

## Interim report January–March 2004

- Consolidated revenues for the quarter amounted to SEK 703.7 M, to compare with SEK 717.6 M for the first quarter 2003.
- Net earnings for the quarter rose to SEK 33.6 M (6.2).
- Earnings per share for the period improved to SEK 0.40 (0.07).
- Organic growth for the period, excluding England, was 4%.
- Bo Askvik was named the new CFO.

	January–March 2004	January–March 2003	Change, %	January–December 2003
Revenues, SEK M	703.7	717.6	–1.9	2,864.6
Adjusted EBITA, SEK M	97.5	104.0	–6.3	428.1
Operating earnings (EBITA), SEK M	97.5	63.0	54.8	30.1
Operating earnings (EBIT), SEK M	67.4	32.9	104.9	–93.9
Net earnings, SEK M	33.6	6.2	441.9	–180.2
Earnings per share, SEK	0.40	0.07	441.9	–2.12
Current collection cases (million)	10.5	10.0	5.0	10.6

### The Intrum Justitia Group

Intrum Justitia is Europe's leading credit management services group. Services include credit information, invoicing and reminder management as well as debt surveillance and collection of written-off receivables. The Group has revenues of SEK 2.9 billion and around 2,900 employees in 21 European countries.

### January–March 2004: Revenues and earnings

Consolidated revenues in the period January–March amounted to SEK 703.7 M (717.6), a decrease of 2%. Organic growth accounted for 0.3 percentage points, while –2.2 percentage points was due to the appreciation of the Swedish krona. Continued strong growth in the Netherlands, Sweden and France is generating higher volumes from clients in the telecom and utility sectors. Organic growth was negatively affected by England, lower revenues from the credit information and credit guarantee operation in Switzerland, and lower volumes in Norway.

Operating earnings (EBITA) rose by 55% to SEK 97.5 M (63.0). The improvement is due to the 2003 charge of SEK 41.0 M for restructuring costs. The Netherlands, Italy and Sweden reported a positive earnings trend. Earnings were affected by higher costs in England and lower results in Switzerland and Norway.

Operating earnings (EBIT) rose to SEK 67.4 M (32.9).

Earnings before tax and minority interests for the quarter increased to SEK 56.7 M (17.1), while net earnings for the period rose to SEK 33.6 M (6.2).

### Service Line Highlights

**Consumer Collection & Debt Surveillance:** This service line account for the majority of consolidated revenues. Service line revenues for the period amounted to SEK 423.7 M (427.6), corresponding to organic growth of 1%. The service line maintained strong organic growth in the Netherlands and Sweden, where new and existing telecom and energy customers contributed to the positive development. Finland, France and Poland also contributed to organic growth, principally through increased volumes from key clients in the above-mentioned sectors and more widespread outsourcing among small and medium sized enterprises in these countries. Declining revenue growth was mainly caused by a lower case inflow from the earlier loss of key clients. Operating earnings (EBITA) for the first quarter decreased by 4% to SEK 91.0 M (94.7). The decrease is largely attributable to England, Norway and Germany.

**Commercial & International Collection:** Service line revenues amounted to SEK 171.1 M (174.5). This corresponds to nil organic growth for the period. Service line growth is being generated mainly from improved volumes in the Netherlands and higher production efficiency in France. Growth has slowed, however, in Italy and through a lower

case inflow in Switzerland compared with the corresponding period of 2003. Otherwise, the Nordic countries in particular had a weaker first quarter than the previous year. Operating earnings (EBITA) for the period was lower, SEK 17.4 M (18.7).

**Purchased Debt:** During the first quarter of 2004 service line revenues rose by 19% to SEK 58.4 M. The revenue increase is mainly attributable to Poland, where additional major acquisitions were made of banking and telecom sector portfolios, as well as Switzerland, where collections from existing portfolios were strong during the quarter. Collection volumes from the Nordic portfolios also contributed to the positive revenue trend. Operating earnings (EBITA) rose to SEK 22.7 M (20.5). The lower operating margin of 39% (42) is due in part to lower collections from certain English portfolios and in part to higher portfolio pricing in countries including Poland.

**Sales Ledger:** Service line revenues rose year-on-year in the first quarter from SEK 28.4 M to SEK 34.0 M. The increase is largely due to the Netherlands, Spain, England, Ireland and Italy, where higher demand for this type of service, mainly from the telecom, financial service and media sectors, has led to stronger volume inflows. The operating deficit for the period was SEK -5.2 M (-9.0). The lower deficit is mainly attributable to volume increases in the above-mentioned operations and lower expenses owing to the ongoing action program. Operating earnings are still being burdened, however, by expenses for the migration to a new production system in Sweden. Furthermore, several key operations are not yet covering expenses.

**Other Services:** Service line revenues declined during the reporting period from SEK 61.1 M to SEK 50.8, due to which operating earnings amounted to a deficit of SEK -4.8 M (1.6). The decrease in quarterly revenues for the service line is primarily due to the continued downsizing of the Swiss credit information and credit guarantee operation, which also affected earnings for the service line. Lower purchases of fresh receivables in Norway also affected the period's revenues and operating earnings for this service line.

### Expenses

The gross profit margin rose to 39% (37) largely as a result of improved productivity and cost reductions in a number of countries. Administrative expenses increased, mainly related to the legal investigation in England and increased investments in marketing activities. The reserve of SEK 15 M established in the year-end accounts for 2003 has not yet been utilized.

### Items Affecting Comparability

No items affecting comparability were reported during the first quarter of 2004. Items affecting comparability of SEK 41.0 M in the corresponding period of 2003 are related to the integration of the German operations and a rationalization package in the Netherlands and Belgium.

### Net Financial Items

Financial expenses were lower than the year-on-year period due to lower market interest rates.

### Cash Flow and Investments

Cash flow from operating activities amounted to SEK -41.8 M during the quarter, against SEK 67.7 M in the corresponding period of 2003. The change was in large part due to an increase in tied-up working capital. The increase in working capital amounted to SEK 115.1 M, of which England represents SEK 60.7 M, mainly due to repayments of previously unallocated receipts. The change in working

capital is otherwise considered to be mainly of a seasonal nature.

Investments in tangible and intangible fixed assets were lower than the corresponding period of 2003. Purchases of written-off receivables were higher but include disbursements of SEK 36.1 M in 2004 for purchases contractually agreed upon in 2003.

The negative cash flow from operating activities and financing activities have been financed in large part through a reduction in liquid assets.

### Financing

As of 31 March 2004 net debt was SEK 853.5 M, against SEK 768.6 M at year-end 2003. The increase is mainly attributable to negative cash flow and exchange rate effects.

Shareholders' equity amounted to SEK 1,295.9 M, compared with SEK 1,240.8 on 31 December 2003. Shareholders' equity was positively affected by the 2.0% decline in the value of the Swedish krona against the euro from 31 December 2003 to 31 March 2004 and by its decline against sterling (GBP) by 8% in the same period.

Shareholders' equity was negatively affected by a preliminary estimate of SEK -6.4 M due to the change in accounting principles for pensions.

As of 31 March 2004 consolidated liquid assets totaled SEK 184.9 M, compared with SEK 243.2 M on 31 December 2003. Unutilized credit facilities amounted to SEK 313.0 M on the same date, (SEK 301.7 M at year-end 2003.).

### Minority Interests

Minority interests of SEK -1.4 M in the income statement and SEK 16.1 M in the balance sheet refer principally to the 40% minority holdings in the Group's companies in Poland, the Czech Republic and Hungary as of April 2003.

### Goodwill

Consolidated goodwill amounted to SEK 1,541.6 M, against SEK 1,528.1 M at year-end 2003. The change during the quarter consists of goodwill amortization of SEK -30.1 M and the effect of exchange rate fluctuations of SEK 43.6 M.

### Human Resources

The average number of employees during the quarter was 2,881 (2,865). The number of employees has increased in Poland to handle expanded volume from additional key clients.

### Parent Company

The parent company, Intrum Justitia AB (publ), provides the Group's head office functions and certain group-wide development and marketing services.

The parent company had revenues of SEK 6.4 (5.8) and earnings before tax of SEK -15.9 M (-9.7). The parent company invested SEK 0.3 M (0.0) in fixed assets during the quarter and had liquid assets of SEK 0.0 M (2.3) at the end of the period. The average number of employees was 19 (18).

### Market and Outlook

The trend toward increased outsourcing and higher indebtedness is expected to continue, particularly in the *Consumer Collection & Debt Surveillance* service line.

The previously issued forecast was as follows: "As a whole, consolidated revenues excluding England for full-year 2004 are expected to grow in line with the previous year." The new outlook, comprising the entire Group, forecasts that organic growth in 2004 will exceed the previous year. Due to the weak start of 2004, growth for the

year is expected to be below the Group's long-term target of 10% organic growth.

#### **Other**

As announced on 26 March 2004 the Group auditors have completed the group audit and signed an unqualified Audit Report on the Intrum Justitia Group for year 2003.

On 19 April 2004 Bo Askvik was appointed the new Chief Financial Officer of Intrum Justitia and will become a member of the Group Management Team. He succeeds Bertil Persson, who will remain CFO until Bo Askvik takes up the position no later than August 2004. Born in 1958, Bo Askvik has extensive experience in Swedish and international business, most recently from the Swedish industrial group Sapa, where he has served as CFO since 2001.

#### **Accounting Principles**

This Interim Report has been prepared in accordance with generally accepted accounting practice in Sweden and accounting standard RR 20 of the Swedish Financial Accounting Standards Council (RR).

From 1 January 2004 the company applies the Swedish Financial Accounting Standards Council's accounting standard RR29 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined-benefit pension plans. These pensions were previously reported by each Group company in accordance with the local practice in each country. The amended accounting principles have resulted in an increase in provisions for defined-benefit pensions in Norway, France and Italy totaling SEK 17.7 M and a decrease in shareholders' equity of SEK 6.4 M. The pension obligations in Sweden according to the so-called ITP plan are still reported as defined-contribution pension solutions since Alecta has stated that it will not be able to supply the information companies need to report them as defined-benefit pension solutions.

The company has otherwise applied the same accounting principles as in previous years.

#### **Harmonization of New Accounting Principles**

From 1 January 2005 Intrum Justitia will report in accordance with International Financial Reporting Standards (IFRS, formerly IAS). Intrum Justitia currently complies with the recommendations of the Swedish Financial Accounting Standards Council. Although the latter have gradually been adapted to IFRS, a number of differences remain. Intrum Justitia has appointed a steering committee to monitor developments and harmonize the company's accounts with the new rules. Based on what is now known, the only major differences between the current accounting principles and IFRS regard the reporting of acquisitions and goodwill, as well as financial instruments.

Intrum Justitia will provide more detailed information on the effects on the company's reporting in 2004 as it becomes available.

#### **Reporting Dates**

The Second-Quarter Interim Report (January-June) 2004 will be published on 18 August, 2004.

The Third-Quarter Interim Report (January-September) 2004 will be published on 27 October, 2004.

The Full-Year Report for 2004 will be published in mid-February 2005.

Stockholm, 5 May 2004  
Intrum Justitia AB (publ)

*Jan Roxendal*  
President & Chief Executive Officer

This Interim Report has not been reviewed by the company's auditors.

This Interim Report and other financial information are available at Intrum Justitia's website: [www.intrum.com](http://www.intrum.com)

*Denna delårsrapport finns även på svenska.*

#### **Presentation of the Interim Report**

The interim report and presentation material are available at [www.intrum.com](http://www.intrum.com) > Investors. Intrum Justitia President & CEO Jan Roxendal and CFO Bertil Persson will comment on the report in a telephone conference today at 10:00 a.m. CET.

To participate by telephone, call +44 207 162 0196. A recorded version will be available through 12 May 2004 by telephone: +44 208 288 4459 using the code 805 142.

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This interim report is a translation from a Swedish original. In the event of any differences between this translation and the Swedish original, the Swedish version shall govern.

## Intrum Justitia Group – Revenues and Earnings

SEK M	January–March		Change	Full-year
	2004	2003	%	2003
Revenues	703.7	717.6	–1.9	2,864.6
<b>EBITDA (operating earnings before depreciation and amortization)</b>	<b>121.0</b>	<b>85.1</b>	<b>42.2</b>	<b>129.5</b>
Operational depreciation	–23.5	–22.1	—	–99.4
<b>EBITA (operating earnings before goodwill amortization)</b>	<b>97.5</b>	<b>63.0</b>	<b>54.8</b>	<b>30.1</b>
Adjustment for items affecting comparability	0.0	41.0	—	398.0
<b>Adjusted EBITA</b>	<b>97.5</b>	<b>104.0</b>	<b>–6.3</b>	<b>428.1</b>
EBITA as above	97.5	63.0	54.8	30.1
Goodwill amortization	–30.1	–30.1	0.0	–124.0
<b>Operating earnings before net financial items and taxes (EBIT)</b>	<b>67.4</b>	<b>32.9</b>	<b>104.9</b>	<b>–93.9</b>

## Intrum Justitia Group – Business Overview by Quarter 2002–2004

	Quarter 2 2002*	Quarter 3 2002*	Quarter 4 2002*	Quarter 1 2003	Quarter 2 2003	Quarter 3 2003	Quarter 4 2003	Quarter 1 2004
Net revenues (SEK M)	675.4	692.3	750.8	717.6	702.1	702.2	742.7	<b>703.7</b>
Adjusted EBITA (SEK M)	114.3	124.7	143.1	104.0	98.3	128.4	97.4	<b>97.5</b>
Operating earnings (EBITA) (SEK M)	114.3	116.2	143.1	63.0	18.3	–9.6	–41.6	<b>97.5</b>
Collection cases in stock (million)	7.7	8.0	8.2	10.0	10.0	10.5	10.6	<b>10.5</b>
Gross collection value (SEK billion)	77.4	78.7	79.9	81.7**	81.1	80.2	79.3	<b>79.9</b>
Average number of employees	2,648	2,739	2,661	2,865	2,938	2,904	2,870	<b>2,881</b>

\* Excluding the effect of the correction of accounting inaccuracies in England; the correction is accounted under items affecting comparability in 2003.

\*\* Adjusted due to previous typographical error.

Intrum Justitia Group – Revenues by Region				
SEK M	January–March		Change	Full-year
	2004	2003	%	2003
Sweden, Norway & Denmark	179.3	181.8	–1.4	729.3
United Kingdom & Ireland	89.6	114.9	–22.0	395.5
Netherlands, Belgium & Germany	151.7	144.9	4.7	607.6
Switzerland, Austria & Italy	88.4	95.8	–7.7	351.3
Finland, Estonia, Latvia & Lithuania	64.9	64.0	1.4	283.8
France, Spain & Portugal	82.8	76.3	8.5	313.0
Poland, Czech Republic & Hungary	47.0	39.9	17.8	184.1
<b>Total revenues</b>	<b>703.7</b>	<b>717.6</b>	<b>–1.9</b>	<b>2,864.6</b>

Intrum Justitia Group – Operating Earnings Before Goodwill Amortization (EBITA) by Region				
SEK M	January–March		Change	Full-year
	2004	2003	%	2003
Sweden, Norway & Denmark	37.6	38.0	–1.1	166.7
United Kingdom & Ireland	–4.0	16.4	–124.4	2.4
Netherlands, Belgium & Germany	27.0	15.9	69.8	94.9
Switzerland, Austria & Italy	15.9	14.4	10.4	43.8
Finland, Estonia, Latvia & Lithuania	20.3	21.5	–5.6	106.7
France, Spain & Portugal	11.8	9.0	31.1	42.3
Poland, Czech Republic & Hungary	16.1	14.5	11.0	66.3
Central expenses	–27.2	–25.7	—	–95.0
Items affecting comparability	0.0	–41.0	—	–398.0
<b>Total (EBITA)</b>	<b>97.5</b>	<b>63.0</b>	<b>54.8</b>	<b>30.1</b>

Intrum Justitia Group – Operating Earnings After Goodwill Amortization (EBIT) by Region				
SEK M	January–March		Change	Full-year
	2004	2003	%	2003
Sweden, Norway & Denmark	29.1	29.1	0.0	130.0
United Kingdom & Ireland	–10.4	9.9	–205.1	–378.3
Netherlands, Belgium & Germany	23.2	–28.8	—	37.3
Switzerland, Austria & Italy	12.1	10.8	12.0	28.5
Finland, Estonia, Latvia & Lithuania	16.1	17.1	–5.8	88.7
France, Spain & Portugal	9.4	7.1	32.4	32.8
Poland, Czech Republic & Hungary	16.1	14.5	11.0	66.3
Central expenses	–28.2	–26.8	—	–99.2
<b>Total (EBIT)</b>	<b>67.4</b>	<b>32.9</b>	<b>104.9</b>	<b>–93.9</b>

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

Central expenses above include expenses divided by service line but not by region.

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**Intrum Justitia Group – Revenues by Service Line**


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SEK M	January–March		<i>Change</i> %	Full-year 2003
	2004	2003		
Consumer Collection & Debt Surveillance	<b>423.7</b>	427.6	–0.9	1,732.3
Commercial & International Collection	<b>171.1</b>	174.5	–1.9	665.3
Purchased Debt	<b>58.4</b>	49.3	18.5	206.6
Sales Ledger	<b>34.0</b>	28.4	19.7	113.9
Other	<b>50.8</b>	61.1	–16.9	233.6
Elimination of inter-service line revenue	<b>–34.3</b>	–23.3	—	–87.1
<b>Total revenues</b>	<b>703.7</b>	<b>717.6</b>	<b>–1.9</b>	<b>2,864.6</b>

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**Intrum Justitia Group – Operating Earnings Before and After Goodwill Amortization  
(EBITA and EBIT) by Service Line**


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SEK M	January–March		<i>Change</i> %	Full-year 2003
	2004	2003		
Consumer Collection & Debt Surveillance	<b>91.0</b>	94.7	–3.9	398.1
Commercial & International Collection	<b>17.4</b>	18.7	–7.0	56.7
Purchased Debt	<b>22.7</b>	20.5	10.7	85.6
Sales Ledger	<b>–5.2</b>	–9.0	—	–55.6
Other	<b>–4.8</b>	1.6	–400.0	20.1
Central expenses	<b>–23.6</b>	–22.5	—	–76.8
Items affecting comparability	<b>0.0</b>	–41.0	—	–398.0
<b>Total (EBITA)</b>	<b>97.5</b>	<b>63.0</b>	<b>54.8</b>	<b>30.1</b>
Goodwill amortization	<b>–30.1</b>	–30.1	0	–124.0
<b>Total (EBIT)</b>	<b>67.4</b>	<b>32.9</b>	<b>104.9</b>	<b>–93.9</b>

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

## Intrum Justitia Group – Consolidated Income Statement

SEK M	January–March		Full-year
	2004	2003	2003
Revenues	703.7	717.6	2,864.6
Cost of sales	–431.2	–455.2	–1,765.7
<b>Gross earnings</b>	<b>272.5</b>	<b>262.4</b>	<b>1,098.9</b>
Sales and marketing expenses	–73.0	–67.1	–281.8
General and administrative expenses	–104.3	–91.8	–389.4
Goodwill amortization	–30.1	–30.1	–124.0
Items affecting comparability	0.0	–41.0	–398.0
Participations in associated companies	2.3	0.5	0.4
<b>Operating earnings (EBIT)</b>	<b>67.4</b>	<b>32.9</b>	<b>–93.9</b>
Net financial income/expenses	–10.7	–15.8	–52.9
<b>Earnings after financial items</b>	<b>56.7</b>	<b>17.1</b>	<b>–146.8</b>
Current and deferred tax on earnings for the period	–21.7	–11.8	–21.2
Minority interests	–1.4	0.9	–12.2
<b>Net earnings</b>	<b>33.6</b>	<b>6.2</b>	<b>–180.2</b>

## Intrum Justitia Group – Data per Share

SEK	January–March		Full-year
	2004	2003	2003
Share price at end of period	41.60	35.00	38.00
Basic and diluted earnings per share	0.40	0.07	–2.12
Earnings per share excluding goodwill amortization	0.75	0.43	–0.66
Shareholders' equity	15.25	18.06	14.60
Denominator for earnings per share, '000	84,986	84,986	84,986
Number of shares outstanding at end of period, '000	84,986	84,986	84,986

## Intrum Justitia Group – Consolidated Balance Sheet

SEK M	31 March 2004	31 March 2003	31 December 2003
<b>ASSETS</b>			
<b>Intangible fixed assets</b>			
Capitalized development expenditure for software and other intangibles	110.9	114.0	117.8
Goodwill	1,541.6	1,779.7	1,528.1
<b>Total intangible fixed assets</b>	<b>1,652.5</b>	<b>1,893.7</b>	<b>1,645.9</b>
<b>Tangible fixed assets</b>	<b>93.5</b>	<b>117.6</b>	<b>97.3</b>
<b>Financial fixed assets</b>			
Shares and participations in other companies	4.8	5.4	0.8
Purchased debt	314.3	295.7	340.0
Deferred tax receivables	99.4	92.2	107.3
Other long-term receivables	12.7	13.4	10.1
<b>Total financial fixed assets</b>	<b>431.2</b>	<b>406.7</b>	<b>458.2</b>
<b>Total fixed assets</b>	<b>2,177.2</b>	<b>2,418.0</b>	<b>2,201.4</b>
<b>Current assets</b>			
Accounts receivable	367.3	380.2	353.8
Purchased receivables	44.8	40.7	40.6
Client funds received	477.2	383.7	475.2
Tax receivables	49.8	0.0	29.4
Other receivables	295.8	295.9	263.4
Prepaid expenses and accrued revenue	83.7	48.4	73.6
Cash and cash equivalents	184.9	147.8	243.2
<b>Total current assets</b>	<b>1,503.5</b>	<b>1,296.7</b>	<b>1,479.2</b>
<b>TOTAL ASSETS</b>	<b>3,680.7</b>	<b>3,714.7</b>	<b>3,680.6</b>



## Intrum Justitia Group – Consolidated Balance Sheet

SEK M	31 March 2004	31 March 2003	31 December 2003
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	1.7	1.7	1.7
Restricted reserves	1,519.2	1,378.2	1,519.2
<b>Non-restricted equity</b>			
Non-restricted reserves	-258.6	148.5	-99.9
Net earnings for the period	33.6	6.2	-180.2
<b>Total equity</b>	<b>1,295.9</b>	<b>1,534.6</b>	<b>1,240.8</b>
<b>Minority interests</b>	<b>16.1</b>	<b>0.0</b>	<b>17.3</b>
<b>Provisions</b>			
Provisions for pensions	30.3	18.1	11.9
Provisions for deferred taxation	13.8	21.2	13.6
Other provisions	22.1	42.6	23.6
<b>Total provisions</b>	<b>66.2</b>	<b>81.9</b>	<b>49.1</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	901.6	696.4	844.1
Other long-term liabilities	0.4	30.3	24.4
<b>Total long-term liabilities</b>	<b>902.0</b>	<b>726.7</b>	<b>868.5</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	136.4	229.7	143.7
Client funds payable	477.2	383.7	475.2
Accounts payable	148.9	173.1	168.4
Income tax liabilities	38.8	33.6	39.2
Advances from customers	32.4	41.5	32.1
Other current liabilities	216.2	179.3	312.7
Accrued expenses and prepaid income	350.6	330.6	333.6
<b>Total current liabilities</b>	<b>1,400.5</b>	<b>1,371.5</b>	<b>1,504.9</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,680.7</b>	<b>3,714.7</b>	<b>3,680.6</b>
Pledged assets	0.0	1,489.3	0.0
Contingent liabilities	945.7	1,079.8	960.6

In combination with other services sold in Switzerland, the company has issued guarantees for credit card debts totaling SEK 910.0 M (1,052.0). The company's main risk relates to that portion of the credit card debt that is more than 30 days overdue, which amounts to SEK 67.9 M (193.2). The company has accounted accrued expenses for its expected losses according to calculations based on historical experience and future expectations. Moreover, some customers are no longer active, and thus do not give Intrum Justitia assignments. Accordingly, the company considers that no guarantee commitment exists with regard to these customers.

On 22 May, 2002 Tore Nuland filed a summons application at Nacka District Court against Intrum Justitia AB inter alia. The application relates to claims tried by Norwegian courts in the late 1980s without any possibility for further appeal. Intrum Justitia regards the claims as groundless and accordingly has not accounted any contingent liability.

Subsequent to a tax audit, the Swedish Tax Authority questioned the company's tax deduction of SEK 87.4 M for the period 1999–2000. The company has appealed and considers that the Tax Authority's claim will not result in any expenses for the company. The fiscal effect of the aforementioned deduction has been accounted as a contingent liability. Tax audits were also undertaken in 2002 and 2003 in Norway, Denmark and Finland. However, until the present, the tax authorities in these countries have only made inquiries; no claims regarding any change to the company's taxation exists.

## Intrum Justitia Group – Cash Flow Statement

SEK M	January–March 2004	2003	Full-year 2003
<b>Operating activities</b>			
Operating earnings	67.4	32.9	–93.9
Depreciation and amortization	53.6	52.2	223.4
Write-down of goodwill	0.0	0.0	103.0
Adjustment for expenses not included in cash flow	–4.4	39.6	29.4
Interest received	1.8	1.6	6.7
Interest paid and other financial expenses	–10.7	–14.1	–50.6
Income tax paid	–34.4	–29.6	–81.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>73.3</b>	<b>82.6</b>	<b>136.4</b>
Changes in working capital	–64.5	–14.9	–32.8
Repayments in England of non-allocated receipts	–50.6	0.0	0.0
Working capital effect of correction to English operations	0.0	0.0	198.2
<b>Cash flow from operating activities</b>	<b>–41.8</b>	<b>67.7</b>	<b>301.8</b>
<b>Investing activities</b>			
Purchases of tangible fixed assets	–7.8	–12.3	–49.7
Purchases of intangible fixed assets	–3.3	–9.2	–48.1
Purchases of debt	–52.3	–33.5	–200.8
Amortization of purchased debt	51.5	52.9	166.3
Purchases of subsidiaries and associated companies	0.0	–65.1	–79.5
Acquired cash from purchased subsidiaries	0.0	6.0	6.0
Other cash flow from investing activities	–2.6	–1.9	0.3
<b>Cash flow from investing activities</b>	<b>–14.5</b>	<b>–63.1</b>	<b>–205.5</b>
<b>Cash flow from financing activities</b>			
Dividends	0.0	0.0	–85.0
Other cash flow from financing activities	–7.8	23.7	119.0
<b>Cash flow from financing activities</b>	<b>–7.8</b>	<b>23.7</b>	<b>34.0</b>
<b>Change in liquid assets</b>	<b>–64.1</b>	<b>28.3</b>	<b>130.3</b>
<b>Opening balance of liquid assets</b>	<b>243.2</b>	<b>123.4</b>	<b>123.4</b>
Exchange rate differences in liquid assets	5.8	–3.9	–10.5
<b>Closing balance of liquid assets</b>	<b>184.9</b>	<b>147.8</b>	<b>243.2</b>

## Intrum Justitia Group – Consolidated Statement of Changes in Shareholders' Equity

SEK M	No. of shares outstanding	Share capital	Restricted reserves	Non- restricted reserves	Net earnings for period	Total sharehold- ers' equity
<b>Opening balance, January 1, 2004</b>	<b>84,985,604</b>	<b>1.7</b>	<b>1,519.2</b>	<b>–99.9</b>	<b>–180.2</b>	<b>1,240.8</b>
Change in accounting principle for pensions				–6.4		
<b>Opening balance in accordance with new accounting principle</b>	<b>84,985,604</b>	<b>1.7</b>	<b>1,519.2</b>	<b>–106.3</b>	<b>–180.2</b>	<b>1,234.4</b>
Appropriation of previous year's earnings				–180.2	180.2	0.0
Transfer between restricted and non-restricted reserve			–7.6	7.6		0.0
Currency translation differences			29.2	–1.3		27.9
Net earnings for the year					33.6	33.6
<b>Closing balance, March 31 2004</b>	<b>84,985,604</b>	<b>1.7</b>	<b>1,540.8</b>	<b>–280.2</b>	<b>33.6</b>	<b>1,295.9</b>

## Intrum Justitia Group – Additional Data

Key figures	January–March		Full-year
	2004	2003	2003
Adjusted EBITA margin, %	13.9	14.5	14.9
EBITA margin, %	13.9	8.8	1.1
Operating margin, %	9.6	4.6	–3.3
Return on capital employed (excluding goodwill amortization), %	17.0	10.3	5.9
Return on operational capital (excluding goodwill amortization), %	18.4	10.7	6.0
Return on equity, %	10.6	1.6	–13.0
Net debt, SEK M	854	809	769
Net debt/equity, %	65.9	52.7	62.0
Equity/assets ratio, %	35.2	41.3	33.7
Interest coverage ratio, multiple	5.5	2.0	–1.5
Collection cases in stock, million	10.5	10.0	10.6
Total collection value, SEK billion	79.9	81.7	79.3
Average number of employees	2,881	2,865	2,870

### Definitions

*Adjusted EBITA* is operating earnings before goodwill amortization and adjusted for items affecting comparability.

*EBITA* is operating earnings before goodwill amortization.

*EBITA margin* is EBITA divided by revenues.

*Operating margin* is operating earnings divided by revenues.

*Return on capital employed* is earnings after financial items plus financial expenses, goodwill amortization and write-downs divided by average capital employed. Capital employed is calculated as the total of shareholders' equity, minority interests, provisions for pensions and interest-bearing liabilities. Operational capital is calculated as the total of shareholders' equity, minority interests, provisions for pensions and interest-bearing liabilities minus cash and cash equivalents.

*Return on equity* is net earnings divided by average shareholders' equity.

*Net debt* is interest-bearing loans (the total of long-term liabilities and current liabilities to credit institutions) less cash and cash equivalents.

*Equity/assets ratio* is shareholders' equity divided by total assets.

*Interest coverage ratio* is earnings after financial items plus interest expenses, etc. as a percentage of interest expenses, etc.