds a competitive advantage in valuing and managing these types of portfolios.

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Regulatory system and legislation

The RMS industry is regulated by numerous laws, regulations and industry practices, which frequently vary considerably from one country to another. The regulatory system comprises:

- Statutes of limitations, meaning the period within which an unpaid debt can be collected.
- Application of statutes of limitations so that a debt remains collectible.
- The amount of public information about a debtor available to a receivables management company, and how this information should be handled internally by the companies' systems.
- The manner in which a debtor may be contacted and a debt collected.
- The types of fees and costs that may be charged, and whether these can be passed on to the debtor or the client.

HARMONIZATION OF REGULATIONS FOR COMMERCIAL DEBT COLLECTION

The European Union plans to harmonize the regulations governing commercial debt collection among member countries. A step in this direction was taken in 2000 through the issuing of a Directive (2000/35/EG) in an effort to reduce late payment problems among companies. The Directive, which came into force in August 2002, includes a number of guidelines that must be included in the legislation of member countries. Although the provisions are non-mandatory – meaning that they apply only in cases in which the parties have not agreed otherwise – they are expected to offer considerably greater cover for creditors, primarily as a benchmark in negotiations but also because many business transactions are concluded without fixed terms and conditions of payment.

The main points of the Directive are as follows:

- Late payment is defined as payment made later than 30 days after an invoice has been dispatched or delivered.
- The obligation to pay penalty interest arises automatically in the event of late payment. The applicable interest rate is 7 percentage points above the prevailing interest rate of the European Central Bank (2.75% in December 2002).
- The repossession principle then applies, meaning that the seller retains ownership of the sold goods until full payment is made.
- Legal proceedings are to be speeded up so that a court of law can make a decision within 90 days following the nonpayment of a debt.
- The creditor is entitled to claim reasonable compensation from the debtor for all relevant costs arising as a result of late payment of a debt.

The background to the Directive is that late payments are a universal and major problem in EU member countries. Studies[1] referred to by the European Parliament indicate that every fourth company that becomes insolvent is placed in this position because of late payments, which in turn leads to the loss of some 450,000 jobs annually. Moreover, outstanding debts of about EUR 24 billion are lost annually as a result of bankruptcies caused by late payment. Total late payments in commercial transactions are estimated to amount to some EUR 90 billion annually, representing about EUR 11 billion in interest losses.

A survey conducted by Intrum Justitia also shows that differences in payment terms and payment delays vary considerably among EU member countries, with the average payment period varying from 32 days in the Scandinavian countries to 78 days in Southern Europe.

[1] Source: Information document on Directive 2000/35/EG published by the European Commission. The document and other information are available on the Internet, http://europa.eu.int/comm/enterprise/regulation/late_payments/index.htm

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Regulatory system and legislation

A tradition of lengthy payment periods and low late penalty interest rates means that companies in Southern Europe frequently prefer to owe their suppliers money rather than borrow funds to pay invoices in time. An equally significant factor underlying the emergence of the Directive is that more than 20% of companies believe a reduction in late payments would permit them to increase exports.

The EU's clarification and definitions will entail substantial changes in commercial terms and conditions for many countries, notably in Southern Europe. There is still a good deal of uncertainty regarding the interpretation of the Directive at the local level and how the new regulations will be integrated into national legislation. Although the actual introduction is unlikely to occur without delays and adjustments, the process of harmonizing regulations has now made a serious start, and Intrum Justitia believes that this move will have major long term significance. A reduction in late payment/nonpayment does not only entail better market conditions for export companies but will also benefit the RMS industry in the form of larger volumes and a greater interest in outsourcing receivables management. The introduction of more uniform regulations also facilitates management of international collection services.

Another indication that the EU's efforts will eventually have a wide-ranging impact is that a number of countries outside the EU, including Norway and Iceland, have initiated efforts aimed at encouraging companies to voluntarily apply the guidelines in the Directive.

MAJOR DIFFERENCES IN REGULATIONS GOVERNING CONSUMER COLLECTION

Legislation governing consumer collection varies considerably among countries, and the EU has not yet taken any initiative to harmonize these rules.

Many countries have statutes of limitations that curtail the potential to recover a debt. However, this legislation frequently permits an extension of the limitation period, such as when the creditor can show that efforts have been made to recover the debt. As a result, debt surveillance may be conducted over a protracted period – usually between two and ten years, sometimes up to twenty years – provided that it does not infringe local laws.

CHANGES IN NATIONAL LEGISLATION

During 2002, legislative changes in certain countries affected Intrum Justitia's revenues from debt collection operations. In Norway, the fixed reminder fee for collection cases was reduced. In Germany, the subsistence income level for private individuals was raised, which means that more debtors have incomes under the level at which the collection process can be initiated.

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Operations – service lines

COMPETITIVE ADVANTAGES

Better cash flow and a sharper focus on your core business – two points that sum up the benefits of working with Intrum Justitia. To deliver this value, Intrum Justitia has developed a comprehensive range of efficient, cross-border receivables management services. The strength of the service offering is based on a number of competitive advantages:

- Intrum Justitia is a strong brand and the company is the market leader in a number of European countries. This position offers economies of scale and thus relatively lower costs, while also helping to attract new clients and boost cash flow from debtors.
- With more than 80,000 clients in 21 countries, Intrum Justitia has broad geographic coverage and a large and diverse client base. Clients range from small local companies to multinational groups active in a number of industries.
- Thanks to its local presence, Intrum Justitia is highly familiar with local legislation, regulations and business practice and can offer services that closely match local conditions.
- Lengthy experience and consistent programs aimed at operational and process development have made Intrum Justitia highly efficient in receivables management.
- Intrum Justitia's Centers of Excellence help to ensure that uniform routines are applied when services are launched in new markets and that best practices for each service are applied throughout the Group.

SERVICE OFFERING

Most of Intrum Justitia's services are organized in three service lines: Sales Ledger services, Consumer Collection & Debt Surveillance, and Commercial & International Collection. The company is also active in the purchase of written-off receivables (Purchased Debt), which is a significant channel for generating cases for the Group's debt collection operations. Also, Intrum Justitia offers a range of specialist RMS-related services, usually in response to local client demands.

CONSUMER COLLECTION & DEBT SURVEILLANCE SERVICES

Consumer Collection services aim at companies with a customer base made up of numerous private individuals. These include telecom, mail order, finance, and energy companies, as well as public authorities and municipalities. Management operations are characterized by a large number of receivables for smaller amounts. Standardized processes are used in an effort to raise efficiency. These include drawing up a payment plan, organizing collection and dealing with legal issues, at the same time as management routines vis-à-vis the customer can be adapted through the application of specially developed industry concepts. Also in relations with debtors, major emphasis is put on managing each case in an ethically responsible manner in line with Intrum Justitia's policy "*Fair pay… please!*".

Intrum Justitia's initial contact with the debtor is made either by letter or telephone. The company may then utilize several approaches to collect the debt, such as:

- attempting to convince the debtor to pay the full debt;
- establishing a payment plan in cooperation with the debtor;
- using field collection to visit the debtor in person; or
- commencing legal proceedings against the debtor.

How these alternatives are applied and their application sequence depend on several factors, including the debtor's payment profile and country of residence, the industry in which the debtor is active, and the size of the receivable. The standard collection process takes about 30 to 60 days after the case is transferred to Intrum Justitia.

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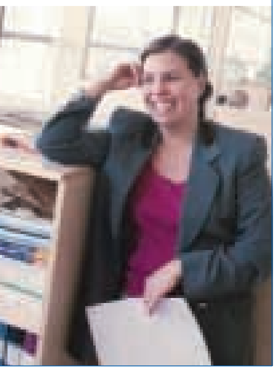
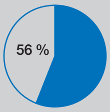
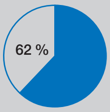
Operations – service lines



Debt Surveillance means that Intrum Justitia monitors consumer receivables and attempts to collect them, even if the receivables have been written off by the client in the accounts. Advanced IT solutions, together with in-house and public information registers, permit Intrum Justitia to combine a number of claims on a debtor to form a single case, thus reducing costs. In addition, a greater use of the company's unique scoring method provided excellent results in 2002, further boosting the efficiency of the management process.



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change %
Revenues	1,597.1	1,343.4	19
EBITA	370.4	312.5	19

Income from Consumer Collection & Debt Surveillance services consists primarily of commissions on collected amounts, as well as variable fees from clients and – whenever legislation permits – debtors' fees. In 2002, the service line reported revenues of SEK 1,597.1 M, an increase of 19% compared to 2001. The growth is primarily attributable to two regions, namely, the Netherlands, Belgium & Germany and Sweden, Norway & Denmark. As a result of increased volumes, driven among other factors by deregulation in the telecom and energy sectors and an efficient case management, operating profit (EBITA) rose for the service line with 19% to SEK 370.4 M.

Our approach to collection and debt surveillance

Our Fair pay policy emphasizes the concept that efficiency must be combined with respect in all day-to-day business. Negotiations, agreements and realistic solutions are the tools we use to encourage debtors to pay. As far as possible, we avoid measures that are perceived as forceful.

When we receive a case, we turn to our external registers and in-house information banks to check the overall debt profile of the particular party. The assessment gives us a good indication of the payment scope available and the approach we should use to ensure payment.

We use written and telephone contacts in dealing with debtors. In some countries, a field collection concept may be used in an effort to establish personal contact. The particular method used is largely individually tailored, which encourages the person to co-operate and provides better results than the standard dunning letter.

A payment plan is the most common agreement reached. We continually monitor compliance with the payment plan and call to remind people in the event of any disruption to the plan.

Following the initial assessment, some of the cases are classified as "passive". These may be cases that temporarily offer no payment scope or for which we have not established contact with the debtor. Passive cases are monitored continually to see how they should be managed. For example, the debtor's financial situation may improve and thus we must keep it under surveillance in order to resolve the debt.

COMMERCIAL & INTERNATIONAL COLLECTION SERVICES

Commercial clients include major international groups as well as small companies in most industries. Commercial Collection services focus on companies and organizations with unpaid receivables due from other companies and organizations. These clients usually have a relatively small number of large claims, which require specialist processing and for which good negotiating skills and legal expertise are required.

In International Collection services, Intrum Justitia works with receivables in which the debtor is active in a country other than that of the client. Most of these cases involve business-to-business receivables but Intrum Justitia also manages consumer receivables at the international level. The client uses Intrum Justitia in its own country, and Intrum Justitia then contacts the debtor or uses an agent in the country in which the debtor is resident. An effective relationship is facilitated since all contact with debtors is held in their language and in line with local laws and practices.

In addition to its international subsidiaries, Intrum Justitia has a network of agents in more than 100 countries. The network was further expanded in 2002 as a result of a

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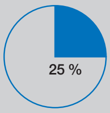
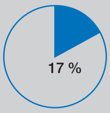
long-term cooperation agreement with the US company D&B Receivable Management Services. Intrum Justitia's clients have thereby gained access to services in the US, Canada, Mexico and Hong Kong, and vice versa.



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

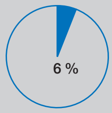
SEK M	2002	2001	Change %
Revenues	706.0	587.7	20
EBITA	102.0	69.6	47

Revenues from the Commercial & International Collection service line consist primarily of commissions on collected amounts, subscriptions fees, variable fees paid by clients and – whenever legislation permits – debtors' fees. In 2002, revenues in this the service line increased 20% to SEK 706.0 M. The growth in revenues derives primarily from the acquisition of D&B RMS and the regions, France, Spain, & Portugal and theNetherlands, Belgium & Germany. EBITA increased by a full 47% to SEK 102.0 M, largely due to an effect of increased volumes combined with utilization of economies of scale.

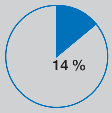
PURCHASED DEBT SERVICES

As an alternative to using Intrum Justitia for the collection of written-off consumer receivables via conventional outsourcing assignments, companies can sell receivables to Intrum Justitia. This is an alternative for clients wishing to bring forward the cash flow from written-off receivables, since this alternative provides earlier release of the value of the receivables.

The purchase of written-off receivables is a channel for Intrum Justitia in generating cases for its Consumer Collection & Debt Surveillance service line. Such cases are managed in the same manner as other collection assignments. When purchasing written-off receivables, Intrum Justitia focuses on small and medium-sized portfolios, for which the company's access to high-quality information regarding payment-pattern assessment methods create competitive advantages in valuation and management.



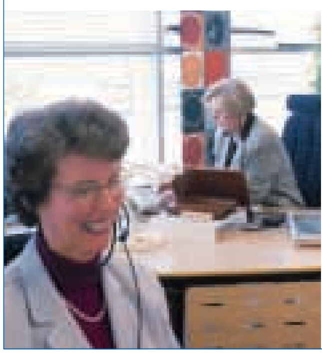
Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

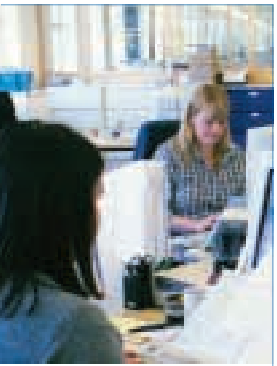
SEK M	2002	2001	Change %
Revenues	163.1	136.0	20
EBITA	84.2	78.5	7

Revenues in this service line rose in 2002 by 20% to SEK 163.1 M. EBITA increased 7%, amounting to SEK 84.2 M. Most of the rise in revenues and earnings derived from the Poland, Czech Republic & Hungary region. The increased acquisition pace of new portfolios during the year resulted in higher amortization. This in combination with increased price competition has impacted the service line gross margins.



BACK!

Operations – service lines



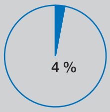
Joint Venture with Credit Agricole Indosuez

In 2002, cooperation commenced with Credit Agricole Indosuez (CAI) covering the purchase of overdue receivables in the Nordic region. As an initial step, Intrum Justitia and CAI established a jointly and equally owned company and acquired large receivables portfolios via this unit. All the receivables originated from a single Finnish bank, but about 50% of them were acquired from Intrum Justitia and others directly from the Finnish bank. Intrum Justitia in Finland collects the receivables. Intrum Justitia and CAI plan to pool their efforts in developing this business model and conducting additional acquisitions.

SALES LEDGER SERVICES

Sales Ledger services entail that client companies outsource all or part of their administration of invoice and sales ledger management. The solutions – designed primarily for companies with large volumes and numerous individuals as customers – include invoicing, reminder management, sales ledger management and support services.

Sales Ledger services mean that Intrum Justitia produces, prints and sends invoices on behalf of clients. Invoices are designed to suit local markets and may be printed using the client's letterhead or a neutral letterhead. In many cases, Intrum Justitia also takes charge of the client's sales ledger accounting, including receipt and booking of payments. When the client chooses to manage invoicing in-house, Intrum Justitia can monitor payments and, whenever required, mail reminders when invoices fall due. A reminder may include information extracted from several invoices.



Percentage of Group revenues, 2002

Percentage of Group EBITA, 2002

SEK M	2002	2001	Change %
Revenues	101.2	65.7	54
EBITA	–37.4	–28.6	–31

Intrum Justitia's revenues from Sales Ledger services consist primarily of variable fees for managing each invoice and reminder, and to a lesser extent of fixed subscription fees. Revenues in 2002 amounted to SEK 101.2 M, up 54%. Growth is attributable primarily to customers in the telecom sector, mainly in the Netherlands, Belgium & Germany and Sweden, Norway & Denmark. Operating earnings before goodwill amortization (EBITA) SEK –37.4 M. This should be viewed in light of the fact that the market for these types of services is relatively immature and the service line is in a development phase. During the year resources were concentrated to the Nordic market, where the prerequisites for rapidly attaining profitability are deemed best.

OTHER SERVICES

Intrum Justitia also offers a range of other RMS-related services, usually in response to local client requirements.

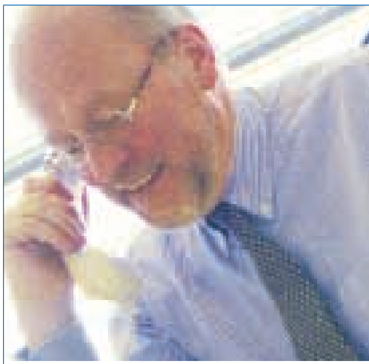
Financial services

Intrum Justitia offers financial services in the form of screening applications for new credit and debit cards on behalf of card issuers. Approval of each application is based on a scoring analysis. In the event of nonpayment by a cardholder, Intrum Justitia guarantees the card issuer full payment of the value of the receivable.

BACK!

Operations – service lines

Receivables arising from nonpayment are managed within the Consumer Collection & Debt Surveillance service line. Intrum Justitia's share of the Swiss market for these services is estimated at 85%.

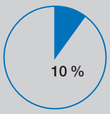


Credit information

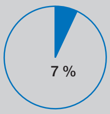
In some countries, Intrum Justitia offers credit information relating to commercial businesses and consumers alike on a fee basis. The company has a market-leading position in credit information in the Swiss market.

Purchase of fresh receivables

In Norway, Intrum Justitia purchases fresh receivables (debts that are normally less than 90 days overdue). Norwegian legislation leads many companies to prefer to sell their receivables to a third party instead of using conventional collection management. The acquired receivables are managed by the Consumer Collection & Debt Surveillance service line.



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change %
Revenues	276.0	224.2	23
EBITA	39.0	14.6	167

Other services generated SEK 276.0 M in revenues in 2002, a rise of 23%. EBITA totaled SEK 39.0 M. Most of the increase in revenues and earnings derived from credit information services in Switzerland, Austria, & Italy in which economies of scale in a more efficient production environment had a positive effect on margins. During the year, the purchase of overdue but not written-off receivables increased in Norway.

VAT refund services

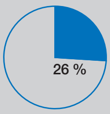
VAT refund services are available primarily to Finnish but also to other European companies seeking to obtain VAT refunds from European Union countries. Companies are frequently eligible for VAT refunds but wish to avoid the extra administrative work required.

BACK!

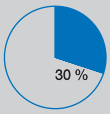
Operations – regions

Intrum Justitia has a local presence and expertise in 21 European countries, giving it a geographic coverage unrivalled by almost any other RMS company. Clients can utilize the Group's combined resources, while geographic proximity ensures that services are adjusted appropriately to suit local conditions. Intrum Justitia's operations in the 21 countries are divided into seven regions.

SWEDEN, NORWAY & DENMARK



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change, %
Revenues	712.0	617.6	15
EBITA	170.6	141.7	20
Average no. of employees	472	468	1

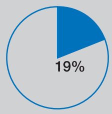
Operations in the region progressed favorably in 2002. Some pressure on prices was noted, but a strong revenue trend, with high volumes mainly in Consumer Collection & Debt Surveillance, combined with the use of economies of scale, contributed to profitability in the region.

Intrum Justitia was founded in Sweden in 1923, and expanded through organic growth and acquisitions to become the market leader with a well-established brand. The RMS market in Sweden is relatively fragmented although in recent years the industry has been consolidated to form large and more focused units. Other major players are Faktab, Svea Ekonomi and PBK Outsourcing.

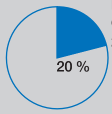
The Norwegian market is more fragmented than its Swedish counterpart. Intrum Justitia is the second largest player in Norway. Other major companies are Lindorff, Kreditorforeningen and Aktiv Kapital. During 2002 the Norwegian legislation regarding collection fees changed, which resulted in a limitation on reminder fees. However, Intrum Justitia has good potential to offset any fall in revenues from collection operations via growth in other service areas.

The Danish RMS industry is less developed than in Sweden and Norway, due mainly to the legal requirement that lawyers must be used in the debt collection process. During 2002, a change in legislation was introduced to permit collection companies to charge collection costs. This move, combined with a new law covering reminder fees, is expected to bolster the RMS industry. Intrum Justitia is one of the five largest players in the market, other notable companies include Nordan (owned by Aktiv Kapital), Lindorff and Faktab.

UNITED KINGDOM & IRELAND



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change, %
Revenues	525.4	484.6	8
EBITA	115.3	99.2	16
Average no. of employees	526	496	6

The region has had another successful year, although trading conditions have become more difficult. The consolidation of the financial services sector has caused price and margin pressures, which resulted in measures to reduce costs and increase efficiency.

The RMS industry in the United Kingdom comprises a small number of large companies that dominate the consumer debt collection market, and a large number of small companies serving primarily clients in the commercial segment. As a result, the industry is relatively consolidated and Intrum Justitia estimates that the six largest companies control almost 90% of the market. Intrum Justitia is a market leader, a position that was consolidated by the acquisition in May 2002 of Stirling Park,

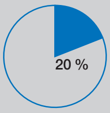
BACK!

Operations – regions

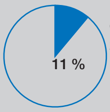
one of the major players in collection services in Scotland. Other notable companies include Moorecroft Debt Recovery, Intellirisk, Wescot Credit Services, Robinson Way and Collection Agencies Ltd.

The Irish RMS market is expanding rapidly thanks to the growth in the Irish economy and increasing consumer credit. Intrum Justitia's revenues in Ireland have risen rapidly through the acquisition of D&B RMS[1] and the company is currently the market leader. Local competition is represented primarily by a number of privately owned companies and a few large companies, including Intellirisk and Cashflow.

NETHERLANDS, BELGIUM & GERMANY



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change, %
Revenues	561.7	428.5	31
EBITA	61.4	71.0	–14
Average no. of employees	596	507	18

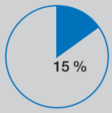
Sharp growth in revenues in 2002 was combined with a weaker earnings trend in the region. Volume growth was particularly favorable within Consumer Collection & Debt Surveillance, driven by deregulation and a large number of customers within the banking & finance and energy sector. A strong focus on sales and integration matters, combined with a somewhat more distinct price competition, had an adverse impact on earnings. As part of the integration of acquired units and capitalizing on synergies, the operations in the region will be further coordinated during 2003.

A large number of companies are active in the Dutch RMS market. Intrum Justitia is currently the market leader as a result of organic growth and acquisitions. Other major players include Inkasso Unie, Graydon and NCM.

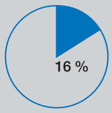
Intrum Justitia became market leader in the Belgian RMS market in 1998 through the acquisition of a leading collection company. This position was further strengthened through the acquisition of D&B RMS in 2001. The market is dominated by 19 companies all of which are members of the Belgian Collectors Association, and together they hold a market share of approximately 85%. These include Bureau Eur-Krebes, Fiducré-Heran and Contentia D.Office.

The German market is highly fragmented and has a distinctly regional character, with different players in the various federal states. Overall, Intrum Justitia has a relatively small market share. However, its market position was strengthened significantly through the acquisition of D&B RMS. Major players in Germany include DID, SWI and Creditreform.

SWITZERLAND, AUSTRIA & ITALY



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change, %
Revenues	413.7	350.9	18
EBITA	90.6	55.4	64
Average no. of employees	295	273	8

The region experienced strong growth during the year, mainly thanks to positive expansion in credit information services, combined with the deployment of more efficient methods and technology. Significant volume and earnings gains were also achieved in Commercial & International Collection.

The commencement of Intrum Justitia's operations in Switzerland in 1971 marked its first venture outside

[1]See page 31 for more details.

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Operations – regions

Sweden. As a result of organic development and acquisitions, the business expanded to become market leader in the fragmented RMS market. Intrum Justitia has a strong position in services involving the screening of credit card and debit card applications and credit information. Another major player in Switzerland is Creditreform.

The RMS industry in Austria is fragmented, with numerous companies operating mainly on a regional level. Intrum Justitia is among the top five RMS companies in Austria. Other players include Creditinfo and Kreditschutzverein.

Operations in Italy commenced in 1985, focusing on international collection services. The acquisition of D&B RMS has strengthened Intrum Justitia's market position in commercial collection services. The Italian debt collection market is currently largely business-to-business, primarily because Italian legislation restricts public access to personal information required for the identification of debtors. Other major players include Advancing Trade, TRC Tutela Recupero Crediti, Assicom, Maran Service and Osirc.

FINLAND, ESTONIA, LATVIA & LITHUANIA

SEK M	2002	2001	Change, %
Revenues	246.3	211.7	16
EBITA	97.7	71.3	37
Average no. of employees	255	223	14

A large amount of the region's growth was generated during the fourth quarter within Consumer Collection & Debt Surveillance, which in turn was attributable to the payment of tax returns to debtors that occurs during this quarter. Efficiency in this area, combined with continued favorable development in Purchased Debt services, contributed to a strong earnings trend during the year.

Intrum Justitia is the market leader in Finland. The second largest company is Contant, while the rest of the market is split up among several small companies.

The Baltic region is an emerging market for RMS and the steady introduction of modern routines is gaining acceptance. Operations were established in Estonia in 1996, followed by Lithuania in 2000, and subsequently in Latvia in spring 2002.

FRANCE, SPAIN & PORTUGAL

SEK M	2002	2001	Change, %
Revenues	192.4	125.7	53
EBITA	6.8	–3.2	–
Average no. of employees	274	205	34

France, Spain & Portugal reported the highest growth in 2002, with 53% higher revenues than a year earlier. A good deal of the increase is attributable to acquisitions. In addition to D&B RMS, the Spanish/Portuguese company Vía Ejecutiva was integrated into the Group. Although the region is profitable, costs arising from corporate integration impacted adversely on earnings.

Intrum Justitia was established in France in 1987 and operations expanded during the 1990s as a result of acquisitions and other developments. Due to difficult market conditions and efficiency problems in the organization, a restructuring program was undertaken in 1999 and 2000. Successful restructuring measures, combined with the acquisition of D&B RMS, led to a sharp increase in Intrum Justitia's market share, which was previously rather small.

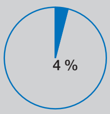
On December 31, 2002, Jean Riou Contentieux was acquired, followed by Cofreco in January 2003. Both are leading RMS companies focusing on consumer collection services. As a result of the acquisitions, Intrum Justitia

Operations – regions

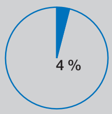
became market leader in the French market. Other major players include Coface SCRL, Effico/Soreco, Contentia and SFBF.

Operations were established in Spain in 1994 and in Portugal in 1997. These are relatively small-scale operations because of the underdeveloped nature of the market, with companies relying largely on internal collection management. However, Intrum Justitia's market shares have increased as a result of the acquisition of D&B RMS and the Spanish/Portuguese collection company Vía Ejecutiva, in 2001. The primary competitors in Spain are Grupo Lico and Gesif, while in Portugal Comfira, Creditcontrolo and Moye represent the main competition.

POLAND, CZECH REPUBLIC & HUNGARY



Percentage of Group revenues, 2002



Percentage of Group EBITA, 2002

SEK M	2002	2001	Change, %
Revenues	123.4	101.6	21
EBITA	22.1	22.5	–2
Average no. of employees	227	207	10

During the second half of 2002, extensive efficiency and cost-cutting programs were conducted in the region. These actions are expected to make a significant impact in 2003. Consumer Collection & Debt Surveillance account for most of the revenue increase and earnings contribution in the region. However, earnings were affected adversely by an increase in price levels for portfolios within Purchased Debt services.

Operations were established in these three countries during the 1990s. Initially, Intrum Justitia offered debt collection services to telecom companies alone, before gradually expanding its collection business into other segments, and offering other services. Intrum Justitia sees good potential for strong development in these countries in pace with their economic development and subsequent growth in the RMS market. Market conditions vary from country to country, but Intrum Justitia is encountering more competition in Hungary than in Poland or the Czech Republic. Major players in the region include CaSolventa, a Germany company with a strong position in commercial collection in Poland; Kasolvenza in the Czech Republic; and Kasolvenzia Sigma and Creditexpressz in Hungary.

BACK!

Brand and sales

Intrum Justitia is a strong, well-established brand throughout most of Europe. However, it is strategically crucial to maintain the brand and ensure that awareness of the company increases among potential clients and debtors. To achieve these goals, a well-balanced blend of marketing programs and relationship-building activities are deployed – including central and locally designed advertising campaigns, sponsoring and seminar activities.

The sales organization focuses on client requirements, proceeding on the basis of geographic location and industry and the degree of complexity of the client's receivables management. National managers are involved in sales to potential key clients. National sales personnel focus on medium-sized potential clients, while smaller clients are contacted by post, or via telephone campaigns and information seminars. Intrum Justitia's services are marketed by a joint sales staff, which creates good opportunities for generating additional sales to existing clients.

Fair pay – strong business ethics

A precondition for sound business is that sellers and buyers alike fulfill their commitments. The idea of paying for purchases within the agreed period should be self-evident. This is a matter of mutual respect and also involves the potential to continue doing business in the future. However, many people take the liberty of personally setting the margin on purchased goods or services by not paying on time. Nonetheless, it is also clearly important to remember that individuals and companies can encounter problems that give rise to payment difficulties.

"*Fair pay… please!*" is a philosophy that permeates everyday work at Intrum Justitia. Our basic attitude is that everybody wants to do the right thing. However, Fair pay does not mean we ask the impossible of a debtor in difficulties. Our constant objective is to find a solution that is realistic and acceptable to all parties. The reason for this is simple: Working in a fair and farsighted manner makes relationships between our clients and their customers more long term. The settlement of a debt in a mutually acceptable manner benefits both parties, since it permits the continuation of business relations.

Accordingly, our Fair pay concept highlights the fact that receivables management must combine efficiency with respect. To this end, Intrum Justitia's employees are well trained in promptly creating a comprehensive picture of the debtor's situation, and in building a candid and trustful relationship with the party.

Sponsoring fair play

In the sporting world, the yellow card is used to indicate a serious breach of the rules. We at Intrum Justitia have assumed the referee's role – but in the business arena. The encouragement of Fair Play in the sporting world has for us become "*Fair pay… please!*" By adding the word "please" we aim to emphasize that we act in a manner that will not disrupt future business relations.

Sponsorship can be an effective marketing method of arousing media interest and strengthening our brand. Combined with sponsoring, several popular activities can be arranged, both for employees and clients.

Our focus on sport and spectator-friendly events is continuing. Activities focus on ice hockey, a major sport in many of the countries in which Intrum Justitia is active. During the period 2001–2004, Intrum Justitia will be one of the main sponsors of the national ice hockey teams in Sweden, Norway, Denmark and Finland. Moreover, we are sponsoring the World Cup competition during the same period, with the next World Cup scheduled to take place in Finland in 2003 and in the Czech Republic in 2004.

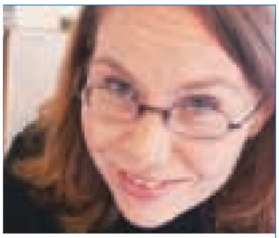
Brand and sales

EXPERTISE, RELIABILITY, ETHICS AND DISCRETION

Satisfied clients remain loyal clients. Satisfied clients are also more prone to use more of the services offered. Intrum Justitia has a high proportion of loyal clients, as reflected by the fact that more than 85% of the client base choose to renew their contracts with the company.

In addition to a strong service offering, the key concepts underlying efforts to increase customer satisfaction are expertise, reliability, ethics and discretion. Staff at Intrum Justitia's client service departments specializes primarily in handling a wide range of questions. In the event of highly complex cases – involving legal proceedings, for example – a number of specialists are available. In the case of major customers, a key accounts manager is responsible for providing clear and easy channels of contact and for ensuring that clients' expectations are fulfilled or exceeded.

To serve multinational companies that view Europe as a single market, Intrum Justitia has established the European Outsourcing Services (EOS) Center in Rotterdam. Using EOS, these clients can gain access to all Group services in countries in which Intrum Justitia is active, at the same time as all client contact and briefing work is conducted from a single location.



BACK!

Business development

SCORING

Intrum Justitia utilizes scoring methods to determine the likelihood of receiving payment from the debtor in the short and long term. Attaining an optimal blend of collection amounts and cost-effectiveness requires different approaches to various debtor groups. Also, the use of scoring helps Intrum Justitia to take the right action at the right time. Scoring is based on an analysis in which historical collection patterns are linked up with the factors unique to each case, such as:

- The debtor's age, income range and location.
- Payment history of the debtor.
- Whether payments have been made in recent months.
- The debtor's other outstanding debts.
- How long the debt has been overdue.

AUTOMATION AND PROCESSES

As part of efforts to raise operational efficiency, different departments handle different processes. Contacts with debtors via telephone and e-mail are handled by special call-centers, while mailing centers handle letters and forms, and special departments take charge of field collection. Intrum Justitia also maintains a number of employees with specialist skills for handling more complex cases and who also take charge of legal issues.

Technological progress has been rapid and this will remain the case. Several new technological solutions have facilitated and enhanced the efficiency of receivables management through automation of the processes above mentioned. Pre-selective dialing, for example, have significantly increased productivity, allowing group personnel to complete 300 to 400 contacts in a single shift compared to about 100 contacts per shift using conventional manual dialing.

Technological progress is also helping to interest clients in contracting specialist RMS companies. Meanwhile, there is a growing need for customized solutions. Although Intrum Justitia takes care of most practical aspects, the client must be offered high access to information, for which specially designed web solutions are playing an increasingly important role. One example is the Fair Pay Web, an IT support for collection management on the Internet, which is currently used throughout the Nordic region. Using Fair Pay Web, customers can register and dispatch new collection assignments, and review the current balance and status of their cases.

CENTERS OF EXCELLENCE

To ensure the continuing high quality of the service offering, Intrum Justitia has established Centers of Excellence for the various service lines. The basic concept is to ensure that the entire Group can capitalize on the frontline expertise available in all units and countries. The Centers are responsible for compiling and evaluating know-how and experience from various quarters in the organization and subsequently developing and transferring working methods and routines that offer the best practice in each area. The Centers also ensure that benchmarks are implemented and that uniform routines are used in launching services in new markets. Intrum Justitia's Center of Excellence for Sales Ledger services and Debt Surveillance is located in Sweden, while the Center of Excellence for Consumer Collection is based in the United Kingdom. The Netherlands serve as the base for the Center of Excellence for International Collection, and the Center of Excellence for Purchased Debt is located in Finland.

Shared skills offer our clients a head-start

Nick Blanchard

"The establishment of the Consumer Center of Excellence has boosted our ability to share best practices throughout all the regions in which Intrum Justitia operates," notes Nick Blanchard, Consumer Collection Manager. "Systematic compilation and comparison of the latest and best experiences from frontline operations permit us to identify the most rational methods and apply them in other units and countries. This provides more efficient and quality-assured case management throughout the Group."

A crucial component in skills transfer is to meet and discuss each other's operational methods. Events during 2002 included the "European Best Practice Weeks" during which a large number of participants exchanged experiences. One of the recipes for success discussed was the use of "Champions".

"Skills transfer must be an integral part of daily operations – not just something you work with for a few weeks of the year. So now we've got Champions in all regions. His or her role includes utilizing the insight gained from client requirements and the methods and tools available in the Group," explains Nick Blanchard.

BACK!

Acquisitions and acquisition strategy

ACQUISITION STRATEGY

Intrum Justitia is seeking to widen the scope of its operations and thus cut operating costs per case, leading in turn to superior overall efficiency and profitability. Although the primary aim is to grow organically, the company continually studies opportunities for acquisitions. By conducting selective acquisitions, Intrum Justitia can:

- Strengthen its position and raise corporate awareness of the company in established markets.
- Attain greater economies of scale.
- Achieve cost synergies.
- Gain crucial experience and know-how in existing or new services.
- Broaden its client base.
- Launch the entire service range in countries in which the company is active.
- Establish a presence in new European markets.

ACQUISITION OF D&B RMS

In May 2001, Intrum Justitia acquired the European RMS operations of Dun & Bradstreet. D&B RMS was one of the largest European RMS players both in terms of revenues and gross collection value. On the acquisition date, the company had 510 employees and provided services in sales ledger management, consumer debt collection, commercial collection and international collection services to some 17,000 clients in twelve European countries. The acquisition price totaled approximately SEK 453 M.

The takeover of D&B RMS provided a series of benefits. The service offering mix was strengthened, notably in commercial and international debt collection, but also in consumer debt collection. Moreover, Intrum Justitia strengthened its position in certain markets where its presence was previously limited. The acquisition permitted cost synergies through, for instance, rationalization and sharing of premises and resources.

ACQUISITION OF VÍA EJECUTIVA

In December 2001, Vía Ejecutiva – a debt collection company with some 80 employees and operations in Spain and Portugal – was acquired. The acquisition cost was SEK 7.5 M, including a restructuring reserve of SEK 4.7 M. The acquisition gave rise to goodwill of SEK 6.3 M. In 2001, as a result of the takeover, Intrum Justitia sold its 50% shareholding in Intrum Justitia Creditor SL, a Spanish business active in commercial and international debt collection.

ACQUISITION OF STIRLING PARK

Stirling Park was acquired in July 2002. This is one of Scotland's largest debt collection companies with a broad client base, including local public authorities. The company reported revenues of some SEK 56 M in fiscal 2001. Operations – comprising a workforce of 108 employees at six offices – were consolidated in the Group as of July 17, 2002. The acquisition strengthens Intrum Justitia's position in the British market of consumer debt collection. The performance-based acquisition price is expected to amount to a maximum of some SEK 118 M. The takeover gave rise to goodwill of SEK 116 M, including acquisition expenses.

ACQUISITION OF JEAN RIOU CONTENTIEUX AND COFRECO

Jean Riou Contentieux was acquired on December 31, 2002 and Cofreco was acquired in the beginning of 2003 (after the close of the fiscal year). Both companies are leaders in consumer debt collection in France. Combined, the two companies reported revenues of about SEK 78 M in 2001, with 96 employees at four offices. The purchase price for both companies amounted to SEK 82 M and goodwill resulting from the acquisitions was SEK 60 M.

The acquisitions makes Intrum Justitia the market leader in the French RMS market, while also providing the Group with additional competence through management and employees with wide-ranging experience and know-how.

In December 2002, Intrum Justitia divested its 34% minority interest in French company Créancia, generating capital gains of SEK 6.4 M.

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Risk factors

Risk is an inherent component of all business operations. In a competitive market, all companies are continually exposed to the risk that competitors may enhance their offering, pursue more effective marketing, or gain superior control of production, etc., making it difficult for a company to compete. Also, all companies risk being adversely affected by events beyond their control, such as natural disasters, accidents and criminal actions. It is difficult to draw up a complete list of the risk factors that may affect a company and, of course, such a list would necessarily be subjective. The presentation below describes the risks that Intrum Justitia believes are particularly significant in determining the company's future.

Willingness to outsource receivables management services

A significant portion of Intrum Justitia's future revenues will derive from clients who currently handle varying portions of their receivables management services in-house. Consequently, future revenue volumes will depend on the willingness of these companies to continue to use Intrum Justitia for part of or all of their receivables management.

Operations and expansion in different countries

The international scope of Intrum Justitia's business involves various risks, including the complexities of satisfying multi-jurisdictional regulatory, difficulties in staffing local operations, problems in handling different tax structures and accounting standards, and multiple currencies. Future expansion of existing activities, as well as new business operations, may give rise to significant strains on managerial, operational and financial resources arising from the integration of operations, the recruitment and training of new employees and the development and management of additional offices. In addition, successful completion of an acquisition may depend on the approval of a third party.

Continuing investment in IT systems

Intrum Justitia will continue to require technology investments to remain competitive. Information technology is evolving rapidly and the life cycle for IT systems may be short, which in turn requires that Intrum Justitia keeps pace with technological development.

Dependence on key personnel and workforce

Intrum Justitia's future development depends on the skills, experience and commitment of its senior management and other key personnel. It is vitally important that Intrum Justitia is viewed as an attractive employer by these people – as well as by key figures whose recruitment may be necessary.

Changes in the regulatory environment

The RMS industry is regulated by various local and national statutes and regulations. Legislation and regulations may also be affected by European Union directives. Changes in the regulatory environment may curtail Intrum Justitia's future operations, or involve cost increases in order to comply with regulations.

Currency fluctuations

Intrum Justitia operates in 21 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 vis-à-vis these currencies will affect revenues and operating earnings as expressed in SEK, as well as shareholders' equity and other items in the financial statements.

In each country, all revenues and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings denominated in local currency. National operations seldom have receivables and liabilities in foreign currency. Thus, revenues and expenses in the national currency are hedged in a natural manner, thereby limiting transaction exposure. Also, Intrum Justitia hedges part of its cash flow by having interest-bearing loans denominated in the main currencies used in company operations. The distribution of the Group's loans is based on anticipated future cash flow.

Risk factors

When the balance sheets for foreign subsidiaries are translated to SEK, balance sheet exposure arises because these balance sheets are expressed in currencies other than SEK. The effect of such fluctuations on shareholders' equity is reduced as a result of assets valued in local currency being partly matched by liabilities taken up in the same currency, or by being covered through financial hedging.

Guarantees in conjunction with the screening of credit card applications in Switzerland

Intrum Justitia screens new credit card applications on behalf of card issuers in Switzerland and guarantees payment to the issuers of the face value of the cardholder's debt in the event of nonpayment by the cardholder. The total value of the debt guaranteed was SEK 2.3 billion as of December 31, 2002. Intrum Justitia manages the risk of nonpayment of credit card debt through the implementation of strict credit limits on new cards, and by an analysis of the credit status and histories of card applicants.

Intrum Justitia has set aside a provision of SEK 36.8 M on its balance sheet as of December 31, 2002 to cover payments that may be required under the guarantees. There can be no assurance that this provision will suffice to pay future amounts that may be required under the guarantees. If Intrum Justitia is required to pay amounts under the guarantees in excess of the balance sheet provision, earnings may be adversely affected.

Sensitivity analysis

Intrum Justitia's progress is affected by a number of factors, including those presented in this section. The table below shows the hypothetical effects on the Group's earnings before goodwill amortization and items affecting comparability (adjusted EBITA) in 2002 in the event of changes in pay roll costs and currency fluctuations. The calculation should not be viewed as an indication that these particular factors are more or less likely to change. Also, the effects presented do not take into consideration the offsetting measures that could be taken in the event of such changes.

Effects on adjusted EBITA from changes in payroll costs (incl. social security contributions)

Adjusted EBITA, 2002	Adjusted EBITA at 1% higher payroll costs	Adjusted EBITA at 1% lower payroll costs
SEK 481.4 M	SEK 471.5 M	SEK 491.3 M

Effects on adjusted EBITA from changes in the SEK exchange rate vis-à-vis other currencies

Adjusted EBITA, 2002	Adjusted EBITA at 1% higher SEK exchange rate	Adjusted EBITA at 1% lower SEK exchange rate
SEK 481.4 M	SEK 477.4 M	SEK 485.4 M

Employees

With operations in 21 countries, a large number of cultures, languages and traditions are represented among Intrum Justitia's employees. As a service company, Intrum Justitia's continued success depends on clients perceiving a high quality level in the services provided – a perception that is largely founded on employee competence and on the reception accorded to clients in their contacts with the company.

UNIFIED CORPORATE CULTURE

Against this background, it is vital for Intrum Justitia to support a strong and unified corporate culture. The company's Fair Pay policy has a special position in this culture. Intrum Justitia's clients must always be able to feel confident that their customers are being treated with respect and understanding, in the same way as the company's employees must have clear ethical rules to support them in their work. Employees are required to handle major confidences on a daily basis, from both clients and debtors. Accordingly, a sense of responsibility, discretion and a capacity to inspire trust are highly valued qualities and attributes.

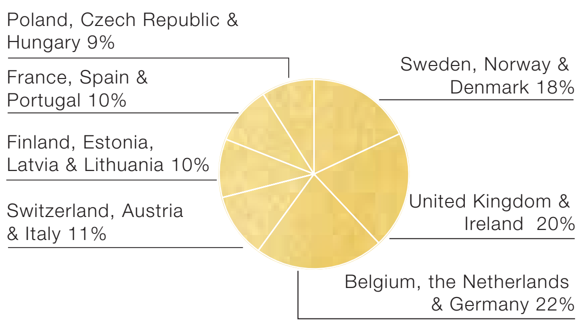
CHANGE AND LEARNING

Intrum Justitia is a growing company, and growth inevitably brings change. Accordingly, a key aspect of the "Intrum culture" is the ability to see change as something positive and to encourage the development of both work methods and individual employees. It is particularly important that employees feel a sense of commitment to the company and to their work assignments, that they understand their personal objectives and the overall objectives, and that they are given the opportunity to develop in their work roles. The Centers of Excellence fulfill a key function in the endeavor to be a "learning organization." They are continuously engaged in gathering ideas and experience from various units and countries, with the aim of ensuring that best practices are applied throughout the entire Group.

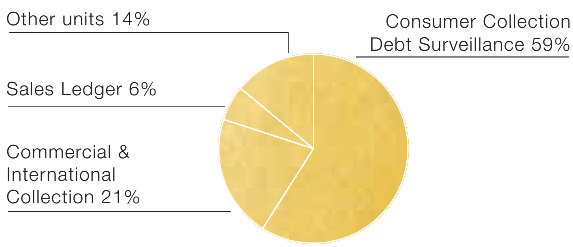
EMPLOYEES IN FIGURES

During 2002, the average number of employees in the Group increased 11% to 2,661 (2,396) persons, of which 60% are women.

Employees by region during 2002

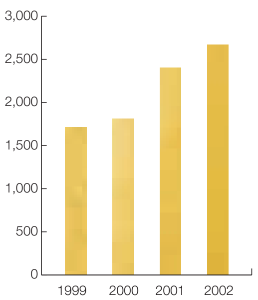


Employees by service line



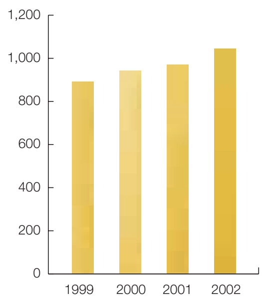
Average number of employees

Number

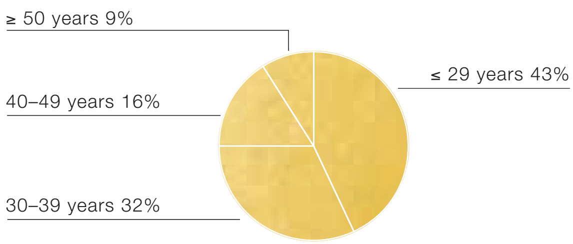


Revenues per employee
(average number)

SEK '000



Age distribution



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Employees

"Investor in People" strengthens commitment in United Kingdom

Penny Reed, Training Manager at Intrum Justitia's British company.

At Intrum Justitia's British company, attention was focused during 2002 on "Investor in People," an internationally accredited framework for improving the performance of the organization. Its effectiveness lays in the way it links the individual employee with the company's overall strategy in all training and development activities, and on evaluating all activities on the basis of a given set of parameters.

The most recent assessments have identified a number of strengths in the company's human resources work, including the following:

- Encouraging and supportive leadership methods have contributed to a culture that is positive toward change, in which continuous improvement is regarded as natural and employees perceive that they are given active and pertinent feedback regarding their work performed.
- Furtherance of individual suggestions and initiatives, combined with sharing of information, have helped employees to focus on business transactions and provide high-quality service.
- The use of "Key Performance Indicators" and deadlines for individual performance has engendered a broad commitment to and support for the company's business objectives.

Leadership training in Sweden

During the past 12 months, Lennart Laurén, Country Manager in Sweden, has been deeply involved in the implementation of a leadership development program. The program is based on five stages. The first stage focuses on the common corporate culture, including values, policies and objectives, and on how the work climate can be improved through good leadership. Stage two of the program was implemented in September 2002, when the focus was on issues relating to motivation and communication, and employee development. The third stage of the program focused on productivity and efficiency, incentive strategies and leadership based on objectives. In the fourth stage, the participants concentrated on the theory and methodology of group development. The program concluded in February 2003 with training in presentation techniques.

Lennart Laurén

"Leadership development is a key tool for ensuring the emergence of good leaders within Intrum Justitia. By developing our managers' tools and skills for leadership and working in groups, we further strengthen our competitiveness in the Swedish market," says Lennart Laurén.

Advances in personnel management and recruitment in Poland, the Czech Republic and Hungary

Three important objectives were achieved during 2002 in the Human Resources department serving the Poland, Czech Republic & Hungary region:

A new internal training system was implemented at Intrum Justitia's Polish and Hungarian companies. The training focuses on the Group's common values, methods and technical support, as well as the psychological and social considerations relating to debtors. A special introductory program for new employees was also developed.

A major employee satisfactory survey was also conducted. The survey, conducted simultaneously via the Internet in the three countries comprising the region, gave the Group management an important insight into the prevailing views and values in such areas as motivation and communication, leadership and the work climate. The results subsequently provided the basis for improvement plans.

The third objective achieved during the year was the development of a more efficient recruitment process. Among other changes, assessment center methods were added to the evaluation methods already used. As a result of these measures, more applicants can now be processed in a shorter time and there is an improved scope for evaluating their skills and potential.

Teambuilding in France

In mid-September, Pascal Labrue, Country Manager in France, assembled his management group for an exercise in teambuilding. The overall aim of the exercise was to lay the foundations for the "dream team" that is to lead the company through future growth in operations.

Management members engaged in joint activities for two intensive days. Prior to the exercise, all the participants had carried out a "profile analysis" of their own group or department. During the two days of the exercise, all the managers presented their reports, after which the strengths and weaknesses in group composition and performance were evaluated. Other topics covered included: structure or norms – which is most important?; productivity and effectiveness as a manager; motivation and behavior; and the phases of development in groups.

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Company history

Intrum Justitia is an extremely vigorous “octogenarian” with some 2,700 employees and more than 80,000 clients in 21 countries. It follows that an overview of developments from the company’s beginnings in 1923 to its present position as the leading RMS company in Europe can only cover a few of the many significant events in Intrum Justitia’s history.

2000s

The review and restructuring begun in 1998 continue. Parent Company moves to Sweden in 2002 and Intrum Justitia is introduced on Stockholmsbörsen.

2002 Parent Company changed its domicile from the Netherlands Antilles to Sweden, at the same time moving the head office to Sweden. Intrum Justitia was listed on Stockholmsbörsen. Operations established in Latvia. Companies were acquired in Scotland and France.

2001 Acquisition of Dun & Bradstreet’s European RMS operations, including the Schimmelpfeng brand dating back to 1872. Acquisition of Vía Ejecutiva in Spain and Portugal.

2000 Establishment in Lithuania.

1990s

Intrum Justitia’s share listed on the London Stock Exchange. Product offering developed and expanded to include a comprehensive range of RMS services. Intrum Justitia bought out from the stock exchange in the late 1990s with the aim of restructuring its operations.

1999 Establishment in Ireland.

1998 Operations established in Poland. Acquisition of Belgian company Assu-Ré Credit Management Services. Acquisition of Inkasso und Finanzierungs AG in Switzerland. Synergy Ltd and Industri Kapital 1997 Fund acquire 100% of Intrum Justitia through a public tender offer and the company is delisted from the exchange.

1997 Acquisition of French company GRC. Establishment in Portugal.

1996 Intrum Justitia becomes market leader in Finland through acquisition of Tietoperintä. Operations established in Estonia and the Czech Republic.

1995 Establishment in Austria.

1994 Establishment in Spain.

1993 Operations in France expanded through acquisition of Eureco. Operations established in Hungary.

1991 Expansion in Denmark through acquisition of two local RMS companies. Intrum Justitia strengthens its market position by acquiring Juridisch Advierbureau Jansen in the Netherlands.

1990 Intrum Justitia listed on the London Stock Exchange.

1980s

European expansion continues, mainly through acquisition of companies with local operations. Head office transferred to Amsterdam in mid-1980s.

1989 Establishment in the United Kingdom through the acquisition of Credit Ancillary Services.

1988 Operations established in Belgium.

1987 Intrum Justitia listed on the stock exchange in Luxembourg. Operations established in France.

1985 Establishment in Italy.

1982 Establishment in Norway via acquisition.

1970s

European expansion accelerates. Intrum Justitia develops into a leading RMS company, focusing on debt-collection operations in the Nordic region.

1978 Establishment in Germany. During the same year a company is established in Finland through the acquisition of a local debt-collection company.

1977 Establishment in Denmark.

1971 Bo Göransson acquires Intrum Justitia from his father. Company established in Switzerland.

1920-1960

Intrum Justitia founded and develops to become market leader in Sweden. Operations focus on debt-collection services.

1923 Sven Göranson founds Intrum Justitia.

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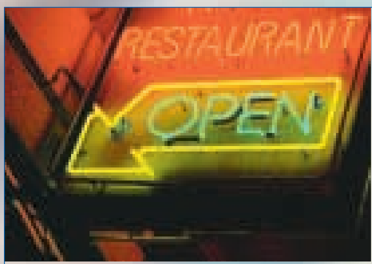

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Board of Directors' Report

The Board of Directors and the President of Intrum Justitia AB (publ.) hereby submit the following Annual Report and consolidated financial statements for financial year 2002.

The Intrum Justitia Group

Intrum Justitia was founded in 1923 and is Europe's leading company in the handling of receivables, which internationally is designated Receivables Management Services (RMS). Most of Intrum Justitia's services are concentrated in the operating areas of Sales Ledger Services, Consumer Collection & Debt Surveillance and Commercial & International Collection. Intrum Justitia also works with the purchase of written-off receivables (Purchased Debt), as a key channel for generating assignments to consumer collection services. In addition, a range of specialized services are offered in response to local client requirements. Operations are organized into seven regions. As Europe's market leader, the Company has more than 80,000 clients in 21 European countries.

Key events during the year

The Intrum Justitia group was legally restructured as of January 1, 2002, whereby the previous parent company Intrum Justitia Holding NV was replaced by a new Swedish parent company, Intrum Justitia AB (publ.). Intrum Justitia Holding NV is thereafter no longer part of the Group. During the spring, the Group head office was also relocated from Amsterdam, the Netherlands, to Nacka, Sweden.

In June, a new issue of shares was offered whereby the general public in Sweden and institutional investors were offered 30,638,298 newly issued shares in the Company. The price was set at SEK 47 per share. In addition, a new share issue of SEK 12.6 M was directed to the main owners. Through the new share issues, the Group secured capital reinforcement which, after transaction costs and taxes, amounted to SEK 1,373.6 M, and which was used mainly to repay loans. Intrum Justitia was listed on Stockholmsbörsen's O-List on June 7 under the symbol IJ. In connection with the new share issue and stock exchange listing, a prospectus was issued in which the restructuring of the Group is also described in greater detail.

On September 19, 2002, Peter Sjunnesson resigned as Chief Executive Officer and President. He was replaced temporarily by Executive Vice President Bertil Persson. Jan Roxendal was appointed Chief Executive Officer and President of Intrum Justitia AB in December 2002. Mr. Roxendal joined Intrum Justitia from ABB, where his positions included heading up the Financial Services division. Mr. Roxendal took up his post on February 25, 2003, and simultaneously Bertil Persson, acting CEO, returned to his former position as CFO.

In November, Intrum Justitia and D&B Receivable Management Services in North America, Mexico and Hong Kong entered into a strategic collaboration, which will run for several years. The two corporations can now offer their clients comprehensive services in an increasing number of countries and regions of the world. Both parties will also collaborate on the development of new products and services, and on marketing.

Revenues and EBITA

The RMS market has grown through factors such as increased outsourcing and deregulation across several sectors. This, in combination with growing volumes from existing customer bases, formed the foundation for growth in the year. Volume growth was good in most regions, but particularly in France, Spain & Portugal, followed by the Netherlands, Belgium & Germany as well as Poland, the Czech Republic & Hungary .

Consolidated revenues in 2002 amounted to SEK 2,774.9 M (2,320.6), a 20% increase. Organic growth provided 12 percentage points of this increase, with acquired businesses generating 8 percentage points. Exchange rate effects were marginal.

Adjusted EBITA rose 22% to SEK 481.4 M (395.2), with again, marginal exchange rate effects.

EBIT rose 43% to SEK 346.2 M (241.5). Earnings before tax for the 12-month period were SEK 238.4 M (120.1), and net result for the year was SEK 173.3 M (67.4).

Service Lines

Intrum Justitia provides a wide range of RMS services, such as:

- **Consumer Collection & Debt Surveillance.** Collection from private individuals, normally on assignment by companies and government authorities with a large number of receivables in minor amounts, and long-term surveillance of consumer receivables which the client has written off.
- **Commercial & International Collection.** Collection on assignment by companies and government authorities where the party liable for payment is another company, and collection when the holder of the receivable and party liable for payment are in different countries.
- **Purchased Debt.** Acquisition of portfolios of written-off consumer receivables at a lower amount than the portfolios' nominal value.
- **Sales Ledger services.** Invoicing, issuing reminders, sales ledger services and invoice-related client support services.
- **Other services.** Other services related to the RMS process, usually stemming from local client requirements.

Consumer Collection & Debt Surveillance: the majority of the group's year-on-year growth is attributable to this service line. Revenues amounted to SEK 1,597.1 M (1,343.4), up 19%. The organic growth accounted for 13 percentage units.

Much of the driving force behind the service line's growth was the deregulation in the energy and telecom sectors. A high share of service line revenue growth was generated in the Netherlands, Belgium & Germany region, where collection cases and collection percentages were high during the year. In the Sweden, Norway & Denmark region as well growth was strong, with increased volumes as the result of the aforementioned deregulations and efficient collection-case handling. These two regions had a significant effect on EBITA for the service line as a whole, which increased 19% to SEK 370.4 M (312.5).

Commercial & International Collection: Net revenues for the service line increased by 20% to SEK 706.0 M (587.7). Much of the increase is attributable to the acquisition of D&B RMS, mainly in the Netherlands, Belgium & Germany region and the France, Spain & Portugal region. The organic growth for the service area as a whole amounted to 6%, and was particularly strong in Sweden, Norway & Denmark, but was restrained by a weaker trend in the United Kingdom & Ireland. Profitability within the service line was highly satisfactory during the year, with operating profit (EBITA) of SEK 102.0 M (69.6), corresponding to an increase of 47%. The favorable earnings trend is an effect of increased volumes in combination with the exploiting of economies of scale through increased automation and production optimization. Through a strong revenue trend, Sweden, Norway & Denmark have contributed to a strong earnings increase. The United Kingdom & Ireland region also improved earnings performance successively during the year as a result of efficiency-enhancing measures.

Purchased Debt: In total, portfolios with a purchase value of SEK 257.6 M were acquired in 2002, up SEK 151.6 M compared to 2001. This is the foundation for revenue increase of 20% to SEK 163.1 M (136.0). Operating profit (EBITA) increased by 7% to SEK 84.2 M (78.5). Profit includes a capital gain of SEK 5.5 M on the sale of portfolios. The inflow of new portfolios has resulted in higher amortization, mainly due to rate of amortization being higher during the first year of a portfolio's useful life, but also due to more efficient handling. The influx of new debt portfolios has resulted in higher amortization, and in combination with price competition, particularly in the United Kingdom & Ireland and Poland, Czech Republic & Hungary regions, this has negatively impacted on service line gross margins.

Sales Ledger: The service revenues grew 54% to SEK 101.2 M (65.7). Growth is primarily attributable to the telecom sector mainly in Netherlands, Belgium & Germany and Sweden, Norway & Denmark. However, the service line's deficit increased to SEK –37.4 M (–28.6). These activities are generating a deficit because they have yet to achieve critical volumes. During the second half year, therefore, resources were concentrated to the Nordic market, where the prerequisites for rapidly attaining profitability are deemed best.

Restructuring costs aimed at balancing production capacity were assumed during Q4. Another contributing cause of the negative result is the initial costs associated with having new clients under contract.

Other services: Net revenues stood at SEK 276.0 M (224.2), up 23%. Operating earnings (EBITA) grew all of 167% to SEK 39.0 M (14.6). Most of the increase in revenue and earnings is attributable to credit information and related services in the Switzerland, Austria & Italy region, where economies of scale from a rationalized production environment had a favorable effect on the margins. Increased purchased debt in the Sweden, Norway & Denmark region further influenced service line revenue growth. The two regions with these services represent over 90% of service line revenues.

Geographic regions

Sweden, Norway & Denmark: Revenues grew by 15%, to SEK 712.0 M (617.6). Most of the increase is attributable the sustained brisk trend in Consumer Collection & Debt Surveillance. For clients, customized solutions, deregulations and a generally strong influx of volumes are the cause of this growth. Other services also contributed to the revenue growth mainly through the purchase of receivables in Norway. In earnings terms, the region has achieved a growth of 20%, resulting in EBITA of SEK 170.6 M (141.7). The earnings increase is largely fueled by volume growth within Consumer Collection & Debt Surveillance in combination with advantages stemming from large scale operation. At the same time, earnings were adversely affected by revised legislation in Norway, which limits debt collection fees.

United Kingdom & Ireland: Revenues increased by 8% to SEK 525.4 M (484.6). The Scottish enterprise, Stirling Park, that was acquired during the year made a positive contribution of SEK 25.4 M to revenues. The region's revenue increase derived primarily from Consumer Collection & Debt Surveillance. Operating income (EBITA) increased simultaneously by 16% to SEK 115.3 M (99.2), which is largely due to efficiency-enhancement measures. Overall price competition, however, with its trend towards the sale of entire portfolios as an alternative to traditional business relationships, combined with integration and restructuring costs, had a dampening effect on regional revenues and earnings.

Netherlands, Belgium & Germany: Revenues grew by 31% to SEK 561.7 M (428.5). The volume growth within Consumer Collection & Debt Surveillance was strong, with operations successively recovering from a weak beginning of the year. The volume increase is mainly due to deregulations and to clients within the banking and finance sector and the energy sector. The year's weak start was a restraint on the region's operating income (EBITA) which, despite a strong finish, was no better than SEK 61.4 M (71.0). The earnings decline is largely

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attributable to the German operations, where a strong focus on integration of acquired units had a dampening effect. Earnings were also impacted by costs for integration of acquired units (mainly IT costs in connection with system shifts), and a somewhat more palp-able price competition and increased resistance to collection fees and subscription fees.

Switzerland, Austria & Italy: Revenues amounted to SEK 413.7 M (350.9), up 18%. The rise is mainly due to credit information and related services in the Other services line, and a strong trend in the Commercial & International Collection line. Within the region, efforts were focused during the year on developing and implementing a new production system that will constitute the foundation for strengthened efficiency within production. The effects of these efforts are already discernible in Switzerland and Austria, where higher efficiency in combination with larger volumes contributed to a clear earnings improvement during the second half year. The region's operating income (EBITA) for the full year amounted to SEK 90.6 M (55.4), a 64% increase.

Finland, Estonia, Latvia & Lithuania: During 2002, the region's revenues amounted to SEK 246.3 M (211.7), up 16%. The region's growth can be attributed in part to a strong fourth quarter within Consumer Collection & Debt Surveillance, which in turn is traceable to the payment of tax refunds to individuals owing debts, which takes place during this quarter. The revenue increase in the service line mentioned, combined with continued high profitability, within Purchased Debt contributed to a 37% increase in operating income (EBITA) to SEK 97.7 M (71.3). Additional factors which had a positive effect on profitability was a higher average value per case and efficiency in the production and sales organization. Included in the year's operating income is SEK 3.8 M from two sales of portfolios within Purchased Debt.

France, Spain & Portugal: The region increased its revenue by 53% to 192.4 M (125.7), in which the acquired business Vía Ejecutiva generated SEK 20.1 M. In addition to a consistent increase across the region's service lines, Sales Ledger grew briskly as a consequence of a faster influx of new clients to these services. During the year, the region posted expenses primarily relating to headcount downsizing, arising from the integration of acquired units. However, operating income (EBITA) increased overall to SEK 6.8 M (–3.2).

Poland, Czech Republic & Hungary: The Consumer Collection & Debt Surveillance line developed strongly during the year, accounting for the major part of the 21% regional growth to SEK 123.4 M (101.6). Operating income (EBITA) for the region was at the preceding year's level and amounted to SEK 22.1 M (22.5). The aforementioned service line contributed most strongly to operating income, while the earnings trend for Purchased Debt was adversely affected by the increases in price levels for portfolios of written-off receivables during the year.

Acquisitions/Divestments

On July 17, 2002, Intrum Justitia agreed to the acquisition of Stirling Park, one of Scotland's largest companies in the collection-related services market, with a particularly strong position among local authorities. The acquisition price was earnings-based and estimated to amount to GBP 8.0 M (about SEK 118 M). The acquisition gave rise to SEK 116 M of goodwill incl. acquisition costs. The acquired operations were included in the Intrum Justitia Group effective July 17, 2002.

In December 2002, Intrum Justitia divested its 34% minority interest in the French company Créancia, generating capital gains of SEK 6.4 M, accounted in the Income Statement in the "Participations in associated companies" item.

The French company Jean Riou Contentieux was acquired at the end of the fourth quarter, effective December 31, 2002. The French company Cofreco was also acquired, after the end of the reporting period, effective from January 2003. These acquisitions enable Intrum Justitia to assume a leading position in France. Both of the two companies were acquired from the French company Fininfo Group, making Intrum Justitia the market leader in France. The first acquisition generated goodwill of SEK 24 M, and the second SEK 37 M. Jean Riou Contentieux was consolidated into Intrum Justitia's Balance Sheet as of December 31, 2002.

Investments in fixed assets

Investments for the year in tangible fixed assets amounted to SEK 63.8 M and intangible fixed assets other than goodwill to SEK 61.3 M. The investments pertain largely to hardware and software for the Group's IT system.

Technological development is rapid and many new technical solutions have facilitated and modernized the handling of client receivables, including by automation of processes. These technical successes also contribute to an increased interest on the part of clients in retaining external RMS companies. At the same time, demands are increasing for customized solutions, and it is of strategic importance for Intrum Justitia to be able to continuously cope with changes in the demand spectrum. An example of a new IT solution that contributes added value for clients is Fair Pay Web, an IT support for collection handling over Internet which is presently in use throughout the Nordic region. Via Fair Pay Web, clients can, among other benefits, register and transmit new collection assignments and also view the current balance and status of their cases.

A new production system has, in recent years, been developed and implemented in Switzerland, with the introduction of new customized systems under way in the United Kingdom and Italy.

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Expenses

Gross earnings increased simultaneously with gross margins declining from 38.5% to 36.7%, which means that costs for services sold increased in percent more than sales. This is mainly a consequence of the twofold increase in IT expenses during the integration of acquired Dun & Bradstreet units.

During 2002, integration expenses for units acquired in 2001 (Dun & Bradstreet RMS and Vía Ejecutiva) were SEK 40.8 M, of which SEK 16.7 M was charged to the Income Statement.

Tax

The tax rate before goodwill amortization was 18% for the year. The year's tax expense was lower than expected because Intrum Justitia was able to utilize tax allowances in Switzerland, Denmark, the Netherlands and Sweden. Subsequent to a tax audit, the Swedish tax authority questioned the corporation's SEK 87.4 M tax deduction for the period 1999–2000. The company has appealled against this decision, and considers that the tax authority's actions will not generate any expenses. Accordingly, there has been no related provisioning. The fiscal effect of the aforementioned deduction has been accounted as a contingent liability.

Items Affecting Comparability

Salary and other remuneration during the period of employment termination notice for the former Chief Executive Officer and President Peter Sjunnesson is SEK 8.5 M gross, which is reported in full as an item affecting comparability.

Cash Flow

Cash flow from operating activities in 2002 stood at SEK 333.1 M against SEK 371.1 M in the previous year, and thus, the year's acquisitions could be financed by the group's internally generated cash flow. These changes were largely the consequence of an increase in working capital in the United Kingdom & Ireland region, and a general increase of working capital as a result of high final invoicing in December.

Financing

As of December 31, 2002, net debt was SEK 813.1 M, against SEK 1,142.5 M at the previous year-end. The decline is attributable to repayment of loans in conjunction with new share issues.

Shareholders' equity was SEK 1,537.8 M, affected negatively by exchange differences as a result, among other factors, of the Swedish krona's 1.5% appreciation against the EUR since the previous year-end.

As of December 31, 2002, consolidated liquid assets stood at SEK 123.4 M (146.2). The group had credit facilities not drawn down of SEK 221.1 M (221.8) as of the same date.

Currency-exchange exposure and currency-exchange policy

Intrum Justitia reports revenues and expenses in Swedish kronor. A considerable part of the Group's revenues and expenses however arise in other currencies, which means that reported earnings and financial position in Swedish kronor are affected by currency exchange fluctuations.

Transaction exposure: Fluctuations in currency-exchange rates have only a limited effect on operating income in local currencies for the respective subsidiaries, since most revenues and expenses are denominated in the local currency. Group earnings in Swedish kronor, however, are impacted by fluctuations in the currency-exchange rates used in translating the subsidiaries' financial statements in the local currencies.

Translation exposure: When balance sheets for foreign subsidiaries are translated to Swedish kronor, a balance exposure arises due to these balance sheets being denominated in other currencies. This translation exposure affects Group shareholders' equity. However, the effect is diminished since the assets, which are valued in the local currency, are partly matched by liabilities being assumed in the same currency, or covered through financial hedge operations, when the Board sees fit to do so.

Hedging of currency-exchange fluctuation: Intrum Justitia hedges parts of its equity and cash flow through interest-bearing borrowings in mainly the currencies in which the Group's operations are based. The distribution of the Group's loans is based on estimated future cash flows and are mainly assumed in GBP, SEK, CHF, NOK and EUR. Intrum Justitia's policy is, to the extent possible, to centralize surplus funds from local operations through loans internal to the Group.

Staff

The average number of employees was 2,661 (2,396). Additional information concerning number of employees, salaries, wages and other remuneration and terms and conditions of employment for senior executives is presented in Notes 25–27.

Environmental effect

The Company has no operations requiring licensing or notification obligation according to the environmental code in Sweden.

Parent Company

The Parent Company Intrum Justitia AB conducts head office functions for the Group as well as certain corporate development work and marketing. The Company's revenues consist of services sold to other Group companies and interest income mainly from lending within the Group. For the full year 2002, the Parent Company posted revenues of SEK 23.6 M (–) and earnings before tax of SEK –6.8 M (–).

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The Parent Company invested SEK 0.6 M (–) in fixed assets in the year, and at year-end, had SEK 6.2 M (0.9) in liquid assets. During the year, the Parent Company had an average of nine employees.

Highlights after the End of the Period

The Group's German business will be integrated in 2003 as part of its integration of acquired units and effort to maximize synergies. The cost base of the loss-generating business Schimmelpfeng will be reduced. Sales initiatives, administrative support and IT development will be coordinated. Integration expenses in 2003 are estimated at some SEK 40 M, and will be expensed in the first quarter of the year.

Remedial programs are also under way in Belgium and the Netherlands to create further synergies. The estimated cost of these programs is SEK 8 M. The measures taken are expected to already have an effect in 2003.

The French company Cofreco was acquired in January 2003. Also refer to the heading "Acquisitions/Divestments".

Jan Roxendal assumed the position of President and CEO on February 25, 2003. Also refer to the heading "Key events during the year".

Market and Outlook

Intrum Justitia is holding to its objective of achieving minimum annual average organic growth of 10% over an economic cycle. The corporation considers that its market shares will increase, partly through more businesses outsourcing their receivables management and through existing clients increasing their volumes.

Board's work

The composition of Intrum Justitia's Board ensures effective support and control of the work of Group management. The Board held 12 minuted Board meetings during 2002. At these meetings, particular attention was paid among other matters to the business situation, strategy, investments and acquisitions, financial reporting and control, issues related to the exchange listing as well as reporting and information to capital markets. The Board has adopted a work plan for Board activities and an instruction for the President. Among other provisions, it stipulates that investments exceeding EURO 750,000 require Board approval.

Nomination Committee

Alongside a number of Swedish institutional shareholders, the major shareholders, together representing 53 percent of the votes and capital, have formed a Nomination Committee, whose task is to generate proposals regarding the composition of, and remuneration to, Intrum Justitia AB's Board. The Nomination Committee is comprised of Marianne Nilsson of Robur Funds, Peter Bolte of Handelsbanken Funds, Mats Gustafsson of SEB Funds, Christian Salamon of Industri Kapital and Bo Göransson of Parkerhouse Investments BV, with Bo Ingemarson, Chairman of Intrum Justitia AB, as convener.

The Nomination Committee's proposal will be presented in the summons to the Annual General Meeting on May 13, 2003.

Proposed disposition of profit

The following funds in the Parent Company are at the disposition of the Annual General Meeting:

SEK	
Balance carried forward	305,381,189
Profit for the year	–4,886,152
Total	**300,495,037**

The Board and President propose that the profit be disposed as follows:

SEK	
To the shareholders a dividend of SEK 1 per share	84,985,604
balance to be carried forward	215,509,433
Total	**300,495,037**

Unrestricted equity in the Group, according to the Consolidated Balance Sheet amounts to SEK 127.8 M. No transfer to restricted reserves is proposed.

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Income Statements

SEK M	Note	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Revenues	2	2,774.9	2,320.6	23.6	–
Cost of sales		–1,755.4	–1,427.1	–	–
Gross earnings		**1,019.5**	**893.5**	**23.6**	**–**
Sales and marketing expenses		–257.3	–221.2	–	–
General and administrative expenses		–287.8	–274.6	–85.6	–
Goodwill amortization	3	–126.7	–142.2	–	–
Items affecting comparability	4	–8.5	–11.5	–8.5	–
Participations in associated companies	5	7.0	–2.5	–	–
Operating earnings (EBIT)	2, 3	**346.2**	**241.5**	**–70.5**	**–**
Interest income and similar items	6	8.8	11.3	62.3	–
Interest expenses and similar items	7	–116.6	–132.7	1.4	–
Result from financial items		**238.4**	**120.1**	**–6.8**	**–**
Current and deferred tax on earnings for the year	8	–65.4	–52.7	1.9	–
Minority interests		0.3	0.0	–	–
Net result for the year		**173.3**	**67.4**	**–4.9**	**–**
Data per share, SEK					
Share price at year-end		40.50	n/a	n/a	n/a
Basic and diluted earnings per share		2.61	n/a	n/a	n/a
Denominator for earnings per share, ‘000		66,399	n/a	n/a	n/a
Number of shares outstanding at year-end, ‘000		84,986	n/a	n/a	n/a

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Balance Sheets

SEK M	Note	Group Dec. 31, 2002	Group Dec. 31, 2001	Parent Company Dec. 31, 2002	Parent Company Dec. 31, 2001
ASSETS					
Fixed assets					
Intangible fixed assets	9				
Capitalized development expenditure for software and other intangibles		113.4	81.0	–	–
Goodwill		1,791.7	1,817.7	–	–
Total intangible fixed assets		**1,905.1**	**1,898.7**	**–**	**–**
Tangible fixed assets	10				
Computer hardware		60.9	71.7	0.1	–
Other equipment, tools, fixtures and fittings		54.2	53.2	0.9	–
Total tangible fixed assets		**115.1**	**124.9**	**1.0**	**–**
Financial fixed assets					
Participations in subsidiaries	11	–	–	0.9	–
Participations in associated companies	12	0.0	0.4	–	–
Shares and participations in other companies	13	5.4	5.1	–	–
Purchased debt	14	313.3	224.6	–	–
Deferred tax receivable	8	93.1	59.3	30.9	–
Receivables, Group companies		–	–	1,688.6	–
Other long-term receivables		18.1	44.9	–	–
Total financial fixed assets		**429.9**	**334.3**	**1,720.4**	**–**
Total fixed assets		**2,450.1**	**2,357.9**	**1,721.4**	**–**
Current assets					
Current receivables					
Accounts receivable		371.8	234.7	–	–
Purchased receivables	15	43.0	26.9	–	–
Client funds received		404.2	304.7	–	–
Other receivables		287.6	257.8	1.5	–
Prepaid expenses and accrued income	16	57.2	32.3	0.2	–
Total current receivables		**1,163.8**	**856.4**	**1.7**	**–**
Cash and cash equivalents		**123.4**	**146.2**	**6.2**	**0.9**
Total current assets		**1,287.2**	**1,002.6**	**7.9**	**0.9**
TOTAL ASSETS		**3,737.3**	**3,360.5**	**1,729.3**	**0.9**

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Balance Sheets

SEK M	Note	Group Dec. 31, 2002	Group Dec. 31, 2001	Parent Company Dec. 31, 2002	Parent Company Dec. 31, 2001
EQUITY AND LIABILITIES					
Equity	17				
Restricted equity					
Share capital		1.7	–	1.7	0.9
Restricted reserves/share premium		1,408.3	–	1,372.8	–
Total restricted equity		**1,410.0**	–	**1,374.5**	**0.9**
Non-restricted equity					
Non-restricted reserves/retained earnings		–45.5	–	305.4	–
Net result for the year		173.3	–	–4.9	–
Total non-restricted equity		**127.8**	–	**300.5**	**0.0**
Total equity		**1,537.8**	**528.3**	**1,675.0**	**0.9**
Minority interests		**0.9**	**1.2**	**–**	**–**
Provisions					
Provisions for pensions and similar commitments	18	19.5	29.4	–	–
Provisions for deferred taxation	8	20.5	10.9	–	–
Other provisions	19	2.1	23.4	–	–
Total provisions		**42.1**	**63.7**	**–**	**–**
Long-term liabilities					
Liabilities to credit institutions	20	621.8	853.8	–	–
Shareholders' mezzanine loan incl. accrued interest	21	–	536.5	–	–
Other long-term liabilities		29.7	13.2	–	–
Total long-term liabilities		**651.5**	**1,403.5**	**–**	**–**
Current liabilities					
Liabilities to credit institutions	20	285.0	421.7	–	–
Client funds payable		404.2	304.7	–	–
Accounts payable		184.7	149.6	3.6	–
Income tax liabilities		52.9	55.5	–	–
Advances from customers		44.7	47.1	–	–
Liabilities, Group companies		–	–	32.5	–
Other current liabilities		211.0	44.0	1.0	–
Accrued expenses and prepaid income	22	322.5	341.2	17.2	–
Total current liabilities		**1,505.0**	**1,363.8**	**54.3**	**–**
TOTAL EQUITY AND LIABILITIES		**3,737.3**	**3,360.5**	**1,729.3**	**0.9**
Pledged assets	23	**1,506.0**	**1,542.7**	**0.9**	**–**
Contingent liabilities	24	**2,351.4**	**2,330.4**	**–**	**–**

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Cash Flow Statements

SEK M	Note	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Cash flow from operating activities					
Operating earnings	2	346.2	241.5	–70.5	–
Depreciation/amortization	3	214.4	210.2	0.1	–
Adjustments for items not affecting cash flow		–24.9	–2.5	–	–
Interest received		8.8	11.3	62.3	–
Interest paid (and other financial expenses)		–102.3	–64.9	–4.5	–
Income tax paid		–63.2	–33.7	–	–
Cash flow from operating activities before changes in working capital		**379.0**	**361.9**	**–12.6**	**–**
Changes in working capital		–45.9	9.2	20.1	–
Cash flow from operating activities		**333.1**	**371.1**	**7.5**	**–**
Investing activities					
Purchases of tangible fixed assets	10	–53.8	–76.7	–0.6	–
Purchases of intangible fixed assets	9	–58.4	–490.2	–	–
Purchases of debt	14	–257.6	–106.0	–	–
Amortization of purchased debt	14	161.2	82.9	–	–
Acquisition of subsidiaries	32	–88.6	–57.6	–0.9	–
Acquired cash from purchased operations	32	0.7	25.1	–	–
Other cash flow from investing activities		14.1	–12.5	–	–
Cash flow from investing activities		**–282.4**	**–635.0**	**–1.5**	**–**
Financing activities					
Net proceeds from issuance of ordinary shares		1,360.3	0.4	1,360.3	0.9
Shareholders' contribution		–	–	305.4	–
Proceeds from loans		39.2	1,213.5	–	–
Payments on loans		–1,466.7	–882.6	–	–
Net lending to subsidiaries		–	–	–1,666.4	–
Cash flow from financing activities		**–67.2**	**331.3**	**–0.7**	**0.9**
Change in liquid funds		**–16.5**	**67.4**	**5.3**	**0.9**
Liquid funds at the beginning of the year		**146.2**	**74.6**	**0.9**	**–**
Currency-exchange differences in liquid assets		–6.3	4.2	0.0	–
Liquid funds at the end of the year		**123.4**	**146.2**	**6.2**	**0.9**

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Notes to the Consolidated Statements

Note 1 Basis of Presentation and Accounting Principles of Intrum Justitia AB (publ)

General

The annual report for Intrum Justitia AB (publ) is prepared in accordance with the Annual Accounts Act and the recommendations and statements of the Swedish Financial Accounting Standards Council. As with the preceding year, recommendations RR15 Intangible assets, 16 Provisions, contingent liabilities and possible assets, 17 Write-downs, 19 Operations being terminated, 21 Loan expenses and 23 Related party transactions, are being applied. No change in the accounting principles have thus been introduced. For a detailed description, see below.

Basis of preparation and presentation

The consolidated financial statements are prepared according to the purchase method which, among other effects, means that shareholders' equity in the Group consists of the total of reported equity in the Parent Company and the equity which the respective subsidiaries earned following acquisition date. The Group was restructured as of January 1, 2002 when Intrum Justitia AB (publ) became the new parent company. Comparison figures for 2001 and before pertain to the Group with Intrum Justitia Holding NV as Parent Company. A more detailed description of the adjustment of comparison figures for prior years is provided in the prospectus issued in connection with the new share issue and stock market listing.

Consolidation

The consolidated accounts include the accounts of all of the subsidiaries. A subsidiary is a company in which the parent company owns shares, directly or indirectly, which represent more than 50% of the voting rights or otherwise has power to exercise control over the operations.

The consolidated financial statements are prepared according to the acquisition method. This means that shareholders' equity in subsidiaries at time of acquisition, defined as the difference between assets and liabilities and reported at market value, are eliminated in their entirety. The Group shareholders' equity thus includes only that portion of subsidiaries' equity that arose subsequent to the acquisition. If so required, a provision is made at time of acquisition for future restructuring costs. If the acquisition value for the shares in the subsidiary exceeds the estimated market value for the company's net assets according to the acquisition analysis, the difference is reported as goodwill.

Subsidiaries are consolidated from the date of acquisition. Subsidiaries cease being consolidated from the date of disposal.

All inter-company sales, interest debits, liabilities and receivables, as well as profits generated within the Group are eliminated in the consolidated reporting.

Foreign currency transactions and translations

Assets and liabilities are translated into SEK at the closing exchange rate on the balance sheet date, while income statement items are translated into SEK using average exchange rates for the period.

Exchange rate differences arise from the translation of the subsidiaries' financial reports in part because the year-end exchange rate varies between financial report occasions and also due to average exchange rate deviating from the year-end rate. Exchange rates attributable to the translation of subsidiaries and shares in associated companies are recorded directly under shareholders' equity as translation differences. On disposal of an entity, such translation differences are recognized as part of the gain/loss on the sale.

Long-term receivables and liabilities between the Parent Company and its subsidiaries can be seen as an extension or reduction of the Group's investment in the subsidiaries, and therefore exchange rate differences incurred on such loans are taken directly to equity.

The Group records all transactions in the local currency of the country in which it operates. Transactions in currencies other than the local currency are reported in accordance with the exchange rate in effect on transaction day. With the clearing or settling of such transactions, the exchange rate may vary from that in effect on transaction day, in which case a (realized) exchange-rate difference arises. Also, monetary assets and liabilities in foreign currency are revalued at the period-end rate at the respective reporting occasion, in which case (unrealized) exchange-rate differences arise. Realized and unrealized exchange-rate differences of these types are reported in the income statement under operating income if, for example, they relate to accounts receivable or accounts payable, but in the net financial items if they pertain to financial investments and borrowing in a foreign currency.

Financial assets and liabilities

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 to a counterparty.

Financial assets carried in the balance sheet include cash and bank balances, purchased debt and client funds. Financial liabilities include capital lease obligations and borrowings.

The Group has also entered into various caps and floors contracts aimed at reducing the exposure to fluctuations in interest rates. Premiums paid on the purchase of caps and premiums received on the sale of floors are capitalized and deferred, respectively, on the balance sheet, whereupon the premiums are amortized as other finance expenses over the term of the related contracts, using the straight-line method. The differential to be paid or received as the interest rate changes is accounted for as interest income or expenses on a net basis.

Gains and losses on termination of interest rate contracts are deferred as an adjustment to the carrying amount of the outstanding debt obligation and amortized to interest expenses over the remaining terms of such contracts. In the event of early extinguishment of the debt obligation, any realized or unrealized gain or loss from the interest rate contract would be recognized in income at the time of extinguishment.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets acquired, according to the acquisition analysis. The asset goodwill which could arise in the acquisition of operations in another manner than through the purchase of shares is reported in the same way.

Goodwill is reported in the balance sheet as an intangible asset and is amortized using the straight-line method over its estimated useful life. The useful life for each item is individually assessed based on the estimated economic life of each item, which results in amortization periods up to 20 years for strategic acquisitions. Part of goodwill is depreciated up to 17 years on the basis of the expected cash flow of the acquired operation.

The carrying amount of goodwill is reviewed annually in relation to the acquired operations' performance and expected future cash flows. If deemed necessary, goodwill is written down based on this review.

Goodwill arising from acquisition of a foreign company is treated as an asset in the foreign company's currency and is translated in the consolidated financial reports at the exchange rate in effect at balance sheet date.

Development costs for computer software

Costs associated with IT development are generally expensed as incurred. Cases where the costs of development can be attributed to identifiable assets, which will be controlled by the Group and have future economic benefits extending beyond one year, are recognized as intangible assets. Such costs include staff expenses for the development team and other directly related costs.

Expenditures which enhance and extend the functionality of computer software programs beyond their original useful lives are recognized as a capital improvement and added to the carrying amount of the underlying intangible asset.

IT development costs that are recognized as intangible assets are amortized using the straight-line method over their useful lives, not exceeding a period of 5 years.

Costs associated with the maintenance of existing computer software programs, and with modifications for the Euro implementation in EMU countries, are expensed as incurred.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the historical cost of each asset over its estimated useful life as follows:

Leasehold improvements of property owned by another part	Over the lease term (1 to 5 years)
Furniture, cars and fixtures	3–5 years
Computer hardware	3–5 years

Gains and losses on sale or disposal of tangible fixed assets are based on their carrying amounts and are included in other operating expenses in the income statement.

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Notes

Leasing

Leases of fixed assets in which the Companies assume substantially all of the benefits and risks of ownership are classified as capital leases. With capital leasing, the leasing object is reported in the balance sheet as a fixed asset, with the estimated present value of the future lease payments reported as a liability. That part of the leasing expense that falls due for payment within one year is reported as a current liability, with the remaining part carried as a long-term liability. Each lease payment is allocated between the principal lease obligation and related interest charges. The related interest charges are recorded as they arise over the lease period as a financial expense. Fixed assets acquired under capital leasing contracts are depreciated over the useful life of the asset.

Operating lease payments are expensed as incurred over the term of the lease.

Shares and participations in associated companies

Associated companies are companies which are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20% of the voting rights or otherwise exercises significant influence, but does not control the partially owned company.

Participations in associated companies are reported in the consolidated accounts in accordance with the equity method, which means that the participation in the associated company is reported at its acquisition value, and then adjusted with the Group's participation in the change in the associated company's net assets. The value of the participations includes goodwill from the acquisition. Included in the consolidated income statement is the Group's profit participation less goodwill amortization.

Shares and participations in other companies

Investments in companies where the Parent Company, directly or indirectly, has less than 20% of the voting rights are reported at acquisition costs. Dividends, if any, are recognized as income when received. Provisions are recorded for impairment in value considered permanent.

Joint ventures

Joint ventures pertain to companies in which Intrum Justitia and another part owner each have 50% of the voting rights and, in accordance with the share ownership agreement, conduct operations jointly in the commonly owned company. The Group is engaged only in joint ventures that constitute legal entities, with these being reported in the consolidated financial reports in accordance with the proportional consolidation method. This means that 50% of assets, liabilities, revenues and expenses in the jointly owned company are consolidated, item for item, with corresponding items in the consolidated income statement and balance sheet.

Purchased debt

Purchased debt represents portfolios of consumer debts purchased at prices considerably less than the nominal receivable amounts.

In the income statement, revenues deriving from purchased debt are reported net cash flow (collected amount) less amortization. The collection is performed by the same personnel who handle collection surveillance on behalf of external customers within Consumer Collection & Debt Surveillance. The cost of collection is debited internally at the market price and is expensed as a cost of services sold.

The portfolios are reported in the balance sheet as financial fixed assets. Book value is comprised of acquisition cost less accumulated amortization. A quarterly assessment is formulated of anticipated cash flow and the collection percentage for each portfolio during the next five years. As cash flow takes place, through receivables being collected and payments received, amortization is calculated. Amortization is calculated on the basis of the cash flow allocation according to the latest assessed collection percentage for the portfolio and is booked directly to the balance sheet as a decrease in the book value of the purchased debt.

Purchased receivables

In certain instances, portfolios are bought which are collected within a few months. Such portfolios are amortized for the period until payment is received and reported under current assets. Revenue is reported in a similar way as for other purchased portfolios. Amounts paid on such portfolios are reported as revenue and amortization is treated as a production cost and reported as a cost of services sold.

Capitalized debt costs

The costs relating to securing bank financing are reported as other long-term receivables and amortized as financial expenses in the consolidated income statement over the life of loan, but not exceeding seven years.

Accounts receivables and reimbursable court costs

Accounts receivable represent invoiced amounts, including value-added tax, less an allowance for doubtful accounts. Provisions for doubtful accounts are recorded based on a review of outstanding amounts at the end of an accounting period. Bad debts are written off as they are identified.

The Group receives compensation for the court costs incurred in the United Kingdom when unpaid receivables are collected, assuming that collection is successful. These costs are deduced from the amount collected. The amount of paid court costs that are assessed could be recovered in this manner is reported as a receivable based on a review on ongoing court cases at year-end. Other legal costs are expensed as incurred.

Factoring receivables

The service Factoring was discontinued during the year. For the comparison year, however, the following accounting principle applied. Factoring receivable corresponded to the value the receivables Intrum Justitia received as collateral when originally pledged by the owner. These receivables are reported at the value of the collateral, which falls below the receivables' nominal value, and are classified as other receivables in the balance sheet.

Client funds

Client funds, which are reported as receivables and liabilities in the balance sheet, represent cash received on collection of a specific debt on behalf of clients and payable within a specified period upon receipt. These funds are reported as liquid funds with a restricted disposition right. The same amount is reported as debt.

Taxes

The tax expense for the year consists of income tax paid for the year and the change during the year in deferred tax liabilities and tax claims.

When differences arise between value for tax purposes and reported value of assets and liabilities, a deferred tax claim or tax liability is reported. Such temporary differences arise mainly from deferred subscription revenue, provisions for pensions and fixed assets. Deferred tax claims include the value of tax-loss carryforwards in the instances that they are likely to be utilized to offset taxable surpluses within the foreseeable future.

Deferred tax claims and tax liabilities are reported according to the tax rate in effect for the respective country on balance sheet date.

Provisions

The Group reports a provision when an obligation may arise as the result of a potential event, where it is likely that resources will be demanded for a settlement of the obligation and a reliable estimate of the amount can be made. Provision is made of an amount corresponding to best estimate of payment demanded for settling the obligation on the balance sheet date. Provisions are reviewed every balance sheet date. A provision for restructuring measures is made when an approved, detailed, formal restructuring plan exists, with well-founded expectations created among those who will be affected by the restructuring.

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 various pension systems.

For such pension arrangements in which the Group has committed itself to a defined contribution plan, the obligation vis-à-vis the employees ceases when the agreed premium has been paid to an insurance company or equivalent. Such pension plans are usually financed through payments from the employees as well as from the Group companies in question.

For other arrangements in which defined benefit pensions have been agreed, the obligations do not cease until the agreed pensions have been paid. Provisions for pensions are then reported with the aid of a so-called "projected unit credit method." With this method, the pension costs are written-off for the pension commitment in the income statement over the period of the employee's active employment.

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Pension obligations in Sweden which are met through pension-insurance premiums to Alecta within the so-called ITP plan, are reported as a defined contribution plan.

Revenue recognition

Revenue, consisting of commissions and collection fees, is generally recognized on collection of the debt. Subscription revenue is recognized ratably over the term of the underlying service contracts, which most often is one year.

Minority interests

The minority participations in the income statement consist of that portion of the subsidiary's net results, which are not directly or indirectly owned by the Parent Company. Minority interests in the balance sheet is that portion of shareholders' equity in the respective subsidiary not directly or indirectly owned by the Parent Company.

Cash flow statements

Cash flow statements are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR7 Cash flows. The Cash flow statements show changes in the cash position during the year. Cash flow is subdivided into cash flows from operations, investing activities and financing activities.

Foreign subsidiaries' transactions are translated in the Cash flow statements at the average exchange rate during the period. Subsidiaries purchased and sold are reported as cash flow from investing activities net, after deduction for liquid funds in the acquired or divested company.

Items affecting comparability

Items affecting comparability are exceptional items of non-recurrent nature that would distort the comparison between periods. For 2002, items affecting comparability are comprised of salary and other remuneration during the notice of employment termination period for the former Chief Executive Officer and President, Peter Sjunnesson. For 2001, items affecting comparability were repayment of pension funds from Alecta, costs related to acquiring the Intrum Finans brand and costs of capital procurement.

Net income per share

Net income per share consists of net result for the year divided by a weighted average of the number of shares outstanding during the year. The new share issue during the year is included in the calculation from the date when the share issue proceeds were paid to Intrum Justitia. At year-end 2002, there were no outstanding options, convertible debt instruments or the like.

Note 2 Revenues and operating earnings by Service Line and Geographic Region

	Group	
SEK M	2002	2001
Revenues by service line		
Consumer Collection & Debt Surveillance	1,597.1	1,343.4
Commercial & International Collection	706.0	587.7
Purchased Debt	163.1	136.0
Sales Ledger Services	101.2	65.7
Other services	276.0	224.2
Elimination of inter-service line revenue	–68.5	–36.4
Total	**2,774.9**	**2,320.6**
Operating earnings (EBITA) by service line		
Consumer Collection & Debt Surveillance	370.4	312.5
Commercial & International Collection	102.0	69.6
Purchased Debt	84.2	78.5
Sales Ledger Services	–37.4	–28.6
Other services	39.0	14.6
Central expenses	–76.8	–51.4
Items affecting comparability	–8.5	–11.5
Total	**472.9**	**383.7**
EBITA margin (%)		
Consumer Collection & Debt Surveillance	23.2	23.3
Commercial & International Collection	14.4	11.8
Purchased Debt	51.6	57.7
Sales Ledger Services	–37.0	–43.5
Other services	14.1	6.5
Group total	**17.0**	**16.5**
Revenues by Geographic Region		
Sweden, Norway & Denmark	712.0	617.6
United Kingdom & Ireland	525.4	484.6
Netherlands, Belgium & Germany	561.7	428.5
Switzerland, Austria & Italy	413.7	350.9
Finland, Estonia, Latvia & Lithuania	246.3	211.7
France, Spain & Portugal	192.4	125.7
Poland, Czech Republic & Hungary	123.4	101.6
Total	**2,774.9**	**2,320.6**
Operating earnings (EBITA) by Geographic Region		
Sweden, Norway & Denmark	170.6	141.7
United Kingdom & Ireland	115.3	99.2
Belgium, Netherlands & Germany	61.4	71.0
Switzerland, Austria & Italy	90.6	55.4
Finland, Estonia, Latvia & Lithuania	97.7	71.3
France, Spain & Portugal	6.8	–3.2
Poland, Czech Republic & Hungary	22.1	22.5
Central expenses	–83.1	–62.7
Items affecting comparability	–8.5	–11.5
Total	**472.9**	**383.7**
EBITA margin (%)		
Sweden, Norway & Denmark	24.0	22.9
United Kingdom & Ireland	21.9	20.5
Netherlands, Belgium & Germany	10.9	16.6
Switzerland, Austria & Italy	21.9	15.8
Finland, Estonia, Latvia & Lithuania	39.7	33.7
France, Spain & Portugal	3.5	–2.5
Poland, Czech Republic & Hungary	17.9	22.1
Group total	**17.0**	**16.5**

EBITA equals earnings before financial items, taxes and goodwill amortization but excludes minority interests.

EBITA margin equals EBITA as a percentage of net revenues.

Central expense which cannot be distributed by different geographic areas is reported under central expense, which also includes expenses for head office operations in Nacka and Amsterdam.

No significant sales take place between the various geographical areas. With collections on assignment by other geographic areas, the area collecting the liability is credited a market rate commission.

Note 3 Depreciation, amortization and write-off

	Group		Parent Company	
SEK M	2002	2001	2002	2001
Capitalized expenditures for software and other intangibles	–37.3	–23.6	–	–
Goodwill	–126.7	–142.2	–	–
Computer hardware	–33.5	–28.7	–0.1	–
Other equipment, tools, fixtures and fittings	–17.0	–15.6	–	–
Total	**–214.5**	**–210.1**	**–0.1**	**–**

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Notes

Note 4 Items affecting comparability

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Repayment of pension funds from Alecta	–	5.9	–	–
Acquisition of the "Intrum Finans" brand name	–	–13.8	–	–
Costs of capital procurement	–	–3.6	–	–
Severance pay for resigning President	–8.5	–	–8.5	–
Total	**–8.5**	**–11.5**	**–8.5**	**–**

Repayment of pension funds from Alecta pertains to surplus payment rebate pertaining to service pension insurance for employees in the Group's Swedish subsidiaries.

Acquisition of the Intrum Finans brand refers to the acquisition from Amfa Finans AB (formerly Intrum Finans AB) which, in accordance with a previous agreement had the right to use the Intrum Finans name as trade name.

Costs of capital procurement pertain to consultation in regard to capital procurement and preparatory to stock exchange listing.

The Company's then Chief Executive Officer and President, Peter Sjunnesson, resigned on September 19, 2002. Salary, bonus and benefits, incl social security expenses during his period of termination notice amounted to SEK 8.5 M.

Note 5 Participations in associated companies

SEK M	Group 2002	Group 2001
Netgiro International AB, Stockholm (Sweden)	–1.2	–2.5
Créancia SA, Paris (France)	8.2	–
Total	**7.0**	**–2.5**

The profit participation for Créancia SA for 2002 included SEK 6.4 M, constituting the capital gain from the sale of Intrum Justitia's holding in this company.

Note 6 Interest income and similar items

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Interest income from Group companies	–	–	62.2	–
Other interest income	8.8	11.3	0.1	–
Total	**8.8**	**11.3**	**62.3**	**–**

Note 7 Interest expenses and similar items

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Interest expenses	–97.5	–132.5	–	–
Translation differences	3.5	1.8	5.9	–
Amortization of capitalized debt costs	–1.9	–2.0	0.0	–
Other financial expenses	–20.7	–	–4.5	–
Total	**–116.6**	**–132.7**	**1.4**	**–**

Other financial expenses include capitalized debt costs expensed during 2002 in connection with certain loans having been repaid following new share issue. Other financial expenses include SEK 0.9 M pertaining to currency options subscribed to hedge the Group's balance-sheet exposure.

Note 8 Current and deferred tax on earnings for the year

Income (+)/loss (-) after financial items and tax liability for the year, from Swedish and foreign operations are as follows:

SEK M	Group 2002	Group 2001
Income after financial items		
Sweden	21.5	36.2
Foreign	216.9	83.9
Total	**238.4**	**120.1**
Current tax		
Sweden	–14.9	–11.5
Foreign	–52.2	–44.6
Deferred tax		
Sweden	6.3	–3.7
Foreign	–4.6	7.1
Total	**–65.4**	**–52.7**

Intrum Justitia AB is domiciled in Sweden, where the nominal corporate tax rate is 28%. The Group has operations in 21 countries in Europe, having varying tax rates. The following reconciliation explains the deviation between the Group's current tax cost and the anticipated tax cost, based on a corporate tax rate of 28%.

Reconciliation	Group 2002 MSEK	Group 2002 %	Group 2001 MSEK	Group 2001 %
Income after financial items	238.4		120.1	
Income tax calculated at standard rate in Sweden, 28%	**–66.8**	**28.0**	**–33.6**	**28.0**
Effect of different tax rates in other countries	34.1	–14.3	10.9	–9.1
Tax effect of nondeductible expenses	–56.0	23.5	–47.5	39.6
Utilized, previously unreported tax assets pertaining to loss carryforwards (net).	23.5	–9.9	10.4	–8.7
Tax income from liquidation of subsidiary	0.0	0.0	8.8	–7.3
Other	–0.2	0.1	–1.7	1.4
Tax on net result for the year	**–65.4**	**27.4**	**–52.7**	**43.9**

The effect of other tax rates in other countries pertains mainly to the favorable results of the Group's companies in Switzerland, where tax rates considerably less than 28% are in effect. Expenses not deductible for tax purposes pertain mainly to goodwill amortizations. Utilization of previously unrecognized tax losses is in reference to the favorable tax effect during the year arising through the utilization of loss carryforwards which had not previously been reported as a deferred tax asset, and the adverse tax effect during the year due to losses in other countries where no deferred tax asset is reported, for prudency reasons.

With differences between tax value and the reported value of assets and liabilities, a deferred tax claim or tax liability is reported. Such temporary differences arise mainly for provisions for pensions and fixed assets. Deferred tax claims include the value of tax-loss carryforwards in the instances that they are likely to be utilized to offset taxable surpluses within the foreseeable future.

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Notes

Note 8 continuation

Deferred tax recievables	Group 2002 Asset/ liability	Group 2002 Income/ cost	Group 2001 Asset/ liability	Group 2001 Income/ cost
Intangible assets	44.7	–2.3	44.9	–1.5
Provisions for pensions	5.6	–1.8	5.2	–
Loss carryforwards	38.6	5.1	8.7	–
Other	4.2	–0.5	0.5	–
Total	**93.1**	**0.5**	**59.3**	**–1.5**
Deferred tax liability				
Intangible assets	–5.6	–	5.0	1.9
Other	–14.9	1.2	–15.9	3.0
Total	**–20.5**	**1.2**	**–10.9**	**4.9**
Net	**72.6**	**1.7**	**48.4**	**3.4**

Deferred tax asset in the Parent Company refers to loss carryforwards.

Deferred tax claims and tax liabilities are offset when the income taxes relate to the same tax jurisdiction. The deferred tax assets and liabilities are considered to fall due for payment after more than one year.

The deduction entitlement which may be realizable in the future as a consequence of the group's accumulated losses in various countries amount at year-end 2002 to SEK 241.6 M (192.1).

Of the Group's total carryforwards, SEK 177.1 M pertains to losses in countries in which tax legislation now in effect allows deduction against future taxable surpluses without time limit. Time limits exist mainly with respect to the utilization of loss carryforwards in France, where SEK 24.0 M may be applied not later than the 2004 income year.

The value of loss carryforwards in the Group's different companies is reported as deferred tax claims and tax liabilities when it is likely that the loss carryforwards will be usable in the immediate years ahead.

In regard to the ongoing tax dispute in Sweden, refer to Note 24.

Note 9 Intangible fixed assets

SEK M	Group 2002	Group 2001
Capitalized development expenditure for software and other intangibles		
Acquisitions opening balance	277.6	267.0
Capitalized expenditures for the year	61.3	17.4
Disposals	–0.8	–21.0
Reclassification	8.8	–
Translation differences	–2.0	14.2
Accumulated acquisitions closing balance	**344.9**	**277.6**
Amortization opening balance	–80.8	–76.9
Disposals	0.8	20.6
Reclassification	–1.2	–
Amortization for the year	–37.3	–23.6
Translation differences	1.0	–0.9
Accumulated amortization closing balance	**–117.5**	**–80,8**
Write-downs opening balance	–115.8	–107.9
Translation differences	1.8	–7.9
Accumulated write-downs closing balance	**–114.0**	**–115.8**
Net book value	**113.4**	**81.0**

Note 9 continuation

SEK M	Group 2002	Group 2001
Goodwill		
Acquisitions opening balance	2,575.1	1,988.2
Acquisitions during the year	138.0	482.4
Sales and disposals	–2.8	–
Translation differences	–44.6	104.5
Accumulated acquisitions closing balance	**2,665.7**	**2,575.1**
Amortization opening balance	–757.4	–576.3
Sales and disposals	0.1	–
Amortization for the year	–126.7	–142.2
Translation differences	10.0	–38.9
Accumulated amortization closing balance	**–874.0**	**–757.4**
Net book value	**1,791.7**	**1,817.7**

Note 10 Tangible fixed assets

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Computer hardware				
Acquisitions opening balance	355.3	295.1	–	–
Investments for the year	33.9	53.5	0.1	–
Sales and disposals	–25.4	–15.1	–	–
Reclassifications	–3.6	0.0	–	–
Translation differences	–8.7	21.8	–	–
Accumulated acquisitions closing balance	**351.5**	**355.3**	**0.1**	**–**
Depreciation opening balance	–283.6	–250.6	–	–
Sales and disposals	19.3	12.6	–	–
Reclassifications	0.2	0.0	–	–
Depreciation for the year	–33.5	–28.7	–	–
Translation differences	7.0	–16.9	–	–
Accumulated depreciation closing balance	**–290.6**	**–283.6**	**–**	**–**
Net book value	**60.9**	**71.7**	**0.1**	**–**
Other equipment, tools, fixtures and fittings				
Acquisitions opening balance	162.3	146.1	–	–
Investments for the year	29.9	23.3	0.5	–
Sales and disposals	–28.2	–15.7	–	–
Reclassifications	–2.4	0.0	–	–
Translation differences	–2.3	8.6	–	–
Accumulated acquisitions closing balance	**159.3**	**162.3**	**0.5**	**–**
Depreciation opening balance	–109.1	–99.8	–	-
Sales and disposals	19.1	11.8	–	-
Reclassifications	0.1	0.0	–	-
Depreciation for the year	–17.0	–15.6	–0.1	–
Currency-exchange differences	1.7	–5.5	–	–
Accumulated depreciation closing balance	**–105.1**	**–109.1**	**–0.1**	**–**
Net book value	**54.2**	**53.2**	**0.4**	**–**

Cost of improvements on others' property is included in Other equipment, tools and fittings in the consolidated balance sheet with a residual value of SEK 13.7 M (21.1).

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Note 11 Participations in subsidiaries

Parent Company	Corporate identity	Domicile	Share of capital	Book value
SWEDEN				
Intrum Justitia International AB	556570-1181	Stockholm	100%	0.9

Group	Corporate identity	Domicile	Share of capital
SWEDEN			
Intrum Justitia International AB	556570-1181	Stockholm	100%
Subsidiaries within Intrum Justitia International AB Group			
THE NETHERLANDS			
I.C.S. International Collector Services BV	33.273.472	Amsterdam	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CH-020.3.020.910.7	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CH-170.3.026.065.5	Zug	100%
Intrum Justitia Licencing AG	CH-020.3.926.747.8	Zug	100%
SWEDEN			
Intrum Credit Agricole Indosuez Debt Finance AB (former Fair Pay AB)	556259-8606	Stockholm	50%
Subsidiaries within I.C.S. International Collector Services BV Group			
THE NETHERLANDS			
Intrum Justitia BV	33.204.349	Amsterdam	100%
Subsidiaries within Intrum Justitia BV Group			
Intrum Justitia Central Europe BV	33.241.142	Amsterdam	100%
Intrum Justitia Finance BV	33.229.790	Amsterdam	100%
Intrum Justitia International BV	33.273.504	Amsterdam	100%
Intrum Justitia Fair Pay Management BV	27.134.582	Amsterdam	100%
Intrum International BV	27.149.274	The Hague	100%
Intrum Justitia International Nederland BV	27.108.277	The Hague	100%
Justitia Janssen BV	27.085.767	The Hague	100%
Intrum Justitia Credit Services BV	27.155.019	The Hague	100%
Intrum Justitia European Outsourcing Services BV	24.289.495	The Hague	100%
BELGIUM			
Intrum Justitia Credit Management Services N.V	138.832	Gent	100%
Outsourcing Partners N.V	635.281	Gent	100%
DENMARK			
Intrum Justitia A/S	10613779	Copenhagen	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI14702468	Helsinki	100%
Cashpar Oy Cash Partners	FI10192288	Jyväskylä	100%
FRANCE			
Intrum Justitia France S.A.	B322 760 497	Lyon	100%
Intrum Justitia GRC S.A.	B385 373 162	Lyon	100%
Socegestion S.A.	B414 613 539	Nanterre	100%
Jean Riou Contentieux S.A.	B343 421 707	St. Herblain	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
ITALY			
Intrum Justitia SpA	3776980488	Milan	100%
LATVIA			
Intrum Justitia Sia	40003574557	Riga	70%
LITHUANIA			
UAB Intrum Justitia	2423517	Vilnius	80%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Bryn Fakturaservice AS	981 957 822	Oslo	100%
Bryn Creditservice AS	984 633 173	Oslo	100%
POLAND			
Intrum Justitia Sp.zo.o	521-28-85-709	Warsaw	100%
PFK Intrum Justitia Sp.zo.o	783-15-41-469	Poznan	100%
Kancelaria Prawnicza Maciej Panfil I Partner SK	521-31-27-632	Warsaw	75%
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%
PORTUGAL			
Intrum Justitia Portugal Lda	7318	Lisbon	100%
Via Executiva Gestao e Tecnologias de Cobranca Lda	NIPC504811363	Lisbon	100%
SPAIN			
Intrum International S.A.	A79927423	Madrid	100%
Intrum Justitia Ibérica S.A.	A28923712	Madrid	100%
Vía Ejecutiva S.A.	A28410785	Madrid	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Kiss Kredit Info Service System AG	CH-020.3.921.420-2	Zurich	100%
KISS Direct AG	CH-020.3.020.182-8	Zurich	50%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
UNITED KINGDOM			
Collector Services Limited	3515447	Stratford Upon-Avon	100%
Intrum Justitia (Holdings) Limited	1356148	Stratford Upon-Avon	100%
Intrum Justitia Limited	1918920	Stratford Upon-Avon	100%
Outstanding Services (Credit Control) Limited	1014132	Stratford Upon-Avon	100%
Bureau of Defaulters in England, Wales and Scotland Ltd	1007597	Stratford Upon-Avon	100%
Office of Debt Recovery Ltd	2852544	Stratford Upon-Avon	100%
CAS (Scotland) Ltd	SC70627	Edinburgh	51%
MTW associates Ltd	4164604	Liverpool	100%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%
Stirling Park LLP	SO300097	Glasgow	100%

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SWEDEN			
Intrum Justitia Sweden Holding AB	556542-7696	Stockholm	100%
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia Inkassosystem AB	556245-2309	Stockholm	100%
Fair Pay Management AB	556239-1655	Stockholm	100%
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Inkasso GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungs-management GmbH	HRB 53162	Eschborn	100%
Intrum Data Systems (Deutschland) GmbH	HRB 5345	Darmstadt	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző	01-09-268230	Budapest	100%
Szolgáltatás Kft Intrum Justitia Ingatlankezelő Kft	01-09-368860	Budapest	100%
Intrum Justitia Köreteléskezelő Rt	01-10-044857	Budapest	100%
AUSTRIA			
Intrum Justitia Inkasso GmbH	FN 48800s	Salzburg	100%
Intrum Creditcontrol Auskunftgesellschaft GmbH	FN 105105t	Salzburg	100%

The 50%-owned company Intrum Credit Agricole Indosuez Debt Finance AB, is managed jointly with the other owner and is therefore reported in accordance with the proportional method. The company reports a net profit of SEK 2.6 M and shareholders' equity of SEK 7.4 M.

Note 12 Participations in associated companies

SEK M	Corporate identity number	Share of capital	Group 2002	Group 2001
Créancia SA, Paris (France)	B 419 227 400	–	–	0.4
Island EHF, Reykjavik (Iceland)	701195-3109	20%	0.0	0.0
Seven companies within the Netgiro Group		–	–	0.0
Total			**0.0**	**0.4**

In February 2000, the group initiated a cooperative arrangement with Netgiro International AB, a company with operations in a number of European countries. In accordance with the agreement, Intrum Justitia owned 25% of each Netgiro operation, and indirectly 27.25%. These companies were reported at year-end 2001 as associated companies with zero book value. During 2002, Intrum Justitia's ownership in all these companies was converted to a direct ownership in the parent company Netgiro International AB, which is reported under Shares and participations in other companies, see Note 13. The shares in Créancia SA were divested in 2002.

Note 13 Shares and participations in other companies

SEK M	Share of capital	Group 2002	Group 2001
Netgiro International AB	9%	4.8	4.8
Other shares		0.6	0.3
Total		**5.4**	**5.1**

SEK M	2002	2001
Opening balance	5.1	6.4
Investments	4.3	2.3
Reclassifications	0.3	0.0
Write-downs	–4.5	–3.6
Currency-exchange differences	0.2	0.0
Closing balance	**5.4**	**5.1**

During 2002, Intrum Justitia made a non-cash asset distribution in the form of shares in the local Netgiro company in Netgiro International AB, whereby ownership share increased from 3% to 9%. See also Note 12.

Note 14 Purchased debt

SEK M	Group 2002	Group 2001
Acquisitions opening balance	1,384.9	1,222.0
Additions	257.6	106.0
Divested portfolios	–40.9	0.0
Translation differences	–29.4	56.9
Accumulated acquisitions closing balance	**1,572.2**	**1,384.9**
Amortization opening balance	–1,160.3	–1,028.7
Amortization for the year	–126.6	–82.9
Divested portfolios	6.3	0.0
Translation differences	21.7	–48.7
Accumulated amortization closing balance	**–1,258.9**	**–1,160.3**
Net book value	**313.3**	**224.6**

Note 15 Purchased receivables

SEK M	Group 2002	Group 2001
Acquisitions opening balance	175.8	91.2
Additions	97.4	76.0
Currency-exchange differences	17.8	8.6
Accumulated acquisitions closing balance	**291.0**	**175.8**
Amortization opening balance	–148.9	–78.5
Amortization for the year	–84.0	–63.0
Currency-exchange differences	–15.1	–7.4
Accumulated amortization closing balance	**–248.0**	**–148.9**
Net book value	**43.0**	**26.9**

Note 16 Prepaid expenses and accrued income

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Prepaid rent	8.4	7.5	–	–
Prepaid insurance premiums	0.8	0.7	–	–
Accrued income	17.7	4.4	–	–
Other	30.3	19.7	0.2	–
Total	**57.2**	**32.3**	**0.2**	**–**

Note 17 Equity

Group, SEK M	Shares out-standing	Share capital	Restricted reserves	Unrestricted reserves	Profit/loss	Total shareholders' equity
Intrum Justitia AB Group, opening balance	**43,936,470**	**0.9**	**–**	**0.9**	**–**	**–**
Shareholders' contribution				195.4		**195.4**
Balances assumed from Intrum Justitia Holding NV in connection with change of domicile			45.8	–331.9		**–286.1**
Shareholders' contribution				110.0		**110.0**
New share issue	41,049,134	0.8	1,372.8			**1,373.6**
Transfer between unrestricted and restricted equity			6.5	–6.5		**0.0**
Translation differences			–16.8	–12.5		**–29.3**
Net result for the year					173.3	**173,3**
Intrum Justitia AB Group, closing balance	**84,985,604**	**1.7**	**1,408.3**	**–45.5**	**173.3**	**1,537.8**

Parent Company, SEK M	Shares out-standing	Share capital	Share premium	Retained earnings	Profit/loss	Total shareholders' equity
Intrum Justitia AB, opening balance	**43,936,470**	**0.9**				**0.9**
Shareholders' contribution				305.4		305.4
New share issue	41,049,134	0.8	1,372.8			**1,373.6**
Net result for the year					–4.9	**–4.9**
Intrum Justitia AB Group, closing balance	**84,985,604**	**1.7**	**1,372.8**	**305.4**	**–4.9**	**1,675.0**

A legal restructuring of the Intrum Justitia Group took place in January 2002. The former parent company Intrum Justitia Holding NV was replaced by a Swedish parent company, Intrum Justitia AB (publ). Intrum Justitia Holding NV is thereafter no longer part of the Group.

Intrum Justitia AB received a shareholders' contribution of SEK 195.4 M on January 1, 2002. Intrum Justitia also took over balances in connection with the restructuring corresponding to profits brought forward and the relationship between unrestricted and restricted equity from the Intrum Justitia Holding NV Group.

Prior to the stock exchange listing, which took place in June 2002, the original main owners granted an additional shareholders' contribution of SEK 110.0 M and subscribed to 10,410,836 newly issued shares for SEK 12,582,000. The offer to other investors encompassed 30,638,298 newly issued shares with a subscription price of SEK 47 per share, that is, a total of SEK 1,440.0 M. The cost of the new share issue amounted to SEK 78.9 M net after tax of SEK 29.0 M, which in the financial statements reduced the issue amount.

Accumulated translation differences reported against shareholders' equity at year-end 2002 amounted to SEK 9.4 M (38.6).

The number of shares outstanding amounted at year-end 2002 to 84,985,604 shares, each with a nominal value of SEK 0.02. Share capital amounted to SEK 1.7 M. All shares have equal voting rights.

Note 18 Provisions for pensions and other similar commitments

The Group's personnel in the different companies are covered by various pension benefits. Some pension plans, in Norway, Switzerland and Germany, are defined benefit plans and wholly financed through assets which are administered by fund managers. Valuation of the plans is performed regularly by independent actuaries who apply the Projected Unit Credit Method.

Provisions for pensions at year-end can be sub-divided into the following components:

	Group	
SEK M	**2002**	**2001**
Present value of funded obligations	64.1	81.3
Fair value of assets	–46.0	–54.6
Present value of obligations	**18.1**	**26.7**
Unrecognized actuarial gains	1.4	2.7
Provisions for pensions	**19.5**	**29.4**

Change in balance sheet item Provisions for pensions specified as follows:

	Group	
SEK M	**2002**	**2001**
Opening balance	29.4	24.9
Net pension cost for the period	–6.6	9.3
Contribution paid	–3.1	–6.0
Translation differences	–0.2	1.2
Closing balance	**19.5**	**29.4**

The amounts reported as Net pension cost for the period is included in the consolidated income and is specified as follows:

	Group	
SEK M	**2002**	**2001**
Service cost	–6.6	8.9
Interest expense	1.3	3.4
Expected return on assets	–1.5	–3.0
Net actuarial gain during the year	0.2	0.0
Total pension cost	**–6.6**	**9.3**

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Not 18 continuation

In calculating Provisions for pensions, the following assumptions are used:

	Group	
SEK M	2002	2001
Discount rate	4.0–6.5%	4.0–6.5%
Expected increase rate in compensation	2.0–3.0%	2.0–3.0%
Expected return on assets	5.0–7.0%	5.0–7.0%
Expected pension increases	1.5–3.0%	1.5–3.0%
Adjustment to social security base	2.5–3.0%	2.5–3.0%

The Group also finances a number of defined contribution plans. The Group's costs for these amounted to SEK 51.0 M (27.3). Pension obligations in Sweden, which are fulfilled through pension insurance premiums to Alecta within the so-called ITP plan, are reported as defined contribution plans.

Note 19 Other provisions

	Group	
SEK M	2002	2001
Restructuring provision, Dun & Bradstreet RMS	0.0	18.8
Restructuring provision, Vía Ejecutiva	0.1	4.6
Restructuring provision, Stirling Park	2.0	–
Total	**2.1**	**23.4**

	Group	
SEK M	2002	2001
Opening balances	23.4	0.0
Provisions for the year	3.2	32.2
Release during the year	–24.1	–9.5
Translation differences	–0.4	0.7
Closing balances	**2.1**	**23.4**

In connection with the acquisition of Dun & Bradstreet RMS in May 2001, a provision of SEK 27.6 M was made for restructuring costs, including redundancies, premises and IT agreements. During 2001, SEK 9.5 M of the provision was used and during 2002 SEK 18.5 M was used to cover such costs. As of December 31, 2002, none of the reserve remained.

A provision of SEK 4.7 M was made for restructuring costs, including redundancies and premises, when Vía Ejecutiva was acquired in December 2001. None of the provision was used during 2001. During 2002, SEK 4.5 M was used. As of December 31, 2002, the remainder of the provision amounted to SEK 0.1 M, which is expected to be placed in operation during 2003.

In connection with the acquisition of Stirling Park in August 2002, a provision of SEK 3.2 M was made for restructuring costs, including redundancies and premises. During 2002, SEK 1.2 M was used. As of December 31, 2002, SEK 2.0 M remained.

Note 20 Liabilities to credit institutions

	Group	
SEK M	2002	2001
Long-term	621.8	853.8
Current	285.0	421.7
Total	**906.8**	**1,275.5**

The Group has had since March 29, 2001 a multicurrency credit agreement with Svenska Handelsbanken AB. This credit agreement is a so-called "Senior Credit Facility" which consists of a revolving loan facility of SEK 183.3 million (EUR 20 M), including a guarantee facility, and two term loans, originally of SEK 1,191.9 M (EUR 130 M). At year-end 2002, the Group had utilized SEK 90.9 M (EUR 9.9 M) of the revolving loan facility and a total of SEK 842.0 M (EUR 91.8 M) of the term loan. The loan is based on a variable rate based on LIBOR. There were a number of operating and financial covenants associated with the Senior Credit Facility, whereby the main covenants require that the Company maintain certain cash flow ratios. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Company 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 any merger agreement.

For fair values of the Group's maximum and minimum interest rate levels, refer to Note 31.

On March 11, 2001 the Company entered into a mezzanine credit agreement with Skandinaviska Enskilda Banken AB corresponding to EUR 25 M, reported as a long-term liability to credit institutions. The loan was redeemed June 12, 2002 in connection with the Company's new share issue and stock exchange listing.

	Group	
SEK M	2002	2001
Maturities of long-term bank borrowings		
Between 1 and 2 years	218.3	242.0
Between 2 and 3 years	218.3	242.0
Between 3 and 4 years	168.0	242.0
Between 4 and 5 years	17.2	127.8
Total	**621.8**	**853.8**

	Group	
SEK M	2002	2001
Unused lines of credit outstanding:		
Expiring within one year	53.3	36.1
Expiring beyond one year	167.9	185.8
Total	**221.1**	**221.9**

Note 21 Shareholders' mezzanine loan

The Group at year-end 2001 had liabilities to the two main shareholders in the form of a long-term shareholders' Mezzanine Loan Agreement denominated in EUR, bearing 10% interest per annum. This shareholder loan was redeemed in its entirety in June 2002, as a result of the new share issue.

Note 22 Accrued expenses and prepaid income

	Group		Parent Company	
SEK M	2002	2001	2002	2001
Accrued social security expenses	28.4	62.4	0.8	–
Accrued vacation pay	43.3	36.5	1.1	–
Accrued bonus cost	48.6	32.2	2.1	–
Accrued compensation to former President	7.7	–	7.7	–
Prepaid subscription income	55.3	51.6	–	–
Provision for losses on credit card guarantees	36.8	30.1	–	–
Other accrued expenses	102.4	128.4	5.5	–
Total	**322.5**	**341.2**	**17.2**	**–**

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Note 23 Pledged assets

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Net assets in subsidiaries (pleged shares)	1,506.0	1,542.7	0.9	–

The shares of a number of the Group's operating companies are pledged as collateral for the Group's credits in Svenska Handelsbanken. The amount of the pledged assets in the consolidated accounts is comprised of the consolidated value of net assets in the subsidiaries whose shares are pledged. The amount in the Parent Company pertains to the book value of the pledged shares directly owned by the Parent Company.

Note 24 Contingent liabilities

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Guarantees for credit card debts	2,323.6	2,265.9	–	–
Dispute with Swedish tax authority	24.5	–	–	–
Other contingent liabilities	3.3	64.5	–	–
Total	**2,351.4**	**2,330.4**	**–**	**–**

Credit card guarantees

In combination with other services sold in Switzerland, the Group has issued guarantees for credit card debts totaling SEK 2,323.6 M (2,265.9). The Group's main risk relates to those portions of the credit card debts that are more than 30 days overdue, which amounted to SEK 336.6 M (152.2). The Group has booked an accrual for what is considered as the expected loss according to calculations based on historic experience and future expectations.

Dispute with Swedish tax authority

The Tax Authority in Stockholm, following a tax audit, has questioned certain deduction items in the Swedish subsidiary's tax returns and made an upward tax assessment in the amount of SEK 87.4 M for the 2000–2001 tax years. The company has appealled the tax authority's upward assessment to the county administrative court and considers that the tax authority's ruling will not result in any cost to the company. Accordingly, no provision is being made in the year's accounts. The reported contin-gent liability corresponds to the tax effect of the total amount of the tax authority's ruling.

Tax audits were also carried out in Norway, Denmark and Finland during the year. However, the tax authorities in these countries have, at least for the time being, only asked questions, with no ruling to increase assessments having been made.

Other

In conjunction with the redomiciliation of the parent company, a loss indemnity guarantee was issued to Industri Kapital 1997 Fund and Synergy. The former parent company was liquidated during 2002 and the indemnity is no longer valid.

Visegrad NV, which is partly owned by Intrum Justitia's Regional Managing Director and former employees of Intrum Justitia's subsidiaries in Poland, the Czech Republic and Hungary, has an option to purchase up to 40 percent of Intrum Justitia Central Europe BV by January 1, 2005 at a price of USD 40,000. Intrum Justitia Central Europe BV is holding company for the Group's operating companies in Poland, the Czech Republic and Hungary. If Visegrad NV exercises this option, Intrum Justitia has the option to repurchase 20 percent of Intrum Justitia Central Europe BV from Visegrad NV. This option may be exercised on or after January 1, 2004. If Intrum Justitia exercises this option, the purchase price for Visegrad NV's 20 percent interest will be 16 percent of the applicable value of the EBITDA-multiple, multiplied by the EBITDA for Intrum Justitia's operations in Poland, the Czech Republic and Hungary. As a consequence of this option, Intrum Justitia reserved SEK 3.8 M related to shareholders' equity that would have been owned by the minority if the options had been exercised at year-end.

The Group is involved in various legal actions in the normal course of business. In the opinion of management, the outcome of such actions is not expected to give rise to any significant loss.

On May 22, 2002, an application for summons was made to Nacka district court by Tore Nuland against Intrum Justitia AB, and others. The summons application pertains to claims that Norwegian courts dismissed in the late 1980s, without possibility of appeal. Intrum Justitia considers the claims are unfounded and therefore is reporting no contingent liability.

Note 25 Average number of employees

	Group				Parent Company			
	2002		2001		2002		2001	
SEK M	Number of employees	Number of men	Number of employees	Number of men	Number of employees	Number of men	Number of employees	Number of men
Sweden, Norway & Denmark	472	169	468	175	–	–	–	–
United Kingdom & Ireland	526	185	496	155	–	–	–	–
Belgium, Netherlands & Germany	596	315	507	200	–	–	–	–
Switzerland, Austria & Italy	295	118	273	99	–	–	–	-
Finland, Estonia, Latvia & Lithuania	255	60	223	56	–	–	–	–
France, Spain & Portugal	274	108	205	72	–	–	–	–
Poland, Czech Republic & Hungary	227	91	207	74	–	–	–	–
Head offices and central operations	16	9	17	12	9	6	–	–
Total	**2,661**	**1,055**	**2,396**	**843**	**9**	**6**	**–**	**–**

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Note 26 Salaries, other remuneration and social security costs

SEK M	Group 2002 Salaries, other remuneration and social security cost	Group 2001 Salaries, other remuneration and social security cost	Parent Company 2002 Salaries, other remuneration and social security cost	Parent Company 2001 Salaries, other remuneration and social security cost
Total salaries and other remuneration, Board, President and Executive Vice President	**53.5**	**40.3**	**13.2**	**–**
Other employees				
Sweden, Norway & Denmark	168.4	154.3	–	–
United Kingdom & Ireland	126.9	99.6	–	–
Belgium, Netherlands & Germany	182.0	137.4	–	–
Switzerland, Austria & Italy	107.0	95.9	–	–
Finland, Estonia, Latvia & Lithuania	62.1	53.1	–	–
France, Spain & Portugal	63.9	44.2	–	–
Poland, Czech Republic & Hungary	24.0	26.9	–	–
Head offices and central operations	15.7	25.2	7.1	–
Total salaries and other remuneration, other employees	**750.0**	**636.6**	**7.1**	**–**
Total salaries and other remuneration, Group	**803.5**	**676.9**	**20.3**	**–**
Social security costs	**182.2**	**148.0**	**9.0**	**–**
Of which pension costs	**44.0**	**26.2**	**2.5**	**–**

Note 27 Terms and conditions of employment for senior executives

Remuneration and benefits during the year

SEK 000s	Base salary/ fee	Variable remuneration	Other benefits	Pension costs	Total
Board Chairman, Bo Ingemarson	*	0	0	0	*
President until 19 Sep., Peter Sjunnesson	3,060	534	0	360	3,954
CFO, and from 19 Sep. CEO, Bertil Persson	1,485	456	71	371	2,383
Other senior executives (six persons)	10,472	9,506	731	1,380	22,089
Total	**15,017**	**10,496**	**802**	**2,111**	**28,426**

*See below

The President through September 19, 2002 was Peter Sjunnesson. Employment was with the provison of twelve months' notice of employment termination. Salary and pension costs during the notice period was reserved in connection with Sjunnesson leaving his post in September. The Company also reserved additional remun-eration in connection with his resignation totaling SEK 3 M, of which SEK 1.5 M is to be paid in 2003 and SEK 1.5 M in 2004. These are included in a total accrual of SEK 8.5 M made in connection with his giving notice of resignation.

The Board Chairman Bo Ingemarson receives a fee of SEK 600,000 for the position as the Chairman of the company during the period April 22, 2002 – May 13, 2003, of which SEK 0 was paid in 2002. During the period September 19, 2002 through February 25, 2003 he received an additional SEK 1 M for serving as working Chairman of which SEK 400,000 was paid in 2002.

Other members of Group Management Team during the year were Henning Bensland, Jim Burton, Jean Marie de Dobbelaere, Thomas Feodoroff, Benno Oertig and Jan Steenberg. They receive salary, variable remuneration, pensions and, in certain cases, other benefits. In some employment contracts, pensions and other benefits are included in a monthly amount for self-subscription to pension insurance whereas other have a monthly salary, provisions for pension and other benefits. The provisions for pension vary from including up to 25% of monthly salary depending on country of residence and legislation. Pension age is 65. The variable remuneration is based on set goals and results within one's own area of responsibility, and the Group's operating income. Other benefits consist of company car benefits.

Regional manager Henning Bensland is part owner of a company which has the option of acquiring up to 40% of the shares in Intrum Justitia Central Europe BV. Refer to Note 24.

Notice of employment termination for members of Group Management Team varies from 6 to 24 months, both where termination is initiated by the employee or by the Company.

There is a Remuneration Committee responsible for recommendations regarding the principles for remuneration to senior executives, which includes principles for variable remuneration and the size of any salary increases.

The Remuneration Committee comprises Bo Ingemarson, Reinhold Geijer and Dennis Punches.

Remuneration to the President for fiscal year 2002 was decided by the Board of Directors based on recommendations from the Board Chairman and Remuneration Committee. Remuneration to other senior executives was decided by the President in consultation with the Board Chairman and the Remuneration Committee. All remuneration (fixed and variable) that involve a total of EUR 125,000 must be decided by the Remuneration Committee.

Note 28 Fees to auditors

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Audit assignments				
Öhrlings PricewaterhouseCoopers	4.7	4.3	0.7	–
Other auditors	1.4	0.4	0.0	–
Total audit assignments	**6.1**	**4.7**	**0.7**	**–**
Other assignments, Öhrlings PricewaterhouseCoopers				
Audit consulting-related work	1.5	1.8	0.5	–
Listing-related work	5.8	11.6	0.0	–
Due diligence related to acquisition of D&B RMS	0.0	11.0	0.0	–
Other consultation	3.5	8.4	0.0	–
Total	**10.8**	**32.8**	**0.5**	**–**

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Note 29 Operational leasing

The nominal value of future minimum lease payments for non-cancelable operating leases are as follows:

SEK M	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Obligations for rental payments for irrevocable rental contracts				
Year 1	103.3	77.7	1.0	–
Year 2–4	163.7	153.5	1.4	–
Year 5 and thereafter	33.5	31.0	0.0	–
Total	**300.5**	**262.2**	**2.4**	–

Group leasing costs for operational leasing in 2002 amounted to SEK 105.9 M (95.8).

Note 30 Financial leasing

SEK M	Group 2002	Group 2001
Minimum lease payments and their present value		
Within one year	0.5	0.7
Later than one year but less than five years	0.6	1.2
Later than five years	–	–
Total	**1.1**	**1.9**

The present value of future leasing payments according to financial leasing contracts is reported in the balance sheet under the item Other liabilities.

Note 31 Financial Instruments and Concentration of Risk

Derivatives

On July 14, 1998, the Group entered into various interest rate cap and floor contracts. These agreements combine to create an interest rate collar on certain bank borrowings with variable interest rates by the Group. The contracts mature by July 14, 2003 for the derivatives with both caps and floors. The derivatives with only floors will mature by October 26, 2006.

Selected information related to the Group's caps and floors as of December 31, 2002 is presented below:

Local currency	Notional amount	Cap rate	Floor rate
GBP	5,000,000	9.00%	5.00%
CHF	8,000,000	5.00%	1.50%
EUR	3,195,571	6.00%	3.00%
NOK	32,000,000	7.00%	3.00%
SEK	64,000,000	7.00%	3.00%

The balances reported at December 31 were as follows:

SEK M	Group 2002	Group 2001
Balances		
Caps premiums paid	1.3	1.9
of which will be amortized within one year	0.6	0.4
Floors premiums received	0.0	0.1
of which will be amortized within one year	0.0	0.0

Fair value

The fair values of the Company's caps and floors at December 31, were as follows:

SEK M	Group 2002	Group 2001
Fair value		
Caps	0.3	2.4
Floors	0.9	0.1

The fair values presented above are the amounts that the Company would receive and pay respectively, to terminate the contracts at the balance sheet date based upon estimates obtained from external parties.

Credit risk

Financial assets, which potentially subject the Group to credit risk, consist of cash equivalents, accounts receivable, purchased debt and derivative contracts. The Group's cash equivalents consist primarily of bank balances and other short-term financial assets with remaining durations of less than three months.

The Group has deposited its cash equivalents with high quality financial institutions, from which the Companies believe the risk of loss to be remote. The Group has accounts receivable and purchased debt from customers who operate in various industries and are not concentrated in any specific geographic region. The credit risk from the Group's interest rate cap and floor contracts derive from the counter-party to the transaction, typically a major bank or financial institution. The Company does not anticipate non-performance by such counter-parties.

In the United Kingdom, court costs incurred to collect outstanding debts are capitalized as these costs are reimbursed to the Group when the litigation has been finalized and the case successfully settled. Provisions for doubtful recovery of these costs are recorded based on a review of the outstanding litigation at the end of an accounting period. Realized losses for court costs are expensed as identified.

Exchange rate risk

Although the financial statements are presented in SEK, approximately 86% (85% in 2001) of the revenues derived from non-SEK operations. The results of operations and financial position of non-SEK operations and indebtedness are translated into SEK for financial statement purposes. Therefore, fluctuations in the exchange rates between the SEK and other currencies could adversely affect results of operations and the financial position as reported in the consolidated financial statements.

Note 32 Company acquisitions

2001 Acquisitions

On May 1, 2001, the Company acquired the European Receivables Management Services operations of Dun & Bradstreet in twelve different countries, for a cash consideration of SEK 452.6 M. The acquisition contributed revenues of SEK 300 M and operating income before goodwill of SEK 21 M for the period from May through December 2001.

On December 31, 2001, the Company acquired the Spanish/Portuguese debt collection company Vía Ejecutiva for a cash consideration of SEK 2.8 M.

During 2001, the Company also acquired the remaining 40% of the shares in the partly owned subsidiary Intrum Justitia Portugal.

On December 12, 2001, another joint venture agreement was reached with SIA Finansu Resursu Parvalce to establish SIA Intrum Justitia. In accordance with agreement conditions, Intrum Justitia acquired 70% of the shares in the company for SEK 0.5 M.

2002 Acquisitions

On July 17, 2002, Intrum Justitia acquired Stirling Park, one of Scotland's largest companies in the collection-related services. The acquisition price was earnings-based and estimated to amount to a maximum of SEK 118.2 M, of which SEK 88.6 M was cash payment during 2002. The acquisition gave rise to SEK 116.5 M of goodwill, including acquisition costs.

The French collection company Jean Riou Contentieux was acquired December 31, 2002 for SEK 28.6 M. The acquisition gave rise to SEK 24.3 M of goodwill, including acquisition costs. In January 2003, following the fiscal year-end, the French collection company Cofreco was acquired for a cash consideration of SEK 53.1 M, which gave rise to SEK 36.6 M of goodwill.

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Notes

Note 33 Transactions with related parties

SEK M	Group 2002	Group 2001
Sales of services		
Amfa Finans AB (sale of credit information)	1.0	1.0
Dustin Partner AB (sale of sales ledger services)	4.7	4.4
Total	**5.7**	**5.4**
Purchase of services		
Meteorit AB (purchase IT consultancy services)	9.4	10.1
Dustin Partner AB (purchase of IT equipment)	0.2	0.0
Travel Focus (purchase of tickets and other travel services)	3.2	4.0
Vectis NV (rent of premise, purchase of IT equipment)	0.5	0.5
M5 Ltd. (purchase of IT consultancy services)	0.5	–
Fathom Ltd. (purchase of IT consultancy services)	3.3	–
Total	**17.1**	**14.6**
Sales of companies		
Intrum Justitia Inkasso Antillia BV (indemnity payment to City Plaza Inc.)	–	4.7
Total	–	**4.7**
Acquisition costs:		
Purchase of "Intrum Finans" brand name from Amfa Finans AB	–	13.8
Total	–	**13.8**
Receivables:		
Amfa Finans AB (receivables)	0.3	0.2
Dustin Partner AB (receivables)	0.5	0.0
Total	**0.8**	**0.2**
Payables:		
Loan from Industri Kapital 1997 Fund and Synergy Ltd including accrued interest	–	536.5
Pension commitment	1.4	1.4
Total	**1.4**	**537.9**

Amfa Finans AB (formerly Intrum Finans AB) is a company ultimately owned and controlled by Bo Göransson, Board member of Intrum Justitia AB.

Dustin Partner AB is a company in which the president of one of the Group's subsidiaries is a Board member and a part owner.

Meteorit AB is partly owned by the brother-in-law of former Chief Executive Officer and President, Peter Sjunnesson.

Bo Göransson, Board member of Intrum Justitia AB, is also a Board member and co-owner of Travel Focus Ltd.

Vectis NV is owned by Jean Marie de Dobbelaere who, during 2002, has been regional manager and member of Intrum Justitia AB's Group Management Team.

M5 Ltd. is partly owned by James Burton, Regional Managing Director and member of the Management Group of Intrum Justitia. Burton is also Board Member of Fathom Ltd. though not co-owner.

Intrum Justitia Inkasso Antillia NV was sold during 2001 to City Plaza Inc, a company controlled by Bo Göransson, Board member of Intrum Justitia AB. In connection with the sale, an indemnity payment of SEK 4.7 M was made to the buyer.

At year-end 2001, the Group had liabilities to Industri Kapital 1997 Fund and Synergy Ltd in the form of an outstanding mezzanine loan, including accrued interest. Compare with Note 21. The loan was redeemed in June 2002 in the amount of SEK 546.5 M, including accrued interest.

Pension obligations pertain to a widow's pension for Bo Göransson's mother.

All transactions with related parties are made in accordance with market conditions, on an arms-length basis.

Stockholm, Sweden, March 18, 2003

Bo Ingemarson Chairman	Björn Fröling	Reinhold Geijer	Bo Göransson
Maria Lilja	Dennis Punches	Christian Salamon	Jan Roxendal President & CEO

Our Audit Report was submitted on March 18, 2003.

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

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Audit Report

To the Annual General Meeting of Intrum Justitia AB (publ.)
Corporate Identity Number: 556607-7581

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Intrum Justitia AB (publ) for the year 2002. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts.

As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, March 18, 2003

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

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Board of Directors and Auditors


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1. Bo Ingemarson, age 52, Chairman
Bo Ingemarson is also Chairman of Ostnor AB and a member of the Board of Directors of Munters AB, a member of the of the Royal Swedish Academy of Engineering Sciences – Business Executive Council, and Vice Chairman of Uppsala University. He has served as CFO of Sparbanken Sverige AB (1991-1993), Skanska AB (1993-1997), Försäkringsaktiebolaget Skandia AB (1997-1999), and most recently as President and CEO of If Skadeförsäkring AB. He holds an M.Sc. from the Stockholm School of Economics, Sweden.
Number of shares in Intrum Justitia AB: 17,000

2. Björn Fröling, age 46
Björn Fröling is an independent consultant. He is a member of the Boards of Directors of Malmö Aviation AB, Braganza AS, Talisman Energy AB and E. Öhman J:or Fondkommission AB. He was previously active in investment banking, most recently as Managing Director and Partner in Lazard AB until 2000 and prior to that Brummer & Partners AB and Alfred Berg. He holds an M.Sc. from the Stockholm School of Economics, Sweden.
Number of shares in Intrum Justitia AB: 20,000

3. Reinhold Geijer, age 50
Reinhold Geijer is President and CEO of Nordisk Renting AB and a member of a number of Boards of Directors, including those of BTS AB, Nefab AB, OEM International AB and the Seventh Swedish Pension Fund. He was previously Assistant to the CEO of SSAB Svenskt Stål, Marketing and Sales Director in Ericsson Radio Systems AB's division for mobile communication systems business unit and CEO of Sparbanken Finans, CEO of AB Spintab, and President and CEO of Sparbanken Sverige and FöreningsSparbanken AB. He holds an M.Sc. from the Stockholm School of Economics, Sweden.
Number of shares in Intrum Justitia AB: 12,000

4. Bo Göransson, age 65
Bo Göransson acquired the company in 1971 and served as its CEO or Chairman during different periods until 1998. He is the Chairman of the Board of Directors of Parkerhouse Investments B.V. and Amfa Finans AB. He also serves as a Director of Collection House Ltd, and of Travel Focus Ltd.
Number of shares in Intrum Justitia AB: 21,440,669

5. Maria Lilja, age 58
Maria Lilja is Chairwoman of the Board of Directors of Cell Network AB and is a member of the Boards of Bilia AB, Bure Equity AB, Försäkringsaktiebolaget Skandia AB, Poolia AB and Diageo plc. She was President and CEO of Nyman & Schultz from 1993 to 1996, and Head of European Operations for American Express Corporate Travel Team from 1996 to 2000. She holds a degree in Market Economics at Reklam- och Marknadsinstitutet in Stockholm, Sweden.
Number of shares in Intrum Justitia AB: 100,000

6. Dennis Punches, age 67
Dennis Punches is President of Payback, LP, a real estate and investment partnership in the United States. He is also Chairman of the Board of Directors of Attention, LLC, USA and a Director of Call Solutions, Inc., USA and Non-Executive Chairman of Collection House Ltd. He was President for 26 years and Board Chairman for 11 years at Payco American Corporation. He holds a B.Sc. from Carroll College, Wisconsin, USA.
Number of shares in Intrum Justitia AB: 123,000

7. Christian Salamon, age 42
Christian Salamon has been a Director of Industri Kapital since 1997. From 1988 to 1997, he worked for McKinsey & Co. in Scandinavia and, prior to that, for the Atlas Copco Group in Switzerland. He is also a member of the Boards of Directors of Alfa Laval AB, Arca Systems International AB, Oriflame Cosmetics SA and Telefos AB. He holds an MBA from Harvard Business School and an M.Sc. from the Royal Institute of Technology in Stockholm, Sweden.
Number of shares in Intrum Justitia AB: 0

DEPUTY BOARD MEMBERS

8. Rolf Granström, age 62
Rolf Granström held various positions at LM Ericsson from 1980 to 2001, including President of its subsidiaries in Hong Kong, Mexico, Thailand and India and, most recently, as Vice President and Head of Corporate Market Coordination at the head office in Stockholm. He serves on the Boards of Directors of Parkerhouse Investments B.V., Amfa Finans AB and Financial Systems FS AB. He is a graduate of the senior management program at Harvard Business School.
Number of shares in Intrum Justitia AB: 119,035

9. Stefan Linder, age 34
Stefan Linder is a Director of Industri Kapital, which he joined in 1996. Previously, he worked in the Investment Banking Division of Morgan Stanley & Co. Ltd. in London. He is a member of the Boards of Directors of Consolis Oy Ab, Oriflame Cosmetics SA, and Sydsvenska Kemi AB and Deputy member of Dynea Oy. He holds an M.Sc. from the Stockholm School of Economics, Sweden.
Number of shares in Intrum Justitia AB: 0

STATUTORY AUDITORS

Öhrlings PricewaterhouseCoopers AB
The company's statutory auditors are Öhrlings PricewaterhouseCoopers AB, with authorized public accountant Michael Bengtsson, aged 43, as the responsible auditor. He has been in charge of the auditing of Intrum Justitia AB since June 2001. The accountant is elected for a period of 4 years, starting 2001.

The indicated number of shares includes those held via companies and by family members and is valid as at December 31, 2002.

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Group Management Team


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1. Jan Roxendal, age 49, President and Chief Executive Officer
Jan Roxendal assumed his duties as President and CEO of Intrum Justitia on February 25, 2003. He joins the company from ABB, where he was in charge of the Financial Services division and was Executive Vice President of ABB Ltd. in Switzerland. He joined ASEA/ABB in 1984 and was appointed President of the Financial Services business area in 1991, reporting directly to the President of the ABB Group. From 1998 to 2002 he was also a member of ABB's Group management. Before joining ABB he worked at SEB and Swedish Export Credit. As a result of his background in banking, he holds a Higher General Banking Certificate.
Number of shares in Intrum Justitia AB: 15,000[1]

2. Bertil Persson, age 51, Administrative Director and Chief Financial Officer
Bertil Persson has been an employee at Intrum Justitia since December 2000. When the previous President and CEO, Peter Sjunnesson, left the position in September 2002, Bertil Persson was appointed Executive Vice President and acting CEO. When Jan Roxendal assumed his duties as President, Bertil Persson returned to the position of Administrative Director and CFO. From 1999 to December 2000, he was President and CEO of the IT service provider Netsys Software Group. Between 1997 and 1999, he was CFO at Frontec, and during the period from 1988 to 1996 he held the position of Executive Vice President and CFO at various subsidiaries within Procordia. He holds a B.Sc. in Economics from Stockholm University, Sweden.
Number of shares in Intrum Justitia AB: 59,518

3. Henning Bensland, age 40, Regional Managing Director
Henning Bensland joined the company in 1993 and has been Regional Managing Director of the Poland, Czech Republic & Hungary region since 1999. During 2002, the area of responsibility was expanded to also include Germany. From 1992 to 1993, Henning Bensland was Business Development Director of Kontrax Telekom. Between 1988 and 1992, he held the positions of Area Manager and Product Manager at LM Ericsson. He holds a B.Sc. in Economics from Stockholm University and an M.Sc. in Engineering from the Royal Institute of Technology in Stockholm.
Number of shares in Intrum Justitia AB: 178,584

4. James Burton, age 43, Regional Managing Director
James Burton is Regional Managing Director of the United Kingdom & Ireland region, as well as the Netherlands and Belgium. He joined the company in 1997. From 1986 to 1997 he worked in the Global Consumer Finance Operations division at GE Capital, where his last role was as Executive Vice President, Global operations. Prior to this, he worked in the domestic banking and commercial lending sector in the United Kingdom. He is also a Director of a number of trade organizations in the United Kingdom.
Number of shares in Intrum Justitia AB: 297,657

5. Thomas Feodoroff, age 50, Regional Managing Director
Thomas Feodoroff has been employed by the company since 1979 and is the Regional Managing Director for Finland, Estonia, Latvia & Lithuania. He studied at the Swedish School of Economics and Business Administration in Helsinki, Finland.
Number of shares in Intrum Justitia AB: 297,587

6. Benno Oertig, age 50, Regional Managing Director
Benno Oertig was responsible for Group marketing during the period 1991–1994 and subsequently became Regional Managing Director of the Switzerland, Austria & Italy region. He was co-owner of Creditcontrol Data AG, which was acquired by Intrum Justitia in 1992.
Number of shares in Intrum Justitia AB: 300,000

7. Jan Steenberg, age 43, Regional Managing Director
Jan Steenberg has been an employee at Intrum Justitia since 1984. He has been Regional Managing Director of the Sweden, Norway & Denmark region since 1999. As of February 2003, Steenberg is also acting Regional Managing Director of the France, Spain & Portugal region. He has previously held various positions in the Norwegian unit, including Finance Manager and Managing Director. He holds a degree from the School of Management, Business and Industry in Oslo, Norway.
Number of shares in Intrum Justitia AB: 297,782

The indicated number of shares includes those held via companies and by family members and is valid as at December 31, 2002.

[1] Purchased on February 26, 2003.

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ANNUAL GENERAL MEETING AND REPORT DATES

Annual General Meeting

The Annual General Meeting of Intrum Justitia AB will be held on Tuesday, May 13, 2003, at 4.00 p.m. (CET), at World Trade Center, Klarabergsviadukten 70, section D, Stockholm, Sweden.

Notification

Shareholders who wish to participate in the Meeting:

- must be recorded in the share register maintained by VPC AB (Swedish Securities Register Center) not later than Friday, May 2, 2003, and
- must notify Intrum Justitia of their intention to participate in the Meeting not later than 4.00 p.m. (CET), on Thursday, May 8, 2003. Notification may be performed as follows:
  – via the company's website: www.intrum.com
  – by e-mail to agm@intrum.com
  – by fax to +46 8 546 10 211
  – by post to Intrum Justitia AB, "AGM", 105 24 Stockholm, Sweden.

In their notification, shareholders must give the following information: name, personal or corporate identity number, address, telephone number (daytime), shareholding and, if applicable, the name of any assistant (max. two) who will be accompanying the shareholder to the Meeting. Any power of attorney must be presented in the original, not by telefax or via the Internet.

To be entitled to participate in the Meeting, a shareholder who has transferred shares to the bank, or to a Securities institute, must request that the trustee temporarily re-register the shares with VPC in the holder's own name. Shareholders who require such reregistration must inform their trustee to this effect well in advance of Friday, May 2, 2003 by which date the trustee should be registered.

Dividend

The Board of Directors will propose payment of a dividend of SEK 1.00 per share for fiscal year 2002, and propose Friday, May 16, 2003 as the record date for payment. If shareholders at the Annual General Meeting approve this proposal, it is expected that dividend payments will be mailed out by VPC on Wednesday, May 21, 2003.

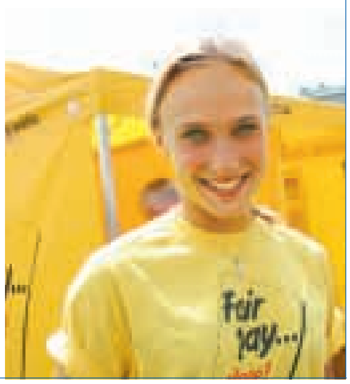
Report dates

May 13; interim report for the three months ended March 31, 2003.
August 19; interim report for the six months ended June 30, 2003.
November 11; interim report for the nine months ended September 30, 2003.

The reports will be published in Swedish and English. Financial reports and other information about the company can be accessed at www.intrum.com or ordered from Intrum Justitia AB, Corporate Communications Department, SE-105 24 Stockholm, Sweden.

Nomination Committee

Alongside a number of Swedish institutional shareholders, the major shareholders have formed a Nomination Committee, whose task is to generate proposals regarding the composition of, and remuneration to, Intrum Justitia AB's Board. The Nomination Committee comprises Marianne Nilsson of Robur Funds, Peter Bolte of Handelsbanken Funds, Mats Gustafsson of SEB Funds, Christian Salamon of Industri Kapital and Bo Göransson of Parkerhouse Investments B.V., with Bo Ingemarson, Chairman of Intrum Justitia AB, as convener.



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Intrum Justitia AB

Marcusplatsen 1A, Nacka
SE-105 24 Stockholm, Sweden
Tel: +46 8 546 10 200
Fax: +46 8 546 10 211
www.intrum.com
info@intrum.com

Subsidiaries

Austria
Intrum Justitia Inkasso GmbH
Karolingerstrasse 36
AT-5020 Salzburg, Austria
Tel: +43 662 835 077
Fax: +43 662 835 080
www.intrum.at

Belgium
Intrum Justitia NV
Martelaarslaan 53
BE-9000 Gent, Belgium
Tel: +32 9 218 90 80
Fax: +32 9 218 90 40
www.intrum.be

Czech Republic
Intrum Justitia s.r.o.
Rozmaryn Business Centre -
5th floor
Delnická ulice 12
CZ-170 04 Prague 7
Holesovice, Czech Republic
Tel: +420 2 667 93 502
Fax: +420 2 667 93 511
www.intrum.cz

Denmark
Intrum Justitia A/S
Aldersrogade 6A
DK-2100 Copenhagen Ø, Denmark
Tel: +45 33 69 7000
Fax +45 33 13 7048
www.intrum.dk

Estonia
Intrum Justitia AS
Lastekodu 43
EE-10144 Tallinn, Estonia
Tel: +372 6060 990
Fax: +372 6060 991
www.intrum.ee

Finland
Intrum Justitia Oy
Box 47
FI-00241 Helsinki, Finland
Tel: +358 9 229 111
Fax: +358 9 2291 1911
www.intrum.fi

France
Intrum Justitia GRC
35 Rue Victorien Sardou
FR-69007 Lyon, France
Tel: +33 4 7280 1414
Fax: +33 4 7280 1415
www.intrum.fr

Germany
Intrum Justitia Inkasso GmbH
Pallaswiesenstr. 180-182
DE-64293 Darmstadt, Germany
Tel: +49 6151 816 00
Fax: +49 6151 816 155
www.intrum.de

Hungary
Intrum Justitia Kft
Szeszgyár u.4.
HU-1086 Budapest, Hungary
Tel: +36 1 459 9400
Fax: +36 1 303 0816
www.intrum.hu

Ireland
Intrum Justitia Ireland Ltd,
20A Beckett Way
Parkwest Business Park
IE-Dublin 12, Ireland
Tel: +353 1 6296 655
Fax: +353 1 6301 916
www.intrum.ie

Italy
Intrum Justitia S.p.A.
Via dei Valtorta, 48
IT-20127 Milan, Italy
Tel: +39 02 288 701
Fax: +39 02 288 70 411
www.intrum.it

Latvia
SIA Intrum Justitia
Box 811
Riga LV-1010, Latvia
Tel: +371 733 2877
Fax: +371 733 1155
www.intrum.lv

Lithuania
Intrum Justitia UAB
Box 2925
LT-Vilnius 2000, Lithuania
Tel: +370 5 2608 292
Fax: +370 5 2608 291
www.intrum.lt

Netherlands
Justitia Janssen B.V.
Box 29808
NL-2502 LV The Hague, Netherlands
Tel: +31 70 306 51 51
Fax: +31 70 354 89 18
www.intrum.nl

Norway
Intrum Justitia A/S
Box 6354 Etterstad
NO-0604 Oslo, Norway
Tel: +47 23 17 10 00
Fax: +47 23 17 10 20
www.intrum.no

Poland
Intrum Justitia Sp. z o.o.
Domaniewska str. 41
PL-02-672 Warszaw, Poland
Tel: +48 22 576 66 66
Fax: +48 33 576 66 68
www.intrum.pl

Portugal
Intrum Justitia Portugal Lda
av. Duque D'Avila no 185-3º-D
PT-1050-082 Lisbon, Portugal
Tel: +351 21 317 2200
Fax: +351 21 317 2209
www.intrum.pt

Spain
Intrum Justitia Iberica S.A
Juan Explandiu, nr 11-13
ES-28007 Madrid, Spain
Tel: +34 91 423 4600
Fax: +34 91 423 4601
www.intrum.es

Switzerland
Intrum Justitia AG
Eschenstrasse 12
CH-8603 Schwerzenbach, Switzerland
Tel: +41 1 806 5656
Fax: +41 1 806 5650
www.intrum.ch

Sweden
Intrum Justitia Sverige AB
SE-105 24 Stockholm, Sweden
Tel: +46 8 616 77 00
Fax: +46 8 640 94 02
www.intrum.se

United Kingdom
Intrum Justitia Ltd
Warwick House
Birmingham Road
Stratford-upon-Avon
Warwickshire CV37 0BP
United Kingdom
Tel: +44 1789 415 181
Fax: +44 1789 412 073
www.intrum.co.uk

European Outsourcing Services
Westblaak 138
NL-3012 KM Rotterdam, Netherlands
Tel: +31 10 400 94 00
Fax: +31 10 400 96 80
www.intrum.com

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