Intrum A/S

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

Annual report 2019

Approved at the Company's annual general meeting on 30 April 2020
Chairman:

Martin Larsen

Contents

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 Hesselmans Torg 14, 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 André Holø Adolfsen Johan Brodin	
Executive Board	Jens Hjortflod	
Auditor	Ernst & Young P/S 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 2019.

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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

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, 30 April 2020

Executive Board:

Jens Hjortflod

Board of Directors:

Anette Willumsen
Chairman

Jens Hjortflod

André Holø Adolfsen

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 2019, 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 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, 30 April 2020

Ernst & Young

Godkendt Revisionspartnerselskab

:VR-nr. 30 70 02 28

Lars Rhod Søndergaard State Authorised Public Accountan mne28632	Anders Flymer-Dindler State Authorised Public Accountant mne35423

Management's review

Company's essential activities

Intrum AB is one of Europe's leading companies within Credit Management Services and Financial Services, which build on strong collection operations. Intrum Justitia AB was founded in 1923 and today has 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 2019 is showing a result of DKK'000 -145.754 versus last year DKK'000 -10.790.
The result is affected by impairment of goodwill write-down of DKK 110.000 and restructuring costs of DKK'000 13.162 in connection with closing down of Intrums Vejle office and other one-off costs. The equity is re-established by a equity contribution of DKK'000 135.000 by converting debt to Intrum AB into equity.

In the annual report for 2018 the management expected a improved result for 2019 compared to 2018. Therefore the management considers the results to be unsatisfactory.

Events after the balance sheet date (after reporting date)

After the balance sheet date 31 December 2019, the COVID-19 virus impacted Denmark. Management consider the outbreak to constitute a non-adjusting event and as a result, management has not adjusted any figures in the financial statements 2019.

Expected development

Intrum A/S expects that the operating profit for 2020 will improve significantly, and expect operating profit in the range of DKK'000 3.000 -6.000 , due to new large customer are fully implemented and the pipeline of new customers looks good.

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Income statement					
Gross profit	102.790	121.442	90.242	87.634	70.257
Operating profit	-135.925	-4.775	-1.191	7.011	4.740
Financial items, net	-10.135	-8.689	-6.323	-4.419	-3.144
Profit for the year	**-145.754**	**-10.790**	**-7.963**	**3.546**	**1.424**
Financial position					
Balance sheet total	220.696	338.164	339.284	364.182	210.795
Equity	2.672	13.426	19.245	27.208	20.929
Investments in property, plant and equipment	26.159	578	279	588	2.677
Financial ratios (%)					
Liquidity ratio	54,1	89,4	21,0	123,7	64,1
Solvency ratio	1,2	4,0	5,7	7,5	9,9
Staff					
Number of full-time employees at year end	202	220	158	138	120

Comparative figures for 2015 are not adapted to IFRS and Comparative figures and not adaped to IFRS 16

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	2019	2018
Revenue	3	164.005	178.882
Cost of sales		-44.444	-32.952
Other external costs		-16.771	-24.488
Gross profit		**102.790**	**121.442**
Staff costs	4	-115.446	-117.631
Amortisation and depreciation of tangible and intangible assets and Impairment loss	8, 10	-123.269	-8.586
Operating profit		**-135.925**	**-4.775**
Financial income	5	131	436
Financial expenses	6	-10.266	-9.125
Profit before tax		**-146.060**	**-13.464**
Tax on profit	7	306	2.674
Profit for the year		**-145.754**	**-10.790**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**-145.754**	**-10.790**

STATEMENT OF FINANCIAL POSITION

DKK'000	Note	2019	2018
Assets			
Non-current assets			
Goodwill	8	141.352	251.352
Other intangible assets	8	8.170	11.907
Property, plant and equipment	10	22.475	1.123
Investment in subsidiaries	12	-	-
Deferred tax assets	7	5.270	4.965
Other long-term receivables		2.435	3.640
Total non-current assets		**179.702**	**272.987**
Current assets			
Trade and other receivables	18	19.044	20.577
Receivables with Group Companies		1.129	18.927
Income tax receivable	7	1.060	746
Prepayments		2.660	2.705
Cash and cash equivalents	15	17.101	22.222
Total current assets		**40.994**	**65.177**
Total assets		**220.696**	**338.164**
Equity and liabilities			
Equity			
Share capital	11	1.301	1.300
Share premium		-	-
Reserve for development costs		-	-
Retained earnings		1.371	12.126
Total equity		**2.672**	**13.426**
Liabilities			
Non-current liabilities			
Long-term leasing liabilities	18	15.919	-
Liabilities to parent company	18	126.301	251.793
Provisions	13	-	-
Total non-current liabilities		**142.220**	**251.793**
Current liabilities			
Trade and other payables	18	3.846	3.568
Deferred income		2.057	2.152
Liabilities to Group Companies	18	18.348	25.162
Income tax payable	7	-	-
Client funds		17.116	18.316
Short-term leasing liabilities	18	4.770	-
Other liabilities	14	29.667	23.747
Total current liabilities		**75.804**	**72.945**
Total liabilities		**218.024**	**324.738**
Total equity and liabilities		**220.696**	**338.164**

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STATEMENT OF CASH FLOWS

DKK'000	Note	2019	2018
Cash flow from operating activities			
Operating profit		-135.925	-4.775
Non-cash adjustments	16	123.357	5.821
Changes in working capital	17	26.590	-8.879
Interest paid		-17.608	-6.877
Interest received		131	459
Income taxes paid		-314	-1.776
Cash flow from operating activities		**-3.769**	**-16.027**
Cash flow from investing activities			
Purchase of shares in subsidiaries		-	-
Investments in intangible assets	8	-2.927	-3.290
Sale in intangible assets		-	-
Investments in property, plant and equipment	10	-29.813	-578
Sale in property, plant and equipment		1.863	-
Other cash flow from investing activities		-	-
Cash flow from investing activities		**-30.877**	**-3.868**
Cash flow from financing activities			
Increase in borrowings and leasing liabilities		30.725	17.005
Equity contribution		135.000	-
Dividends paid to equity holders of the parent		-	-
Repayment of borrowings/conversion of debt to Equity		-135.000	-
Cash flow from financing activities		**30.725**	**17.005**
Net cash flow		**-3.921**	**-2.890**
Cash and cash equivalents at 1 January		3.906	7.354
Cash through merger with Dansk kreditorservice A/S		-	-558
Net foreign currency gains or losses		-	-
Cash and cash equivalents at 31 December		**-15**	**3.906**

STATEMENT OF CHANGES IN EQUITY

2019 DKK'000	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January	**1.300**	**-**	**-**	**12.126**	**13.426**
Profit for the period	-	-	-	-145.754	-145.754
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-145.754**	**-145.754**
Transactions with owners of the Company and other equity transactions:					
Shareholders contribution	1	134.999			135.000
Share Premium transferred to Retained earnings		-134.999		134.999	-
Dividends paid	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**1**	**-**	**-**	**134.999**	**135.000**
Equity on 31 December	**1.301**	**-**	**-**	**1.371**	**2.672**

2018 DKK'000	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January	**1.300**	**7.800**	**-**	**10.145**	**19.245**
Profit for the period	-	-	-	-10.790	-10.790
Other comprehensive income for the period	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-10.790**	**-10.790**
Transactions with owners of the Company and other equity transactions:					
Profit from merger with subsidiary using the pooling of interest method	-	-7.800	-	7.800	-
Profit from merger with subsidiary using the pooling of interest method	-	-	-	4.971	4.971
Dividends paid	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**-**	**-7.800**	**-**	**12.771**	**4.971**
Equity on 31 December	**1.300**	**-**	**-**	**12.126**	**13.426**

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 Ve 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 30 April 2020 pproved the annual report 2019 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 Hesselmans Torg 14, Nacka, 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
Changes that entered into force in 2019
Intrum A/S implemented IFRS 16 on Leases as of January 1, 2019. IFRS 16 provides that for both financial and operational leases that are material, a right of use and a lease liability must be reported. The exception is short-term leasing and leasing agreements for assets of lesser value, where the leasing fee is expensed on a straight-line basis. The right to use the asset is recognized with amortization on a straight-line basis over the term of the contract, or the asset's estimated economic life, should it be shorter. The lease debt is reported with interest costs in accordance with the effective interest method. The introduction of IFRS 16 means that leasing liabilities are recognized in respect of leases previously classified as operational leases in accordance with IAS 17.
These liabilities are valued at the present value of future minimum lease payments discounted with the marginal loan interest rate. Intrum applied the modified retroactive method, which means that the effect of the introduction of IFRS 16 was recognized directly against the opening balance without recalculating comparative figures. The main effects on Intrum's accounts were that the total assets increased by MDKK 4, calculated as of the beginning of 2019 (MDKK19,7 December 31, 2019), by reporting an asset and liability for the leases that were in effect (and where the amount is updated monthly), and that operating profit improved during the first the year with DKK 2,2 million per year by reporting the implicit interest expense in the leasing agreements in the financial net rather than in the operating profit. Leases of low value (assets of a new value less than (DKK 35,000) - which mainly comprise IT and office equipment - are not included in the lease debt but continue to be reported with linear cost accounting over the lease period. This means that the changed accounting mainly applies to rented office space and cars.

Reclassification
No significant

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
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.
Intrums' 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

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

Operating leases

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

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

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific measurement. Intrum 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.

Legal merger with the fully owned subsidiary Dansk Kreditorservice A/S in 2018

During 2018, it was decided to legally merge the Parent Company, Intrum A/S, and its wholly owned subsidiary, Dansk Kreditorservice A/S, with Intrum A/S being the continuing company (upstream merger).

According to the registration with the Danish Business Authorities, the merger was completed 10 April 2018 with legal effect as of 1 January 2018.

The common control merger has been accounted for by applying the "pooling-of-interest" method:

- Recognising all assets and liabilities of Dansk Kreditorservice A/S at their carrying amounts as at 1 January 2018
- Derecognising the carrying amount of the investment in Dansk Kreditorservice A/S at the transaction date as well as receivables from Intrum A/S
- Recognising the difference between the carrying amount of the investment in Dansk Kreditorservice A/S and the carrying amount of the net assets transferred from Dansk Kreditorservice A/S in connection with the merger directly in the Parent Company's other comprehensive income (equity) as an adjustment to retained earnings.

The merger has had no impact on the comparative figures presented by the Parent Company, which therefore are not comparable to 2018.

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.

Note 3 Revenue

2019

DKK'000	2019	2018
Commissions	139.090	138.905
Collection fees	19.888	28.681
Other revenue	5.027	11.296
Total	**164.005**	**178.882**

Note 4 Staff costs

DKK'000	2019	2018
Wages and salaries	101.967	103.557
Defined contribution plans	8.063	7.871
Other social security costs	876	849
Other staff costs	4.540	5.354
Total	**115.446**	**117.631**
Average number of full-time employees	202	220

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

Note 5 Financial income

DKK'000	2019	2018
Interest income from Group Companies	77	395
Interest income external	0	0
Currency adjustments	54	41
Total	**131**	**436**

Note 6 Financial expenses

DKK'000	2019	2018
Interest costs to Group Companies	8.390	8.600
Interest costs on lease liabilities	1.675	-
Other interest costs	162	451
Currency adjustments	39	74
Total	**10.266**	**9.125**

Note 7 Income tax

Tax for the year

DKK'000	2019	2018
Total tax for the year is specified as follows:		
Tax for the year	306	2.674
Tax on other comprehensive income	0	0
Total	**306**	**2.674**
Income tax of profit from the year is specified as follows:		
Current tax	0	0
Deferred tax	306	2.749
Adjustment of tax related to prior years	0	-75
Total	**306**	**2.674**

	2019		2018	
	DKK'000	**%**	**DKK'000**	**%**
Profit before tax	-146.060		-13.464	
Calculated 22 % (22,% in 2018) tax of the profit before tax	32.133	22%	2.962	22%
Tax effect of:				
Non-deductible costs	-24.236	16,6%	-118	0,9%
Adjustment to prior years	-	0,0%	-170	1,3%
Write-down tax assets	-6.918	4,7%	-	0,0%
Tax effect total	**979**	**43,3%**	**2.674**	**24,1%**

Deferred tax

DKK'000	2019	2018
Deferred tax		
Deferred tax 1 January	4.965	1.737
Additions through merger with Dansk Kreditorservice A/S	0	385
Deferred tax for the year recognised in profit for the year	305	1.127
Loss carried forward	0	1.716
Adjustment to prior years	0	0
Deferred tax 31 December	**5.270**	**4.965**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	5.270	4.965
Deferred tax liabilities	-	-
Deferred tax 31 December, net	**5.270**	**4.965**

DKK'000	2019	2018
Deferred tax concerns:		
Property, plant and equipment	650	229
Completed development	-1.797	-1.993
Impairment on trade receivables	194	167
Acquired intangible assets	-	-626
Accruals	1.985	1.228
Provisions	4.238	4.244
Loss carried forward	-	1.716
	5.270	**4.965**

DKK'000	2019	2018
Income tax receivable/payable 1 January	746	-421
Additions through merger with Dansk Kreditorservice A/S	0	-732
Current tax	0	0
Adjustment of tax relating to previous years	0	123
Income tax paid during the year	314	1.776
Income tax receivable/payable 31 December	**1.060**	**746**

Note 8 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost 1 January 2019	18.301	18.992	253.351	290.644
Additions	2.927	-	-	2.927
Disposals	-	-	-	-
Cost 31 December 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**
Cost 1 January 2018	14.221	18.992	152.600	185.813
Additions through merger with Dansk Kreditorservice A/S	1.000	-	100.751	101.751
Additions	3.290	-	-	3.290
Disposals	-210	-	-	-210
Cost 31 January 2018	**18.301**	**18.992**	**253.351**	**290.644**
Amortisation and impairment 1 January 2018	5.842	12.345	1.999	20.186
Additions through merger with Dansk Kreditorservice A/S	250	-	-	250
Amortisation for the year	3.297	3.798	-	7.095
Impairment for the year	-	-	-	-
Disposals	-146	-	-	-146
Amortisation and impairment 31 December 2018	**9.243**	**16.143**	**1.999**	**27.385**
Carrying amount 31 December 2018	**9.058**	**2.849**	**251.352**	**263.259**

Note 9 Impairment test

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

Cash flows, based on current revenue, EBIT-margin and future expectations to the development in the market incl. necessary investments a 5 years budget is prepared and approved by the Management. Year 2023, terminal period, is based on an expectation of 2 % growth per year. WACC after tax is estimated at 6%.

In 2019, impariment losses of DKK'000 110.000 on Goodwill was reconized. The impairment lose is mainly the result of a lack of earnings and non-performing synergies from the acquisition of Dansk Kreditorservice A/S.

Note 10 Tangible assets

	Plant and machinery	Other fixtures and fittings	Land, Buildings and leasehold improvements	Total
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 December 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**
Cost 1 January 2018	285	3.511	2.525	6.321
Additions through merger with Dansk Kreditorservice A/S	-	565	-	565
Additions	84	363	131	578
Reclassification	-	-	-	-
Disposals	-	-195	-	-195
Cost 31 January 2018	**369**	**4.244**	**2.656**	**7.269**
Depreciation and impairment 1 January 2018	171	2.651	1.526	4.348
Additions through merger with Dansk Kreditorservice A/S	-	502	-	502
Depreciation for the year	54	438	999	1.491
Disposals	-	-195	-	-195
Depreciation and impairment 31 December 2018	**225**	**3.396**	**2.525**	**6.146**
Carrying amount 31 December 2018	**144**	**848**	**131**	**1.123**

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 2,6% for 2019. (4,0% for 2018) Intrum A/S received in Dec. 19 an equity contribution of DKK'000 135.000 by converting Debt to Intrum AB into equity.

Share capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2019	2018	2019	2018
1 January	1.300	1.300	1.300	1.300
31 December - fully paid	1.301	1.300	1.301	1.300

The share capital has been incresed with nominal 1 DKK'000 , and the new amounts to be DKK'000 1.301.

Note 12 Investments in subsidiaries

Name	Headquarter	Equity DKK'000	Profit and loss DKK'000	Ownership 2019 %	Ownership 2018 %
Dansk Kreditorservice A/S	Vejle	0	0	0	0

	Total
Cost 1 January 2019	-
Additions	-
Merger with Dansk Kreditorservice A/S.	-
Cost 31 December 2019	-
Carrying amount 31 December 2019	-
Cost 1 January 2018	101.758
Additions	-
Merger with Dansk Kreditorservice A/S.	-101.758
Cost 31 December 2018	-
Carrying amount 31 December 2018	-

Note 13 Provisions

DKK'000	2019	2018
Provision 1 January 2019	-	-
Arising during the year	-	-
Utilised/reclassification to receivables	-	-
Provision 31 December 2019	-	-
Non-current	-	-
Current	-	-

Note 14 Other liabilities

DKK'000	2019	2018
Payable VAT and taxes	5.443	3.068
Wages payable, taxes and social contributions	5.390	5.119
Holiday pay	12.811	12.588
Other payable costs	6.023	2.972
	29.667	23.747

Note 15 Contingencies, contractual obligations, collaterals and pledged assets

Collateral

The company has provided guarantees for a total of DKK 5.000.000.

Contractual liabilities and contingencies

Other economical liabilities

Consultants contract and operating lease liabilities:

DKK'000	2019	2018
Consultants and operating lease liabilities	2.375	31.585

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.

For 2018 Rental and operating lease liabilities include rent commitments with a total of DKK'000 28.350 in non-cancellable rent with a contractual period until 28 February 2024. Furthermore, operating lease contracts on cars, printers etc. totalling DKK'000 3.235 with a contractual period of 2-5 years are included.

Pledged assets

DKK'000 17.116 (18.316) of cash is pledged as client funds.

Note 16 Non-cash adjustments

DKK'000	2019	2018
Depreciation and amortisation	13.269	8.584
Loss/gain sales and Scrap assets	-7	-
Impairment	110.000	-
Write down tax receivable	-	-168
Provisions	95	-2.595
Total non-cash adjustments	**123.357**	**5.821**

Note 17 Changes in working capital

DKK'000	2019	2018
Change in receivables	20.442	-7.960
Prepaid expenses/deferred income	45	1.359
Change in trade payables, other liabilities and provisions	6.103	-2.278
Total change in working capital	**26.590**	**-8.879**

Note 18 Financial risk and financial instruments

Risk management policy

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

Market risk

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

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

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

Liquidity and financing risk

Liquidity risk is the risk of a loss or higher than expected costs to ensure the ability to fulfill its short and long-term payment obligations to internal or external parties. Intrum A/S's cash readiness is ensured through combined short- and long-term contractual 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:

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**	-

2018	Carrying amount	Total	< 1 year	2 - 5 years	>5 years
Non-derivative financial instruments					
Liabilities to parent company/Group companies	276.955	276.955	25.162	251.793	-
Trade and other payables	3.568	3.568	3.568	-	-
Financial guarantee	-	-	-	-	-
Total non-derivative financial instruments	**280.523**	**280.523**	**28.730**	**251.793**	-

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 2019. The maturity of trade receivables is shown below.
The credit risk is also mitigated as Intrum contractually is able to offset any overdue amounts against client funds collected on behalf of their clients from third party clients. The contractual ability to offset is natually limited the credit risk against trade receivables.

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

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

Trade receivables past due but not impaired compound as follows:

DKK'000	2019	2018
Less than 30 days	4.359	5.307
Between 31 and 90 days	498	443
More than 91 days	1.100	941
Total	**5.957**	**6.691**

The reserve for impaired accounts receivable represents DKK'000 880 (2018: DKK'000 760) and relates primarily to receivables overdue by more than 90 days.

Guarantee Contracts

DKK'000	2019	2018
Gaurantee Payouts	107.567	98.741
Collected	-75.121	-66.680
Provision	-19.266	-19.291
Total	**13.180**	**12.770**

Fair Value measurement

Financial guarantee

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

Categories of financial instruments

	Carrying amount	
DKK'000	2019	2018
Cash and receivables		
Trade and other receivables	19.044	20.577
Receivables to Group Companies	1.129	18.927
Cash and cash equivalents	17.101	22.222
Total cash and receivables	**37.274**	**61.726**
Financial liabilities measured at amortised cost		
Liabilities to Group Company	144.649	276.955
Trade payables	3.846	3.568
Leasing Liabilities	20.689	-
Client funds	17.116	18.316
Total financial liabilities measured at amortised cost	**186.300**	**298.839**
Financial liabilities measured at fair value via profit and loss		
Financial guarantee	-25	2.852
Total financial liabilities measured at fair value via profit and loss	**-25**	**2.852**

Note 19 Leases

IFRS 16 was implemented as of January 1, 2019. Refer to Note 1 General accounting policies

DKK'000	2019	2018
Lease assets		
Land, Buildings and leasehold	16.025	-
Other fixtures and fittings	3.660	-
Carrying amount of lease assets	**19.685**	**-**

In 2018, nothing was recognized as finance leases.

Additions to the lease assets during 2019 was DKK'000 23.582

DKK'000	2019	2018
Lease liabilities		
0-1 year	4.770	-
1-5 years	15.919	-
>5 years	-	-
Carrying amount of lease assets	**20.689**	**-**

In 2018, nothing was recognized as finance leases. Liabilities classified as operating leases in 2018 was DKK'000 31.585, split into DKK'000 7.706 under a year and DKK'000 23.879 between 1-5 years.

DKK'000	2019	2018
Amounts recognized in the income statement		
Interest on lease liabilities	1.675	-
Expenses relating to short-term leases and low-value leases	231	-
Total	**1.906**	-

For the year 2018 there has been recognised DKK'000 7.236 in the income statement with regards to operating leases.

Depreciation of lease assets per asset class		
Land, Buildings and leasehold	4.563	-
Other fixtures and fittings	1.220	-
Total	**5.783**	-

Amounts recognized in the statement of cash flows		
Total cash outflow for leases	**6.361**	**-**

Note 20 Related party disclosures

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

Information about the consolidated financial statements

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

Transactions with associates, not conducted under normal market conditions

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

Ownership

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

Name	Headquarters
Intrum AB	Hesselmans Torg 14, 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 company's management is not disclosed, with reference to the Danish Financial Statement Act §98b(3), (ii).

Note 21 Events after the reporting period

There have been no other significant events after the end of the financial year 2019.

Note 22 Standards issued but not yet effective

New standards and interpretations not yet adopted 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 2019. 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.