

Intrum A/S

(CVR no. 10 61 37 79)

Kirstens Walthers Vej 7, 2500 Valby

Annual report 2020

Approved at the Company's annual general meeting on 26 February 2021

Chairman:

A handwritten signature in black ink, appearing to read "Martin Larsen", written over a horizontal line.

Martin Larsen

Contents

Management report

Company information	2
Statement by Management on the annual report	3
Independent Auditor's report	4
Management review	6

Financial statements

Statement of comprehensive income	7
Statement of financial position	8
Statement of cash flows	9
Statement of changes in equity	10
Notes overview	11
Notes	12

Company information

The Company

Intrum A/S
Kirstens Walthers Vej 7
2500 Valby
Denmark

CVR no.	10613779
Founded	1 January 1987
Registered 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
Mohammed Salloum
Johan Brodin

Executive Board

Jens Hjortflod

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
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 2020.

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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

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, 26 February 2021

Executive Board:

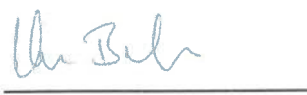

Jens Hjortfloed

Board of Directors:


Anette Willumsen
Chairman


Jens Hjortfloed


Mohammed Salloum


Johan Brodin

Independent auditor's report

To the shareholder of Intrum A/S

Opinion

We have audited the financial statements of Intrum A/S for the financial year 1 January – 31 December 2020, 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 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, by 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

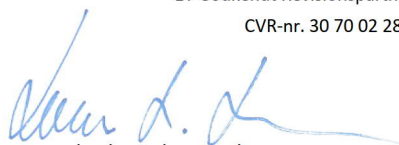
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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, 26 February 2021
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28



Lars Rhod Søndergaard
State Authorised
Public Accountant
mne28632



Rasmus Berntsen
State Authorised
Public Accountant
mne35461

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 partner representatives in further approximately 160 countries to assist clients with operations both within Europe and beyond.

Development and economic conditions

The result for 2020 is showing a deficit of DKK'000 - 39.668 versus last year DKK'000 -145.754.

The result is impacted by impairment of goodwill write-down of DKK'000 35.000 and write-down of tax asset DKK'000 4.016. The impairment loss is mainly the result of a lack of earnings and synergies from the acquisition of Dansk Kreditorservice A/S and Advis A/S. The equity is re-established by an equity contribution of DKK'000 62.000 by converting debt to Intrum AB into equity. Lockdown due to COVID-19 has not affected the company significantly.

In the annual report for 2019 the management expected an improved result for 2020 compared to 2019. The result has been improved. Operating profit before write-down of goodwill was DKK'000 5.436, but due to the need for further write-down of goodwill the management considers the result unsatisfactory.

Events after the balance sheet date (after reporting date)

There have been no other significant events after the end of the financial year 2020.

Expected development

Intrum A/S expects that the operating profit for 2021 will improve, and expect operating profit in the range of DKK'000 1.000 -3.000. COVID-19 virus will still be a risk and can affect the result. After the reduction in group debt in December 2020, the interest burden will also be lower, which will have a positive effect on the profit for the year.

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Income statement					
Gross profit	120.634	102.790	121.442	90.242	87.634
Operating profit	-29.564	-135.925	-4.775	-1.191	7.011
Financial items, net	-6.088	-10.135	-8.689	-6.323	-4.419
Profit for the year	-39.668	-145.754	-10.790	-7.963	3.546
Financial position					
Balance sheet total	183.166	220.696	338.164	339.284	364.182
Equity	25.004	2.672	13.426	19.245	27.208
Investments in property, plant and equipment	661	26.159	578	279	588
Financial ratios (%)					
Liquidity ratio	60,3	54,1	89,4	21,0	123,7
Solvency ratio	13,7	1,2	4,0	5,7	7,5
Staff					
Number of full-time employees at year end	183	202	220	158	138

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	2020	2019
Revenue	3	168.426	164.005
Cost of sales		-34.711	-44.444
Other external costs		-13.081	-16.771
Gross profit		120.634	102.790
Staff costs	4	-105.690	-115.446
Amortisation and depreciation of tangible and intangible assets and Impairment loss	8, 10	-44.508	-123.269
Operating profit		-29.564	-135.925
Financial income	5	85	131
Financial expenses	6	-6.173	-10.266
Profit before tax		-35.652	-146.060
Tax on profit	7	-4.016	306
Profit for the year		-39.668	-145.754
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		-39.668	-145.754

STATEMENT OF FINANCIAL POSITION

DKK'000	Note	2020	2019
Assets			
Non-current assets			
Goodwill	8	106.352	141.352
Other intangible assets	8	6.782	8.170
Property, plant and equipment	10	16.731	22.475
Deferred tax assets	7	1.254	5.270
Other long-term receivables		4.680	2.435
Total non-current assets		135.799	179.702
Current assets			
Trade and other receivables	17	17.766	19.044
Receivables with Group Companies		819	1.129
Income tax receivable	7	-	1.060
Prepayments		2.621	2.660
Cash and cash equivalents	14	26.161	17.101
Total current assets		47.367	40.994
Total assets		183.166	220.696
Equity and liabilities			
Equity			
Share capital	11	1.302	1.301
Reserve for development costs		5.290	6.373
Retained earnings		18.412	-5.002
Total equity		25.004	2.672
Liabilities			
Non-current liabilities			
Long-term leasing liabilities	17,18	10.997	15.919
Liabilities to parent company	17	68.565	126.301
Provisions	12	-	-
Total non-current liabilities		79.562	142.220
Current liabilities			
Trade and other payables	17	3.449	3.846
Deferred income		2.919	2.057
Liabilities to Group Companies	17	16.367	18.348
Income tax payable	7	-	-
Client funds		19.724	17.116
Short-term leasing liabilities	17,18	5.216	4.770
Other liabilities	13	30.925	29.667
Total current liabilities		78.600	75.804
Total liabilities		158.162	218.024
Total equity and liabilities		183.166	220.696

Note

Contingencies, contractual obligations, collaterals and pledged assets, note 14

Leases, note 18

Related party disclosures, note 19

Events after the reporting period, note 20

Standards issued but not yet effective, note 21

STATEMENT OF CASH FLOWS

DKK'000	Note	2020	2019
Cash flow from operating activities			
Operating profit		-29.564	-135.925
Non-cash adjustments	15	44.704	123.357
Changes in working capital	16	904	26.590
Interest paid		-6.167	-17.608
Interest received		85	131
Income taxes paid		1.060	-314
Cash flow from operating activities		11.022	-3.769
Cash flow from investing activities			
Investments in intangible assets	8	-1.787	-2.927
Investments in property, plant and equipment	10	-661	-29.813
Sale in property, plant and equipment		77	1.863
Cash flow from investing activities		-2.371	-30.877
Cash flow from financing activities			
Increase in borrowings Group liabilities	17,18	-59.723	-124.964
Increase in leasing liabilities	17,18	-4.476	20.689
Equity contribution		62.000	135.000
Cash flow from financing activities		-2.199	30.725
Net cash flow		6.452	-3.921
Cash and cash equivalents at 1 January		-15	3.906
Cash and cash equivalents at 31 December	14	6.437	-15

STATEMENT OF CHANGES IN EQUITY

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 comprehensive income	-	-	-39.668	-39.668
Transactions with owners of the Company and other equity transactions:				
Capitalized of software development costs	-	1.394	-1.394	-
Amortisation of software development costs	-	-2.477	2.477	-
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

2019				
DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1.300	7.065	5.061	13.426
Profit for the period	-	-	-145.754	-145.754
Other comprehensive income for the period	-	-	-	-
Total other comprehensive income	-	-	-145.754	-145.754
Transactions with owners of the Company and other equity transactions:				
Reclassification reserve of software development costs	-	2.283	-2.283	-
Amortisation of software development costs	-	-2.975	2.975	-
Shareholders contribution	1	-	134.999	135.000
Dividends paid	-	-	-	-
Total transactions with owners of the Company and other equity transactions	1	-692	135.691	135.000
Equity on 31 December	1.301	6.373	-5.002	2.672

NOTES OVERVIEW

	Page
1 General accounting policies	12
2 Critical accounting estimates, assumptions and judgements	15
3 Revenue	16
4 Staff costs	16
5 Financial income	16
6 Financial expenses	16
7 Income tax	17
8 Intangible assets	18
9 Impairment test	18
10 Tangible assets	19
11 Equity	20
12 Provisions	20
13 Other liabilities	20
14 Contingencies, contractual obligations, collaterals and pledged assets	21
15 Non-cash adjustments	21
16 Changes in working capital	21
17 Financial risk and financial instruments	22
18 Leases	24
19 Related party disclosures	24
20 Events after the reporting period	25
21 Standards issued but not yet effective	25

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 26th February 2021 approved the annual report 2020 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 2020.

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 denominated 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.

Note 1 General accounting policies (continued)

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, 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 buildings and 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.

If a lease contract is modified, the lease liability is remeasured.

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 fulfilment 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.

Note 1 General accounting policies (continued)

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 (Gaurantee 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 activities 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 comprise of financing activities including 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.

Note 3 Revenue

2020

DKK'000	2020	2019
Commissions & Collection fees	127.435	120.114
Other revenue	3.627	5.027
Intercompany revenue including IDF Switzerland	37.364	38.864
Total	168.426	164.005

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	2020	2019
Wages and salaries	91.814	101.967
Defined contribution plans	7.460	8.063
Other social security costs	1.107	876
Other staff costs	5.309	4.540
Total	105.690	115.446
Average number of full-time employees	183	202

Remuneration to the management include salaries of DKK'000 8.636 (2019: DKK'000 8.517) and pensions of DKK'000 846 (2019: DKK'000 942)

Note 5 Financial income

DKK'000	2020	2019
Interest income from Group Companies	56	77
Interest income external	20	-
Currency adjustments	9	54
Total	85	131

Note 6 Financial expenses

DKK'000	2020	2019
Interest costs to Group Companies	4.291	8.390
Interest costs on lease liabilities	1.526	1.675
Other interest costs	334	162
Currency adjustments	22	39
Total	6.173	10.266

Note 7 Income tax

Tax for the year

DKK'000	2020	2019
Total tax for the year is specified as follows:		
Tax for the year	-4.016	306
Tax on other comprehensive income	-	-
Total	-4016	306

Income tax of profit from the year is specified as follows:

Current tax	-	-
Deferred tax	-4.016	306
Adjustment of tax related to prior years	-	-
Total	-4.016	306

	2020		2019	
	DKK'000	%	DKK'000	%
Profit before tax	-35.652		-146.060	
Calculated 22 % (22,% in 2018) tax of the profit before tax	7.843	22%	32.133	22%
Tax effect of:				
Non-deductible costs	-7.721	21,7%	-24.236	16,6%
Adjustment to prior years	-	0,0%	-	0,0%
Write-down tax assets	-4.138	11,6%	-7.592	5,2%
Tax effect total	-4.016	55,3%	305	43,8%

Deferred tax

DKK'000	2020	2019
Deferred tax		
Deferred tax 1 January	5.270	4.965
Deferred tax for the year recognised in profit for the year	-4.016	305
Loss carried forward	-	-
Adjustment to prior years	-	-
Deferred tax 31 December	1.254	5.270

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	1.254	5.270
Deferred tax liabilities	-	-
Deferred tax 31 December, net	1.254	5.270

DKK'000	2020	2019
Deferred tax concerns:		
Property, plant and equipment	984	650
Completed development	-1.492	-1.797
Impairment on trade receivables	209	194
Acquired intangible assets	-	-
Accruals	821	1.985
Provisions	4.267	4.238
Write-downs Tax asset	-3.535	-
	1.254	5.270

Gross tax loss carried forward constitute a nominal value of DKK'000 37.252.

DKK'000	2020	2019
Income tax receivable/payable 1 January	1.060	746
Current tax	-	-
Adjustment of tax relating to previous years	-	-
Income tax paid during the year	-1.060	314
Income tax receivable/payable 31 December	-	1.060

Note 8 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost 1 January 2020	21.228	18.992	253.351	293.571
Additions	1.787	-	-	1.787
Disposals	-	-	-	-
Cost 31 December 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
Cost 1 January 2019	18.301	18.992	253.351	290.644
Additions	2.927	-	-	2.927
Disposals	-	-	-	-
Cost 31 January 2019	21.228	18.992	253.351	293.571
Amortisation and impairment 1 January 2019	9.243	16.143	1.999	27.385
Amortisation for the year	3.815	2.849	-	6.664
Impairment for the year	-	-	110.000	110.000
Disposals	-	-	-	-
Amortisation and impairment 31 December 2019	13.058	18.992	111.999	144.049
Carrying amount 31 December 2019	8.170	-	141.352	149.522

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 2024, terminal period, is based on an expectation of 2 % (2%) growth per year. WACC after tax is estimated at 6,5% (6%).

In 2020, impairment losses of DKK'000 35.000 (DKK'000 110.000) on Goodwill was recognized. The impairment loss is mainly the result of a lack of earnings and synergies from the acquisition of Dansk Kreditorservice A/S and Advis A/S.

A sensitivity analysis shows that if the growth in revenue for the forecast period 2021-2024 declines 1 % year on year it would indicate an additional impairment of DKK 86,5 million or if the discount rate post tax increases 1%, it would indicate an additional impairment of DKK 32 million all other things being equal.

Note 10 Tangible assets

	Plant and machinery	Other fixtures and fittings	Land, Buildings and leasehold improvements	Total
Cost 1 January 2020	1.438	8.355	20.708	30.501
Additions	247	414	-	661
Disposals	-	-295	-	-295
Cost 31 December 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
Cost 1 January 2019	369	4.244	2.656	7.269
Lease assets at 1 January 2019	-	1.314	2.340	3.654
Additions	1.069	4.514	20.576	26.159
Disposals	-	-1.717	-4.864	-6.581
Cost 31 January 2019	1.438	8.355	20.708	30.501
Depreciation and impairment 1 January 2019	225	3.396	2.525	6.146
Depreciation for the year	230	1.650	4.725	6.605
Disposals	-	-1.282	-3.443	-4.725
Depreciation and impairment 31 December 2019	455	3.764	3.807	8.026
Carrying amount 31 December 2019	983	4.591	16.901	22.475

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 assets amounted to 13,7% for 2020 (1,2% for 2019). Intrum A/S received in Dec. 20 an equity contribution of DKK'000 62.000 by converting Debt to Intrum AB into equity.

Share capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2020	2019	2020	2019
1 January	1.301	1.300	1.301	1.300
31 December - fully paid	1.302	1.301	1.302	1.301

The share capital has been increased with nominal 1 DKK'000 , and the new amounts to be DKK'000 1.302.

Note 12 Provisions

DKK'000	2020	2019
Provision 1 January 2020	-	-
Arising during the year	-	-
Utilised/reclassification to receivables	-	-
Provision 31 December 2020	-	-
Non-current	-	-
Current	-	-

Note 13 Other liabilities

DKK'000	2020	2019
Payable VAT and taxes	11.019	5.443
Wages payable, taxes and social contributions	3.885	5.390
Holiday pay	13.583	12.811
Other payable costs	2.438	6.023
	30.925	29.667

Note 14 Contingencies, contractual obligations, collaterals and pledged assets

Collateral

Intrum A/S has provided a Bank guarantee for the total of DKK'000 5.000 to the National Police to obtain a Danish debt collection license.

Contractual liabilities and contingencies

Other economical liabilities

Consultants contract and operating lease liabilities:

DKK'000	2020	2019
Consultants liabilities	1.920	2.064
Operating lease liabilities	193	2.231
Total liabilities	2.113	4.295

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	2020	2019
Pledged assets as clients funds	19.724	17.116
Free Cash and cash equivalents	6.437	-15
Total cash and equivalents	26.161	17.101

Note 15 Non-cash adjustments

DKK'000	2020	2019
Depreciation and amortisation	9.508	13.269
Loss/gain sales and Scrap assets	-5	-7
Impairment	35.000	110.000
Write down tax receivable	-	-
Provisions	201	95
Total non-cash adjustments	44.704	123.357

Note 16 Changes in working capital

DKK'000	2020	2019
Change in receivables	-858	20.442
Prepaid expenses/deferred income	39	45
Change in trade payables, other liabilities and provisions	1.723	6.103
Total change in working capital	904	26.590

Note 17 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 limits 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 Company, 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:

2020	Carrying amount	Total	< 1 year	2 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company/Group companies	84.932	84.932	16.367	68.565	-
Leasing Liabilities	16.213	16.213	5.216	10.997	-
Trade and other payables	3.449	3.449	3.449	-	-
Financial guarantee	-	-	-	-	-
Total non-derivative financial instruments	104.594	104.594	25.032	79.562	-

2019	Carrying amount	Total	< 1 year	2 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company/Group companies	144.649	144.649	18.348	126.301	-
Leasing Liabilities	20.689	20.689	4.770	15.919	-
Trade and other payables	3.846	3.846	3.846	-	-
Financial guarantee	-	-	-	-	-
Total non-derivative financial instruments	169.184	169.184	26.964	142.220	-

Liabilities arising from financing activities

2020	Group liabilities	Lease liabilities	Total
Liabilities from financing activities at January 1	144.649	20.689	165.338
Financing cash flows	-59.723	-4.476	-64.199
Other changes	6	-	6
Total liabilities from financing activities at December 31	84.932	16.213	101.145

2019	Group liabilities	Lease liabilities	Total
Liabilities from financing activities at January 1	276.955	-	276.955
Financing cash flows	-124.964	20.689	-104.275
Other changes	-7.342	-	-7.342
Total liabilities from financing activities at December 31	144.649	20.689	165.338

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 naturally 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 2020. 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 naturally 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 and other receivables

DKK'000	2020	2019
Trade receivables	7.363	5.077
Deposit	2.484	2.435
Guarantee Contracts	11.876	13.180
Other	723	787
Total	22.446	21.479

Recognized in the balance sheet as follows:

Non-Currents	4.680	2.435
Currents	17.766	19.044
Total	22.446	21.479

Trade receivables past due but not impaired compound as follows:

DKK'000	2020	2019
Less than 30 days	6.981	4.359
Between 31 and 90 days	145	498
More than 91 days	1.187	1.100
Reserve for impairment loss	-950	-880
Total Trade receivables	7.363	5.077

The reserve for impaired accounts receivable represents DKK'000 950 (2018: DKK'000 880) and relates primarily to receivables overdue by more than 90 days.

Guarantee Contracts

DKK'000	2020	2019
Guarantee Payouts	114.976	107.567
Collected	-83.703	-75.121
Reserve for impairment loss	-19.397	-19.266
Total Guarantee Contracts recognised as Other Receivables	11.876	13.180

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 into play, Intrum assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations.

Categories of financial instruments

DKK'000	Carrying amount	
	2020	2019
Cash and receivables		
Trade and other receivables	17.766	19.044
Receivables to Group Companies	819	1.129
Cash and cash equivalents	26.161	17.101
Total cash and receivables	44.746	37.274
Financial liabilities measured at amortised cost		
Liabilities to Group Company	84.932	144.649
Trade payables	3.449	3.846
Leasing Liabilities	16.213	20.689
Client funds	19.724	17.116
Total financial liabilities measured at amortised cost	124.318	186.300
Financial liabilities measured at fair value via profit and loss		
Financial guarantee	-130	-25
Total financial liabilities measured at fair value via profit and loss	-130	-25

Note 18 Leases

IFRS 16 was implemented as of January 1, 2019.

DKK'000	2020	2019
Lease assets		
Land, Buildings and leasehold	12.100	16.025
Other fixtures and fittings	2.589	3.660
Carrying amount of lease assets	14.689	19.685

Additions to the lease assets during 2020 was DKK'000 415 (DKK'000 23.582)

DKK'000	2020	2019
Lease liabilities		
0-1 year	5.216	4.770
1-5 years	10.997	15.919
>5 years	-	-
Carrying amount of lease assets	16.213	20.689

DKK'000	2020	2019
Amounts recognized in the income statement		
Interest on lease liabilities	1.526	1.675
Expenses relating to short-term leases and low-value leases	508	231
Total	2.034	1.906

DKK'000	2020	2019
Depreciation of lease assets per asset class		
Land, Buildings and leasehold	3.924	4.563
Other fixtures and fittings	1.413	1.220
Total	5.337	5.783

DKK'000	2020	2019
Amounts recognized in the statement of cash flows		
Total cash outflow for leases	6.339	6.361

Note 19 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	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 8.636 (2019: DKK'000 8.517) and pensions of DKK'000 846 (2019: DKK'000 942)

Note 20 Events after the reporting period

There have been no other significant events after the end of the financial year 2020.

Note 21 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 2020. 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.