Intrum A/S

(CVR no. 10 61 37 79)
Valby Torvegade 17,2., 2500 Valby

Annual report 2017

Approved at the Company's annual general meeting on 22 May 2018
Chairman:

Martin Larsen

Contents

Company information

The Company	Intrum A/S Valby Torvegade 17, 2 2500 Valby Denmark	
	CVR no.	10613779
	Founded	1 January 1987
	Registred office	Copenhagen
	Financial year	1 January - 31 December
Ownership	Intrum AB Hesselmans Torg 14 SE- 105 24 Stockholm, Sweden	
	Phone:	+ 46 (0)8 546 102 00
	Website	www.intrum.com
Board of Directors	Anette Willumsen, Chairman Kim Ortmann Schrøder André Holø Adolfsen Johan Brodin	
Executive Board	Kim Ortmann Schrøder	
Auditor	Ernst & Young P/S Osvald Helmuths Vej 4 2000 Frederiksberg	
Company's primary activity	The primary activity of the company is credit management services.	

Statement by Management on the annual report

The Board of Directors and the Executive Board have discussed and approved the annual report of Intrum A/S for the financial year 1 January - 31 December 2017.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and danish disclosure requirements in the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Valby, 22 May 2018

Executive Board:

Kim Ortmann Schrøder

Board of Directors:

Anette Willumsen Chairman	Kim Ortmann Schrøder
André Holø Adolfsen	Johan Brodin

Independent auditor's report

To the shareholders of Intrum A/S

Opinion

We have audited the financial statements of Intrum A/S for the financial year 1 January – 31 December 2017, which comprise a statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

► Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

► Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

► Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

► Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

► Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 22 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
30 70 02 28

Lars Rhod Søndergaard	Anders Flymer-Dindler
State Authorised	State Authorised
Public Accountant	Public Accountant
MNE-nr: mne28632	MNE-nr. mne35423

Management's review

Company's essential activities

Intrum Justitia AB is one of Europe's leading companies within Credit Management Services and Financial Services, which build on strong collection operations. Intrum Justitia AB was founded in 1923 and today has approximately 8.000 employees and operations in 24 countries. In addition, Intrum AB partner with representatives in a further approximately 160 countries to assist clients with operations both within Europe and beyond.

Development and economic conditions

The result for 2017 is showing a result of DKK'000 -7.963 versus last year DKK'000 3.546.

In the annual report for 2016 the management expected an improved result for 2017 compared to 2016. Therefore the management considers the results to be unsatisfactory.

Events after the balance sheet date (after reporting date)

Dansk Kreditorservice A/S CVR 27962971 is merged into Intrum A/S.

There have been no other significant events after the end of the financial year 2017.

Expected development

Intrum A/S expects that the result for 2018 will improve versus 2017.

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Income statement					
Gross profit	90.242	87.634	70.257	36.165	37.790
Operating profit	-1.191	7.011	4.740	-9.107	-2.743
Financial items, net	-6.323	-4.419	-3.144	-689	-374
Profit for the year	-7.963	3.546	1.424	-8.123	-3.780
Financial position					
Balance sheet total	361.427	364.182	210.795	188.761	47.438
Equity	19.245	27.208	20.929	6.489	14.612
Investments in property, plant and equipment	279	588	2.677	80	983
Financial ratios (%)					
Liquidity ratio	27,9	123,7	64,1	54,7	74,7
Solvency ratio	5,3	7,5	9,9	9,6	30,8
Staff					
Number of full-time employees at year end	158	138	120	79	80

Comparative figures for 2014 and 2015 are not adapted to IFRS.

Key figures and financial ratios are calculated in accordance with "Recommendations & Financial Ratios" published by the Danish Financial Society.

Liquidity ratio	=	Current assets / Current liabilities
Solvency ratio	=	Equity / Total assets

STATEMENT OF COMPREHENSIVE INCOME

DKK'000	Note	2017	2016
Revenue	3	156.374	149.746
Other income		-	-
Cost of sales		-46.586	-41.137
Other external costs		-19.546	-20.975
Gross profit		90.242	87.634
Staff costs	4	-84.159	-74.282
Amortisation and depreciation of tangible and intangible assets	8, 10	-7.274	-6.341
Other operating expenses		-	-
Operating profit		-1.191	7.011
Financial income	5	257	40
Financial expenses	6	-6.580	-4.459
Profit before tax		-7.514	2.592
Tax on profit	7	-449	954
Profit for the year		-7.963	3.546
Other comprehensive income, net of tax			-
Total comprehensive income for the year		-7.963	3.546

STATEMENT OF FINANCIAL POSITION

DKK'000	Note	2017	2016
Assets			
Non-current assets			
Goodwill	8	150.601	150.601
Other intangible assets	8	15.026	18.107
Property, plant and equipment	10	1.973	2.549
Investment in subsidiaries	12	101.758	101.758
Deferred tax assets	7	1.737	-
Other long-term receivables		1.022	1.022
Total non-current assets		272.117	274.037
Current assets			
Trade and other receivables	18	40.311	31.477
Receivables with Group Companies		14.230	5.763
Income tax receivable	7	-	275
Prepayments		4.014	7.146
Cash and cash equivalents	15	30.755	45.484
Total current assets		89.310	90.145
Total assets		361.427	364.182
Equity and liabilities			
Equity			
Share capital	11	1.300	1.300
Share premium		7.800	7.800
Reserve for development costs		-	-
Retained earnings		10.145	18.108
Total equity		19.245	27.208
Liabilities			
Non-current liabilities			
Liabilities to parent company	18	-	242.742
Deferred tax liability	7	-	895
Provisions	13	22.143	20.435
Total non-current liabilities		22.143	264.072
Current liabilities			
Trade and other payables	18	4.459	2.946
Deferred income		507	818
Liabilities to parent company	18	270.885	22.027
Income tax payable	7	421	-
Client funds		23.401	27.954
Other liabilities	14	20.366	19.157
Total current liabilities		320.039	72.902
Total liabilities		342.182	336.974
Total equity and liabilities		361.427	364.182
		-	-

Note
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STATEMENT OF CASH FLOWS

DKK'000	Note	2017	2016
Cash flow from operating activities			
Operating profit		-1.191	7.011
Non-cash adjustments	16	7.666	26.776
Changes in working capital	17	-11.560	-15.765
Interest paid		-2.672	-4.427
Interest received		234	27
Income taxes paid		-1.244	-682
Cash flow from operating activities		-8.767	12.940
Cash flow from investing activities			
Purchase of shares in subsidiaries		-	-101.758
Investments in intangible assets	8	-3.338	-2.994
Sale in intangible assets		-	-
Investments in property, plant and equipment	10	-279	-429
Sale in property, plant and equipment		-	-12
Other cash flow from investing activities		-	65
Cash flow from investing activities		-3.617	-105.128
Cash flow from financing activities			
Increase in borrowings		2.208	103.624
Dividends paid to equity holders of the parent		-	-
Repayment of borrowings		-	-
Cash flow from financing activities		2.208	103.624
Net cash flow		-10.176	11.437
Cash and cash equivalents at 1 January		17.530	3.830
Cash through merger with Intrum Justitia Justitian Danmark A/S		-	2.263
Net foreign currency gains or losses		-	-
Cash and cash equivalents at 31 December		7.354	17.530
Cash and cash equivalents at 31 December		7.354	17.530

STATEMENT OF CHANGES IN EQUITY

2017 DKK'000	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1.300	7.800	-	18.108	27.208
Profit for the period	-	-	-	-7.963	-7.963
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-7.963	-7.963
Transactions with owners of the Company and other equity transactions:					
Profit from merger with subsidiary using the pooling of interest method	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	-	-	-	-	-
Equity on 31 December	1.300	7.800	-	10.145	19.245

2016 DKK'000	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1.300	7.800	-	11.829	20.929
Profit for the period	-	-	-	3.546	3.546
Other comprehensive income for the period	-	-	-	-	-
Total other comprehensive income	-	-	-	3.546	3.546
Transactions with owners of the Company and other equity transactions:					
Profit from merger with subsidiary using the pooling of interest method	-	-	-	2.733	2.733
Dividends paid	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	-	-	-	2.733	2.733
Equity on 31 December	1.300	7.800	-	18.108	27.208

NOTES OVERVIEW

Notes

Note 1 General accounting policies

Corporate information
Intrum A/S (Intrum or the Company) is incorporated and domiciled in Denmark. The Company's registered office is located at Valby Torvegade 17, 2., 2500 Valby.

Basis of preparation
The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class medium C. Further they are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Board of Directors and Executive Management has on the 22 May approved the annual report 2017 for Intrum A/S.

The financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

These financial statements are expressed in DKK, as this is Intrum A/S's functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

The Company is included in the Consolidated Financial Statement of Intrum Justitia AB. The address of Intrum AB is Hesselmans Torg 14, 13134 Nacka, Sweden.

Applied materiality
The financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of a similar nature in the financial statements or in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

Changes in accounting policies
Changes that entered into force in 2017
There are a number of minor changes and clarifications to IFRS with effect from 1 January 2017, although none of these has had any significant impact on Intrum A/S's accounting.

Foreign currencies
Intrum's financial statements are presented in Danish kroner, which is also Intrum Justitia's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the income statement under financial items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Revenue
Income, consisting of commissions and fees from debt collecting services, is recognised on collection of the debt.

Subscription income is recognized proportionately over the term of the underlying service contracts, which is usually one year.
Prepaid subscription fee is recognized as deferred income under non-current liabilities.

Income is exclusive of tax, VAT and discounts.

Cost of sales
Cost of sales includes direct costs incurred when generating the revenue for the year. Intrum Justitia recognizes cost of sales as revenue is earned.

Staff costs
Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to employees. The item is net of refunds made by public authorities.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, cost of permanent loan facilities, gains and losses on securities, receivables, payables and transactions denomi- nated in foreign currencies, amortisation of financial assets and liabilities, etc.

Current income tax
The parent company is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

Current income tax (continued)

Current tax payable is recognized in current liabilities and deferred tax is recognized in non-current liabilities. Tax receivable is recognized in current assets and deferred tax assets are recognized in non-current assets.

Deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the period, adjusted for tax on the taxable income of prior periods and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least once a year. Goodwill is written down to the recoverable amount if the carrying amount is higher than the computed recoverable amount. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprises or activities to which the goodwill is allocated. Impairment of goodwill is not reversed.

Other Intangible assets

Other intangible assets are initially recognised at cost. Subsequently, other intangible assets are measured at cost less accumulated amortisations and impairments. Other intangible assets are amortised on a straight-line basis over its estimated useful life, which are no longer than 10 years.
Other intangible assets are tested for impairment at least once a year.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives, which are 3-5 years for operating assets and equipment, and 5 years for leasehold improvements.

Investments in subsidiaries

Investments in subsidiaries are recognized at cost. This comprises the purchase price at fair value plus direct acquisition costs. If there is indication of impairment, an impairment test is conducted as described in this section of the accounting policies. Where the carrying value exceeds the recoverable amount, the investment is written down to this lower value.

For distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of the investments as the distribution is characterized as repayment of the parent's investment.

If parts of the purchase consideration is contingent on future events or fulfillment of agreed terms, this part of the purchase consideration is recognised at fair value at the time of acquisition with changes in fair value recognised in the statement of Profit or Loss. The actual cash outflows might materially vary from the valuation of the provisions for the acquisition of non-controlling interests if:

• The timing of the actual contingent consideration differs from the assumptions applied
• The actual defined multiples for the contingent consideration may differ from the assumptions applied by management

Financial assets

Financial assets are classified as loans and receivables. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Client funds

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and demand deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, net of outstanding overdrafts.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognized as a liability at the date they are adopted by the annual general meeting (declaration date).

Reserve for development cost

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Intrum A/S's operations by a transfer directly to distributable reserves under equity.

Share premium reserve

The share premium reserve represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares. The reserve is a distributable reserve.

Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities comprise other debt, which primarily consist of staff-related costs not due for payment.

Payment guarantees
Intrum offers some of its clients the opportunity, against payment, to obtain a guarantee from Intrum regarding the clients' receivables from their customers. The guarantee entails an undertaking by Intrum to acquire the receivable from the creditor at its nominal value, or a certain part thereof, once it has fallen overdue for payment by a certain number of days. The income, in the form of a guarantee fee, is recognized when the guarantees are issued, while a liability is recognized in the balance sheet for expected losses related to those guarantees. If the debtor fails to make payment, Intrum settles the difference up to the guaranteed amount. The expected loss recognised as a liability is calculated using Intrum's historical collection curve on actual collections.

Operating leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Fair value measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").
The fair value is a market-based and not an entity-specific measurement. Intrum Justitia uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. Intrum Justitia's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level of input is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

Cash flow statement
Cash flow is divided into cash flow from operating activities, investing activities and financing activities.
The cash flow statement cannot be directly derived from the statement of financial position and income statement.

Cash flows from the operating activities are prepared using the indirect method based on operating profit before amortisation and depreciation and corrected for non-cash items, changes in working capital, interests and taxes.

Cash flow from investing activites comprise of payments relating to sale or purchase of companies or activities, purchase of intangible, tangible or other non-current assets.

Cash flow from financing activities comparise of financing activities incl. obtaining and repayment of loans from Group Companies and dividends to Shareholders.

Note 2 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the assets and liabilities and the accompanying disclosures.
Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may therefore vary from the assessments and best estimates applied by management.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognised amounts for assets and liabilities in future financial years are primarily the following:

Impairment

Goodwill

An impairment test of goodwill is performed prior to the preparation of the annual accounts. Impairment exists when the carrying value of an asset exceeds its recoverable amounts. The recoverable amount have been established by calculating their value in use. Assumptions and assessments are made by Management with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis.
Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Investments in subsidiaries

An impairment test is performed on subsidiaries. Impairment is recognised on subsidiaries if the carrying value exceeds the recoverable amount. The recoverable amount is measured based on value in use calculation on each subsidiary. Assumptions and assessments are made by Management with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis.

Note 3 Revenue

2017

DKK'000	2017	2016
Commisions	111.812	104.249
Collection fees	41.517	41.208
Other revenue	3.045	4.289
Total	156.374	149.746

Note 4 Staff costs

DKK'000	2017	2016
Wages and salaries	72.268	64.351
Defined contribution plans	6.064	5.464
Other social security costs	533	496
Other staff costs	5.294	3.971
Total	84.159	74.282
Average number of full-time employees	158	138

Remuneration to the company's management is not disclosed, with reference to the Danish Financial Statement Act §98b(3), (ii).

Note 5 Financial income

DKK'000	2017	2016
Interest income from Group Companies	221	24
Interest income external	0	3
Currency adjustments	36	13
Total	257	40

Note 6 Financial expenses

DKK'000	2017	2016
Interest costs to Group Companies	6.442	3.813
Other interest costs	113	625
Currency adjustments	25	21
Total	6.580	4.459

Note 7 Income tax

Tax for the year

DKK'000	2017	2016
Total tax for the year is specified as follows:		
Tax for the year	-449	954
Tax on other comprehensive income	0	0
Total	-449	954
Income tax of profit from the year is specified as follows:		
Current tax	-298	-756
Deferred tax	1.874	69
Adjustment of tax related to prior years	-2.025	1.641
Total	-449	954

	2017		2016	
	DKK'000	%	DKK'000	%
Profit before tax	-7.514		2.592	
Calculated 22 % (22,% in 2016) tax of the profit before tax	-1.653	22%	570	22%
Tax effect of:				
Non-deductible costs	77	-1,0%	117	4,5%
Adjustment to prior years	2.025	-26,9%	-1.641	-63,3%
Change in tax procentage	-	0,0%	-	0,0%
Tax effect total	449	-6,0%	-954	-36,8%

Deferred tax

DKK'000	2017	2016
Deferred tax		
Deferred tax 1 January	-895	-2.233
Additions through merger with Intrum Justitia Danmark A/S	-	-
Deferred tax for the year recognised in profit for the year	1.874	1.710
Adjustment to prior years	758	-372
Deferred tax 31 December	1.737	-895
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	1.737	-
Deferred tax liabilities	-	895
Deferred tax 31 December, net	1.737	-895

DKK'000	2017	2016
Deferred tax concerns:		
Plant & machinery	116	123
Leasehold improvements	-42	-13
Completed development	-1.843	-1.685
Impairment on trade receivables	66	104
Acquired intangible assets	-1.462	-2.298
Accruals	-374	-1.622
Provisions	5.276	4.496
Loss carried forward	-	-
	1.737	-895

DKK'000	2017	2016
Income tax receivable/payable 1 January		-
Current tax	-298	-756
Adjustment of tax relating to previous years	-1367	-279
Income tax paid during the year	1.244	1.310
Income tax receivable/payable 31 December	-421	275

Note 8 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost 1 January 2017	11.165	18.992	152.600	182.757
Additions	3.338	-	-	3.338
Disposals	-282	-	-	-282
Cost 31 December 2017	14.221	18.992	152.600	185.813
Amortisation and impairment 1 January 2017	3.504	8.546	1.999	14.049
Amortisation for the year	2.620	3.799	-	6.419
Impairment for the year	-	-	-	-
Disposals	-282	-	-	-282
Amortisation and impairment 31 December 2017	5.842	12.345	1.999	20.186
Carrying amount 31 December 2017	8.379	6.647	150.601	165.627
Cost 1 January 2016	2.413	-	35.213	37.626
Additions through merger with Intrum Justitia Danmark A/S	5.956	18.992	117.387	142.335
Additions	2.995	-	-	2.995
Reclassification	59			59
Disposals	-258	-	-	-258
Cost 31 January 2016	11.165	18.992	152.600	182.757
Amortisation and impairment 1 January 2016	562	-	1.999	2.561
Additions through merger with Intrum Justitia Danmark A/S	1.435	4.748	-	6.183
Amortisation for the year	1.706	3.798	-	5.504
Reclassification	59			59
Impairment for the year	-258	-	-	-258
Amortisation and impairment 31 December 2016	3.504	8.546	1.999	14.049
Carrying amount 31 December 2016	7.661	10.446	150.601	168.708

Note 9 Impairment test

Management prepares an impairment test on Goodwill once a year. If there are marked indications of impairment, then the impairment test is carrying out during the financial year, when the indications of impairment are identified. The Impairment test is based on calculation of net realisable value. Goodwill is written down if the carrying amount exceeds the value in use calculation.

Cash flows

Based on current revenue, EBIT-margin and future expectations to the development in the market incl. necessary investements a 5 yeras budget is prepared and approved by the Management. Year 2022, terminal period, is based on an expectation of 2 % growth per year.

Discountfactor

Discount rate applied is based on a weightet average cost of capital (WACC).

Note 10 Tangible assets

	Plant and machinery	Other fixtures and fittings	Leasehold improve-ments	Total
Cost 1 January 2017	152	3.386	2.504	6.042
Additions	133	125	21	279
Disposals	-	-	-	-
Cost 31 December 2017	285	3.511	2.525	6.321
Depreciation and impairment 1 January 2017	138	2.256	1.099	3.493
Additions through merger with Intrum Justitia Danmark A/S	-	-	-	-
Depreciation for the year	33	395	427	855
Impairment for the year	-	-	-	-
Depreciation and impairment 31 December 2017	171	2.651	1.526	4.348
Carrying amount 31 December 2017	114	860	999	1.973
Cost 1 January 2016	131	1.485	1.775	3.391
Additions through merger with Intrum Justitia Danmark A/S	83	-	298	381
Additions	-	471	117	588
Reclassification	-62	1.468	375	1.781
Disposals	-	-38	-61	-99
Cost 31 January 2016	152	3.386	2.504	6.042
Depreciation and impairment 1 January 2016	116	397	192	705
Additions through merger with Intrum Justitia Danmark A/S	58	-	224	282
Depreciation for the year	23	378	436	837
Reclassification	-59	1.544	296	1.781
Impairment for the year	-	-63	-49	-112
Depreciation and impairment 31 December 2016	138	2.256	1.099	3.493
Carrying amount 31 December 2016	14	1.130	1.405	2.549

Note 11 Equity

Capital management

Intrum continuously assesses the need to adjust the capital structure to balance the higher return on equity against the increased uncertainty associated with external capital. The equity ratio of the total assests amounted to 5,3% for 2017 7,5% for 2016.

Share capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2017	2016	2017	2016
1 January	1.300	1.300	1.300	1.300
31 December - fully paid	1.300	1.300	1.300	1.300

The share capital has been unchanged the past six years, and amounts to DKK'000 1,300.

Note 12 Investments in subsidiaries

Name	Headquarter	Equity DKK'000	Profit and loss DKK'000	Ownership 2017 %	Ownership 2016 %
Dansk Kreditorservice A/S	Vejle	5.978	2.748	100	100

	Total
Cost 1 January 2017	101.758
Additions	-
Cost 31 December 2017	101.758
Carrying amount 31 December 2017	101.758
Cost 1 January 2016	141.000
Additions	101.758
Merger with Intrum Justitia Danmark A/S.	-141.000
Cost 31 December 2016	101.758
Carrying amount 31 December 2016	101.758

Note 13 Provisions

DKK'000	2017	2016
Provision 1 January 2017	20.435	-
Merger with Intrum Justitia Danmark A/S	-	18.825
Arising during the year	1.708	1.610
Utilised	-	-
Provision 31 December 2017	22.143	20.435
Non-current	22.143	20.435
Current	-	-

Note 14 Other liabilities

DKK'000	2017	2016
Payable VAT and taxes	2.338	2.883
Wages payable, taxes and social contributions	1.646	3.508
Holiday pay	9.524	8.304
Other payable costs	6.858	4.462
	20.366	19.157

Note 15 Contingencies, contractual obligations, collaterals and pledged assets

Collateral

The company has provided guarantees for a total of DKK 6,200,000.

Contractual liabilities and contingencies

Other economical liabilities

Rental and operating lease liabilities:

DKK'000	2017	2016
Rental and operating lease liabilities	4.642	5.487

Rental and operating lease liabilities include rent commitments with a total of DKK'000 2,836 in non-cancellable rent with a contractual period until 31 October 2018. Furthermore, operating lease contracts on cars, printers etc. totalling DKK'000 1,806 with a contractual period of 2-3 years are included.

Pledged assets

DKK'000 23,401 of cash is pledged as client funds.

Note 16 Non-cash adjustments

DKK'000	2017	2016
Depreciation and amortisation	7.272	6.341
Impairment	-	-
Write down tax receivable	-1.309	-
Provisions	1.703	20.435
Total non-cash adjustments	7.666	26.776

Note 17 Changes in working capital

DKK'000	2017	2016
Change in receivables	-16.723	-24.296
Prepaid expenses/deferred income	3.132	-6.725
Change in trade payables, other liabilities and provisions	2.031	15.256
Total change in working capital	-11.560	-15.765

Note 18 Financial risk and financial instruments

Risk management policy

The financial risks that arise in Intrum's operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, the requirements for external capital can be limited to Group financing.
Financing and financial risks are managed in close relationship with the Group in accordance with Group treasury policy established by the Group Board of Directors.
External financial operations are concentrated in Group Treasury in Stockholm and therefore Intrum A/S does not have any internal or external derivatives or hedging activities.

Market risk

Market risk is limited to risks related to changes in exchange rates and interest rate levels.

Currency risk

Exchange rate risk is the risk that fluctuations in exchange rates will affect the income statement, financial position and/or cash flow.
Intrum A/S's exposure against fluctuations in exchange rates is very limited as all income and operating expenses are denominated in local currency. Income and expenses are thereby hedged in a natural way, which limiteds the exposure and risk that fluctuations in exchange rates will affect the income statement, financial position and/or cash flow of Intrum.

Interest rate risk

Interest rate risk is the risk that fluctuations in interests on interest bearing debt will affect the income statement, financial position and/or cash flow.
Intrum A/S has a floating interest rate loan with Group Company. The loan is refinanced on an on-going basis.

Liquidity and financing risk

Liquidity risk is the risk of a loss or higher than expected costs to ensure the ability to fulfill its short and long-term payment obligations to internal or external parties.
Intrum A/S's cash readiness is ensured through combined short- and long-term contractual cashflows. The main financing required for investments and working capital is obtained through a Group loan with the Parent Compant, Intrum Justitia AB.
The Group loan is re-negotiated on an on-going basis, in order to meet local financing requirements for both investments and working capital. The parent company has confirmed that it guarantees for refinancing of loans in the coming year

Contractual cashflows:

2017	Carrying amount	Total	< 1 year	2 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company	270.885	270.885	270.885	-	-
Liabilities to other group Company	1.020	1.020	1.020	-	-
Trade and other payables	3.439	3.439	3.439	-	-
Financial guarantee	22.143	22.143	-	22.143	-
Total non-derivative financial instruments	297.487	297.487	275.344	22.143	-

2016	Carrying amount	Total	< 1 year	2 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company	264.769	264.769	22.027	242.742	-
Trade and other payables	2.946	2.946	2.946	-	-
Financial guarantee	20.435	20.435	-	20.435	-
Total non-derivative financial instruments	288.150	288.150	24.973	263.177	-

Credit risk

Credit risk consts of the risk that Intrum's counterparties are unable to fulfill their obligations. Financial assets that potentially subject Intrum to credit risk include cash and cash equivalents, accounts receivables, outlays on behalf of clients and financial guarantees. For financial assets owned by Intrum, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

Intrum's accounts receivables from clients and debtors are spread out in different industries natually diluting the credit risk and limiting the exposure. Intrum A/S has not realised material impairment on receivables from clients historically and do not have material overdue receivables at 31 December 2017. The maturity of trade receivables is shown below.
The credit risk is also mitigated as Intrum contractually is able to offset any overdue amounts against client funds collected on behalf of their clients from third party clients. The contractual ability to offset is natually limited the credit risk against trade receivables.

As an element in this operations, Intrum outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In many cases Intrum has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognised as an asset in the balance sheet in the line Other Receivables.

Intrum has deposited its liquid assets with established financial institutions where the risk of loss is considered remote.

Trade receivables past due but not impaired compound as follows:

DKK'000	2017	2016
Less than 30 days	4.518	2.433
Between 31 and 90 days	196	1.540
More than 91 days	563	421
Total	5.277	4.394

The reserve for impaired accounts receivable represents DKK'000 302 (2016: DKK'000 471) and relates primarily to receivables overude by more than 90 days.

Fair Value measurement

Financial guarantee
Intrum offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes intro play, Intrum assumes the client's claim against its customer and takes over the continued handlng of the case within the Purchased Debt area of operations.

Categories of financial instruments

	Carrying amount	
DKK'000	2017	2016
Cash and receivables		
Trade and other receivables	39.926	31.477
Cash and cash equivalents	30.755	45.484
Total cash and receivables	70.681	76.961
Financial liabilities measured at amortised cost		
Liabilities to Group Company	270.885	264.769
Trade payables	4.459	2.946
Client funds	23.401	27.954
Total financial liabilities measured at amortised cost	298.745	295.669
Financial liabitilies measured at fair vlaue via profit and loss		
Financial guarantee	1.708	1.610
Total financial liabilities measured at fair value via profit and loss	1.708	1.610

Note 19 Leases

Operating leases

Intrum leases under operating leases. The leasing period is typically between 3 and 4 years with the possibility of extending the contracts.

Non-cancellable operating leases are as follows:

	2017	2016
0-1 year	3.863	2.824
1-5 years	779	2.663
>5 years	-	-
	4.642	5.487

For the year 2017 there has been recognised DKK'000 4.829 (2016: DKK'000 4.229) in the income statement with regards to operating leases.

Note 20 Related party disclosures

Intrum A/S's related parties include the following:

Information about the consolidated financial statements

Parent company	Headquarters	Access the parent company's consolidated financial statements
Intrum AB	Nacka, Sweden	www.intrum.com

Transactions with associates, not conducted under normal market conditions

There has not been any transactions not conducted under normal market conditions.

Ownership

The following shareholders are registered in the company's register of shareholders as holding at least either 5% of the votes or share capital:

Name	Headquarters
Intrum AB	Marcuspladsen 1A, 13134 Nacka, Sweden

Executives

Intrum A/S's related parties with significant influence include the board and directors including these employees family members. Furthermore, related parties include the companies in which the mentioned related parties have significant interest.

Remuneration to the company's management is not disclosed, with reference to the Danish Financial Statement Act §98b(3), (ii).

Note 21 Events after the reporting period

Dansk Kreditorservice A/S CVR 27962971 is merged into Intrum A/S.

There have been no other significant events after the end of the financial year 2017.

Note 22 Standards issued but not yet effective

Intrum A/S has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2018.

IFRS 9 Financial Instruments

Effective from January 1, 2018, Intrum will apply IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and includes, for example, new rules for the accounting of credit losses and hedge accounting. The new rules regarding loan losses and hedge accounting have no significant effect on the Intrum A/S

IFRS 15 Revenue from Contracts with Customers

Effective from 2018, IFRS 15 Revenue from customer contracts is to replace IAS 18 Revenue. IFRS 15 is based on revenue being recognised when control of the good or service is transferred to the customer, which differs from the current basis in the transfer of risks and rewards. IFRS 15 introduces new ways of determining how and when revenue should be recognised, entailing a new approach compared with how erevenue is currently reported. The sectors most affected are the construction and civil engineering sectrs, as well as companies engaged in contract manufacturing. However, all companies will be affected by the new expanded disclosure requirements.

Intrum's principal revenue from customers contracts, derives from collection services. Revenue is generally recognised when the service has been completed succesfully, that is, when the Group's customer has received payment for its claim. Intrum's assessment is currently that IFRS 15 does not cause any significant change in how revenue from collection services are to be reported.

Intrum has not adopted IFRS 15 prematurely.

IFRS 16 Leases

Effective from 2019, IFRS 16 Leases is to replace IAS 17 Leases. IFRS 16 provides that leases currently accounted for as operating leases should generally start to be reported in a manner similar to the current accounting for financial leases. This requires assets and liabilities also being reported for operating leases, with associated reporting of costs for depreciation and interest, unlike today when no accounting is performed for the leased asset and related liability, and with lease pauments being amortised on a straight-line basis as a lease expense.

The main effect on Intrum's accounting is expected to be the Group's total assets will increase through an asset and a liability being recognised in respect of the leases in effect at any given time. Another effect is that the implicit interest expense in lease agreements is recognised in financial expense and not in operating profit, entailing a certain improvement in operating earnings.

Intrum has not adopted IFRS 16 prematurely.

Other changes to IFRS are not expected to have any material effect on the consolidated accounts.