Intrum A/S

(CVR no. 10 61 37 79)
Kirstens Walthers Vej 7, 2500 Valby

Annual report 2021

Approved at the Company's annual general meeting on 29 June 2022
Chairman:

Martin Henrik Larsen

Company information

The Company	Intrum A/S Kirstens Walthers Vej 7 2500 Valby Denmark	
	CVR no.	10613779
	Founded	1 January 1987
	Registred office	Copenhagen
	Financial year	1 January - 31 December
Ownership	Intrum AB Sicklastråket 4, 13154 Nacka, SE- 105 24 Stockholm, Sweden	
	Phone:	+ 46 (0)8 546 102 00
	Website	www.intrum.com
Board of Directors	Anette Willumsen, Chairman Jens Hjortflod Mark Ringgaard Palmquist Siv Beate Hjellegjerde Martinsen	
Executive Board	Siv Beate Hjellegjerde Martinsen	
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S	
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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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, 29 June 2022

Executive Board:

Siv Hjellegjerde Martinsen

Siv Beate Hjellegjerde Martinsen

Board of Directors:

Anette Willumsen

Anette Willumsen
Chairman

Jens Hjortflod

Jens Hjortflod

Mark R. Palmquist

Mark Ringgaard Palmquist

Siv Hjellegjerde Martinsen

Siv Beate Hjellegjerde Martinsen

Independent auditor's report

To the shareholder of Intrum A/S

Opinion

We have audited the financial statements of for the financial year 2021 , which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at and of the results of its operations and cash flows for the financial year - in accordance with International Financial Reporting Standards as adopted by the EU and additional 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 misstatement of the management commentary.

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 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 2 error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 the 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 these financial statements.

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

► Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

► Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

København, 29.06.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Ringbæk
State Authorised Public Accountant
Identification No (MNE) mne27735

Anders Houmann
State Authorised Public Accountant
Identification No (MNE) mne46265

Management's review

Company's essential activities

Intrum AB is one of Europe's leading companies within Credit Management Services and related Financial Services, which builds on strong collection operations. Intrum Justitia AB was founded in 1923 and today has over 10.000 employees and operations in 24 countries. In addition, Intrum AB has partner representatives in further approximately 160 countries to assist clients with operations both within Europe and beyond.

Development and economic conditions

The result for 2021 is showing a deficit of DKK'000 -349 versus last year DKK'000 -39.668.
The result is impacted by reversed Guarantee Contracts write-down of DKK'000 2.100. The reversing of write down is due to higher expectation to Collections on guarantees.

In the annual report for 2020 the management expected an improved result for 2021 compared to 2020 and to have an operating profit in the rage of DKK'000 1.000 - 3.000, as the operating profit for 2021 is DKK'000 3.351, this is fully forfilled.

Events after the balance sheet date (after reporting date)

There have been no other significant events after the end of the financial year 2021.

Expected development

Intrum A/S expects that the operating profit for 2022 will improve, and expect operating profit in the range of DKK'000 10.000 -14.000.

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Income statement					
Gross profit	116.977	120.634	102.790	121.442	90.242
Operating profit	3.351	-29.564	-135.925	-4.775	-1.191
Financial items, net	-3.772	-6.088	-10.135	-8.689	-6.323
Profit for the year	**-349**	**-39.668**	**-145.754**	**-10.790**	**-7.963**
Financial position					
Balance sheet total	174.379	183.166	220.696	338.164	339.284
Equity	24.666	25.004	2.672	13.426	19.245
Investments in property, plant and equipment	956	661	26.159	578	279
Financial ratios (%)					
Liquidity ratio	64,8	60,3	54,1	89,4	21,0
Solvency ratio	14,1	13,7	1,2	4,0	5,7
Staff					
Number of full-time employees at year end	178	183	202	220	158

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	2021	2020
Revenue	3	167.028	168.426
Cost of sales		-35.155	-34.711
Other external costs		-14.896	-13.081
Gross profit		**116.977**	**120.634**
Staff costs	4	-104.219	-105.690
Amortisation and depreciation of tangible and intangible assets and Impairment loss	8, 10	-9.407	-44.508
Operating profit		**3.351**	**-29.564**
Financial income	5	59	85
Financial expenses	6	-3.832	-6.173
Profit before tax		**-421**	**-35.652**
Tax on profit	7	72	-4.016
Profit for the year		**-349**	**-39.668**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**-349**	**-39.668**

STATEMENT OF FINANCIAL POSITION

DKK'000	Note	2021	2020
Assets			
Non-current assets			
Goodwill	8	106.352	106.352
Other intangible assets	8	3.674	6.782
Property, plant and equipment	10	11.370	16.731
Deferred tax assets	7	1.326	1.254
Other long-term receivables		4.534	4.680
Total non-current assets		**127.256**	**135.799**
Current assets			
Trade and other receivables	16	20.043	17.766
Receivables with Group Companies		2.306	819
Income tax receivable	7	-	-
Prepayments		3.281	2.621
Cash and cash equivalents	13	21.493	26.161
Total current assets		**47.123**	**47.367**
Total assets		**174.379**	**183.166**
Equity and liabilities			
Equity			
Share capital	11	1.302	1.302
Reserve for development costs		3.674	5.290
Retained earnings		19.690	18.412
Total equity		**24.666**	**25.004**
Liabilities			
Non-current liabilities			
Long-term leasing liabilities	17	6.172	10.997
Deferred tax liatilities	7	-	-
Liabilities to parent company	16	70.873	68.565
Total non-current liabilities		**77.045**	**79.562**
Current liabilities			
Trade and other payables	16	2.415	3.449
Deferred income		3.026	2.919
Liabilities to Group Companies	16	23.240	16.367
Income tax payable	7	-	-
Client funds		20.114	19.724
Short-term leasing liabilities	17	5.241	5.216
Other liabilities	12	18.632	30.925
Total current liabilities		**72.668**	**78.600**
Total liabilities		**149.713**	**158.162**
Total equity and liabilities		**174.379**	**183.166**

Note

Contingencies, contractual obligations, collaterals and pledged assets, note 13

Leases, note 17

Related party disclosures, note 18

Events after the reporting period, note 19

Standards issued but not yet effective, note 20

STATEMENT OF CASH FLOWS

DKK'000	Note	2021	2020
Cash flow from operating activities			
Operating profit		3.351	-29.564
Non-cash adjustments	14	9.405	44.704
Changes in working capital	15	-17.498	904
Interest paid		-3.832	-6.167
Interest received		59	85
Income taxes paid		-	1.060
Cash flow from operating activities		**-8.515**	**11.022**
Cash flow from investing activities			
Investments in intangible assets	8	-	-1.787
Investments in property, plant and equipment	10	-956	-661
Sale in property, plant and equipment		20	77
Cash flow from investing activities		**-936**	**-2.371**
Cash flow from financing activities			
Change in borrowings Group liabilities	16	9.181	-59.723
Change in leasing liabilities	17	-4.800	-4.476
Equity contribution		11	62.000
Cash flow from financing activities		**4.392**	**-2.199**
Net cash flow		**-5.059**	**6.452**
Cash and cash equivalents at 1 January		6.437	-15
Cash and cash equivalents at 31 December	13	**1.378**	**6.437**

STATEMENT OF CHANGES IN EQUITY

2021

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	**1.302**	**5.290**	**18.412**	**25.004**
Profit for the period	-	-	-349	-349
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	-	-	**-349**	**-349**
Transactions with owners of the Company and other equity transactions:				
Capitalized of software development costs		1.341	-1.341	-
Amortisation of software development costs		-2.957	2.957	-
Stock Option reserve			11	11
Shareholders contribution				-
Dividends paid				-
Total transactions with owners of the Company and other equity transactions	**-**	**-1.616**	**1.627**	**11**
Equity on 31 December	**1.302**	**3.674**	**19.690**	**24.666**

2020

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	**1.301**	**6.373**	**-5.002**	**2.672**
Profit for the period			-39.668	-39.668
Other comprehensive income for the period			-	-
Total other comprehensive income	-	-	**-39.668**	**-39.668**
Transactions with owners of the Company and other equity transactions:				
Reclassification reserve of softeware development costs		1.394	-1.394	-
Amortisation of software development costs		-2.477	2.477	-
Stock Option reserve				-
Shareholders contribution	1		61.999	62.000
Dividends paid				-
Total transactions with owners of the Company and other equity transactions	**1**	**-1.083**	**63.082**	**62.000**
Equity on 31 December	**1.302**	**5.290**	**18.412**	**25.004**

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 Kirsten Walthers Vej 7, 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 29th June 2022 approved the annual report 2021 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 AB. The address of Intrum AB is Sicklastråket 4, Nacka, 105 24 Stockholm, Sweden, 105 24 Stockholm 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
No changes that entered into force in 2021.

Reclassification
No significant.

Segment
Intrum A/S has only one segment debt collection service and all service are performed in Denmark.

Foreign currencies
Intrum's financial statements are presented in Danish kroner, which is also Intrum'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 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
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 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
No new development costs are activated. Only costs to 3. party have previous been activated at cost. Existing 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, Cars, Fixtures and fittings

Land and buildings, plant and machinery and Cars, fixtures and fittings 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 2-5 years for operating assets and equipment, and 5 years for leasehold improvements.

Lease Assets

Lease assets are 'right-of-use assets' from lease agreements. If, at inception, it is assessed that a contract contains a lease, a lease asset is recognized. Lease assets are initially measured at the present value of future lease payments. Payments include fixed payments.

The lease assets are depreciated using the straight-line method over the shorter of the expected lease term and the useful life of the underlying asset. The lease assets are tested for impairment whenever there is an indication that the assets may be impaired.

Lease assets are depreciated as follows:

Building: 5 years
Cars, other fixtures and fittings 2-5 years
Plant and machinery 3-5
Short-term leases and leases of low value are recognized as expenses in the income statement on a straight-line basis over the lease term. Intrum's portfolio of leases covers leases of buildings and other equipment such as cars and printers.

Lease liabilities

Lease liabilities are valued at the present value of future minimum lease payments discounted with the marginal loan interest rate.

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 (Guarantee contracts)

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.

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 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'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.

Payments Guarantees (Gaurantee contracts)

Receivables from guarantee contracts are assessed on an ongoing basis in relation to the expected future cash flow. If a loss is assessed to occur a reserve for the expected loss will be provided. The assessment is done based on the current and expected activity on the different customers. In case the lost is no longer assessed to accur, the reserve will be reversed.

Note 3 Revenue

2021

DKK'000	2021	2020
Commissions & Colletion fees	120.536	127.435
Other revenue	3.048	3.627
Intercompany revenue including IDF Switzerland	43.444	37.364
Total	**167.028**	**168.426**

The company has only one segment which is debt collection service. All debt collection services are performed in Denmark

Note 4 Staff costs

DKK'000	2021	2020
Wages and salaries	92.500	91.814
Defined contribution plans	7.685	7.460
Other social security costs	910	1.107
Other staff costs	3.124	5.309
Total	**104.219**	**105.690**
Average number of full-time employees	178	183

Remuneration to the management include salaries of DKK'000 7.470(2020: DKK'000 8.636) and pensions of DKK'000 631 (2020: DKK'000 846)

Note 5 Financial income

DKK'000	2021	2020
Interest income from Group Companies	33	56
Interest income external	6	20
Currency adjustments	20	9
Total	**59**	**85**

Note 6 Financial expenses

DKK'000	2021	2020
Interest costs to Group Companies	2.346	4.291
Interest costs on lease liabilities	1.120	1.526
Other interest costs	286	334
Currency adjustments	80	22
Total	**3.832**	**6.173**

Note 7 Income tax

Tax for the year

DKK'000	2021	2020
Total tax for the year is specified as follows:		
Tax for the year	72	-4.016
Tax on other comprehensive income	-	-
Total	**72**	**-4.016**

	2021	2020
Income tax of profit from the year is specified as follows:		
Current tax	243	-
Deferred tax	72	-4.016
Adjustment of tax related to prior years	-243	-
Total	**72**	**-4.016**

	2021		2020	
	DKK'000	%	DKK'000	%
Profit before tax	-421		-35.652	
Calculated 22 % (22 % in 2018) tax of the profit before tax	93	22%	7.843	22%
Tax effect of:				
Non-deductible costs	-21	4,9%	-7.721	21,7%
Adjustment to prior years	-	0,0%	-	0,0%
Write-down tax assets	-	0,0%	-4.138	11,6%
Tax effect total	**72**	**26,9%**	**-4.016**	**55,3%**

Deferred tax

DKK'000	2021	2020
Deferred tax		
Deferred tax 1 January	1.254	5.270
Deferred tax for the year recognised in profit for the year	315	-4.016
Loss carried forward	-243	-
Adjustment to prior years	-	-
Deferred tax 31 December	**1.326**	**1.254**

	2021	2020
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	1.326	1.254
Deferred tax liabilities	-	-
Deferred tax 31 December, net	**1.326**	**1.254**

DKK'000	2021	2020
Deferred tax concerns:		
Property, plant and equipment	1.212	984
Completed development	-808	-1.492
Impairment on trade receivables	125	209
Tax loss carried forward	-243	-
Accruals	795	821
Provisions	3.780	4.267
Write-downs Tax asset	-3.535	-3.535
	1.326	**1.254**

Gross tax loss carried forward constitute a nominal value of DKK'000 36.148.

DKK'000	2021	2020
Income tax receivable/payable 1 January	0	1.060
Current tax		-
Adjustment of tax relating to previous years		-
Income tax paid during the year		-1.060
Income tax receivable/payable 31 December	-	-

Note 8 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost 1 January 2021	23.015	18.992	253.351	295.358
Additions	-	-	-	-
Disposals	-	-	-	-
Cost 31 December 2021	**23.015**	**18.992**	**253.351**	**295.358**
Amortisation and impairment 1 January 2021	16.233	18.992	146.999	182.224
Amortisation for the year	3.108	-	-	3.108
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Amortisation and impairment 31 December 2021	**19.341**	**18.992**	**146.999**	**185.332**
Carrying amount 31 December 2021	**3.674**	**-**	**106.352**	**110.026**
Cost 1 January 2020	21.228	18.992	253.351	293.571
Additions	1.787	-	-	1.787
Disposals	-	-	-	-
Cost 31 January 2020	**23.015**	**18.992**	**253.351**	**295.358**
Amortisation and impairment 1 January 2020	13.058	18.992	111.999	144.049
Amortisation for the year	3.175	-	-	3.175
Impairment for the year	-	-	35.000	35.000
Disposals	-	-	-	-
Amortisation and impairment 31 December 2020	**16.233**	**18.992**	**146.999**	**182.224**
Carrying amount 31 December 2020	**6.782**	**-**	**106.352**	**113.134**

Goodwill relates to previous acquisitions of the companies Difko Inkasso A/S, Advis A/S and Dansk Kreditorservice A/S. The companies are fully integrated in Intrum A/S

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 carried 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 investments a 4 years budget is prepared and approved by the Management. Year 2025, terminal period, is based on an expectation of 2 % (2%) growth per year. WACC after tax is estimated at 6,5% (6,5%).

In the Impairment test end 2021, the expected net realisable value for the forecast period 2022-2025 exceeds the Goodwill amount and no writedowns are necessary.

Note 10 Tangible assets

	Plant and machinery	Other fixtures and fittings	Land, Buildings and leasehold improvements	Total
Cost 1 January 2021	1.685	8.474	20.708	30.867
Additions	476	480	-	956
Disposals	-	-856	-	-856
Cost 31 December 2021	**2.161**	**8.098**	**20.708**	**30.967**
Depreciation and impairment 1 January 2021	888	5.305	7.943	14.136
Depreciation for the year	532	1.631	4.136	6.299
Disposals	-	-838	-	-838
Depreciation and impairment 31 December 2021	**1.420**	**6.098**	**12.079**	**19.597**
Carrying amount 31 December 2021	**741**	**2.000**	**8.629**	**11.370**
Cost 1 January 2020	1.438	8.355	20.708	30.501
Additions	247	414	-	661
Disposals	-	-295	-	-295
Cost 31 January 2020	**1.685**	**8.474**	**20.708**	**30.867**
Depreciation and impairment 1 January 2020	455	3.764	3.807	8.026
Depreciation for the year	433	1.764	4.136	6.333
Disposals	-	-223	-	-223
Depreciation and impairment 31 December 2020	**888**	**5.305**	**7.943**	**14.136**
Carrying amount 31 December 2020	**797**	**3.169**	**12.765**	**16.731**

For more information on lease assets see note 18.

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 13,7% for 2021 (13,3% for 2020).

Share capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2021	2020	2021	2020
1 January	1.302	1.301	1.302	1.301
31 December - fully paid	1.302	1.302	1.302	1.302

The share capital has not been increased in 2021 and was in 2020 increased with nominal 1 DKK'000 , and the new amounts to be DKK'000 1.302.

Note 12 Other liabilities

DKK'000	2021	2020
Payable VAT and taxes	5.659,00	11.019
Wages payable, taxes and social contributions	4.063,00	3.885
Holiday pay	4.473,00	13.583
Other payable costs	4.437,00	2.438
	18.632	**30.925**

Note 13 Contingencies, contractual obligations, collaterals and pledged assets

Contractual liabilities and contingencies

Other economical liabilities

Consultants contract and operating lease liabilities:

DKK'000	2021	2020
Consultants liabilities	230	1.920
Total liabilities	**230**	**1.920**

IFRS 16 Leases is implemented and all significant lease liabilities are incorporated in the Total Liabilities Other liabilities expect to be recognized in the income statement within 1 year.

Cash, cash equivalents and pledged assets as clients funds

DKK'000	2021	2020
Pledged assets as clients funds	20.114	19.724
Free Cash and cash equivalents	1.378	6.437
Total cash and equivalents	**21.493**	**26.161**

Note 14 Non-cash adjustments

DKK'000	2021	2020
Depreciation and amortisation	9.407	9.507
Loss/gain sales and Scrap assets	-2	-5
Impairment	-	35.000
Write down tax receivable	-	-
Provisions		201
Total non-cash adjustments	**9.405**	**44.703**

Note 15 Changes in working capital

DKK'000	2021	2020
Change in receivables	1.329	-858
Prepaid expenses/deferred income	196	39
Change in trade payables, other liabilities and provisions	15.973	1.723
Total change in working capital	**17.498**	**904**

Note 16 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 cash flows. The main financing required for investments and working capital is obtained through a Group loan with the Parent Compant, Intrum 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 cash flows:

2021	Carrying amount	< 1 year	1-2 year	3 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company/Group companies	94.113	23.240	-	70.873	-
Leasing Liabilities	11.413	5.241	5.264	908	-
Trade and other payables	2.414	2.414	-	-	-
Financial guarantee	-	-	-	-	-
Total non-derivative financial instruments	**107.940**	**30.895**	**5.264**	**71.781**	-

2020	Carrying amount	< 1 year	1-2 year	3 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company/Group companies	84.932	16.367	-	68.565	-
Leasing Liabilities	16.213	5.216	5.083	5.914	-
Trade and other payables	3.449	3.449	-	-	-
Financial guarantee	-	-	-	-	-
Total non-derivative financial instruments	**104.594**	**25.032**	**5.083**	**74.479**	-

Liabilities arising from financing activities

2021	Group liabilities	Lease liabilities	Total
Liabilities from financing activities at January 1	84.938	16.213	101.151
Financing cash flows		-4.800	-4.800
Financial changes - non cash	9.181	-	9.181
Total liabilities from financing activities at December 31	**94.119**	**11.413**	**105.532**

2020	Group liabilities	Lease liabilities	Total
Liabilities from financing activities at January 1	144.651	20.689	165.340
Financing cash flows		-4.476	-4.476
Financial changes - non cash	-59.713	-	-59.713
Total liabilities from financing activities at December 31	**84.938**	**16.213**	**101.151**

Note 16 Financial risk and financial instruments (continued)

Credit risk

Credit risk consists of the risk that Intrum's counterparties are unable to fulfil 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 2021. 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.

Financial guarantee

Intrum offers services where clients are given a guarantee on collections in regards of their receivables from customers. This entails a risk, that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid within the agreed timeline. After payout of guarantee all collections becomes Intrum's share until the paid out guarantee amount has been covered. The guarantees are being evaluated against forecasts so that any future losses are written down.

Trade and other receivables

DKK'000	2021	2020
Trade receivables	6.861	7.363
Deposit	2.534	2.484
Guarantee Contracts	14.988	11.876
Other	194	723
Total	**24.576**	**22.446**

Reconized in the balance sheet as follows:

Non-Currents	4.534	4.680
Currents	20.043	17.766
Total	**24.576**	**22.446**

Trade receivables overview compound as follows:

DKK'000	2021	2020
Less than 30 days	6.807	6.981
Between 31 and 90 days	310	145
More than 91 days	313	1.187
Reserve for impairment loss	-569	-950
Total Trade receivables	**6.861**	**7.363**

The reserve for impaired accounts receivable represents DKK'000 569 (2020: DKK'000 950) and relates primarily to receivables overdue by more than 90 days.

Guarantee Contracts

DKK'000	2021	2020
Guarantee Payouts	124.230	114.976
Collected	-92.061	-83.703
Reserve for impairment loss	-17.182	-19.397
Total Guarantee Contracts recognised as Other Receivables	**14.988**	**11.876**

Categories of financial instruments

	Carrying amount	
DKK'000	2021	2020
Cash and receivables		
Trade and other receivables	20.043	17.767
Receivables to Group Companies	2.306	819
Cash and cash equivalents	21.493	26.161
Total cash and receivables	**43.842**	**44.747**
Financial liabilities measured at amortised cost		
Liabilities to Group Company	94.113	84.932
Trade payables	2.415	3.449
Leasing Liabilities	11.413	16.213
Client funds	20.114	19.724
Total financial liabilities measured at amortised cost	**128.055**	**124.318**

Note 17 Leases

IFRS 16 was implemented as of January 1, 2019.

DKK'000	2021	2020
Lease assets		
Land, Buildings and leasehold	8.176	12.100
Other fixtures and fittings	1.654	2.589
Carrying amount of lease assets	**9.830**	**14.689**

Additions to the lease assets during 2021 was DKK'000 480 (2020:DKK'000 415)

DKK'000	2021	2020
Lease liabilities		
0-1 year	5.241	5.216
1-2 years	5.264	5.083
2-5 years	908	5.914
>5 years	-	-
Carrying amount of lease liatilities	**11.413**	**16.213**

DKK'000	2021	2020
Amounts recognized in the income statement		
Interest on lease liabilities	1.120	1.526
Expenses relating to short-term leases and low-value leases		508
Total	**1.120**	**2.034**

DKK'000	2021	2020
Depreciation of lease assets per asset class		
Land, Buildings and leasehold	3.924	3.924
Other fixtures and fittings	1.396	1.413
Total	**5.320**	**5.337**

Amounts recognized in the statement of cash flows		
Total cash outflow for leases	**6.379**	**6.339**

Note 18 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

DKK'000	2021	2020
Transactions with associated companies		
Parrent company		
Recharged salaries and other costs related to Intrum AB employees located in Denmark	-5.799	-4.818
Management Service Agreement	7.520	6.404
Interest	2.312	4.234
Other costs	3.453	2.456
Other associated companies		
Collection services	-43.444	-37.364
Recharged salaries and other costs related to associated companies employees located in Denmark	-747	-
IT costs	672	1.138
Other costs	6.781	3.674
Total	**-29.252**	**-24.275**

DKK'000	2021	2020
Balance 31/12 with Associated companies		
Parrent company		
Loan	-70.873	-68.565
Account payables	-1.934	-629
Account Receivables	1.436	204
Other associated companies		
Account payables	-21.305	-15.738
Account Receivables	870	615
Total	**-91.807**	**-68.990**

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	Sicklastråket 4, 13154 Nacka, 105 24 Stockholm, 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 management include salaries of DKK'000 7.470(2020: DKK'000 8.636) and pensions of DKK'000 631 (2020: DKK'000 846)

Intrum AB has signed a letter of subordination which is irrevocable and valid until 31. december 2022.

Note 19 Events after the reporting period

There have been no other significant events after the end of the financial year 2021.

Note 20 Standards issued but not yet effective

IASB have issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2021. Intrum A/S expects to adopt the accounting standards and interpretations when they become mandatory. None of the new or amended standards or interpretations are expected to have an impact on the financial statements.