

Lowell Finans A/S

Langmarksvej 57D
8700 Horsens
Denmark

CVR no. 17 47 31 82

Annual report for the period 1 January - 31 December 2020

The annual report was presented and approved at the
Company's annual general meeting on

26 April 2021

Morten Goldermann Engelbæk

chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lowell Finans A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations 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, of the results for the year and of the Company's financial position.

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

Horsens, 26 April 2021

Executive Board:

Morten Goldermann Engelbæk

Board of Directors:

Johan Erik Magnus Agerman
Chairman

Geir Inge Skålevik
Deputy Chairman

Jonas Arlebäck

Rene Lund Mejlstrup

Independent auditor's report

To the shareholders of Lowell Finans A/S

Opinion

We have audited the financial statements of Lowell Finans A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

We also

- identify and assess the risks of material misstatement of the company 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

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 form of assurance conclusion thereon.

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

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

Based on the work we have performed, 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 misstatement of the Management's review.

Kolding, 26 April 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Lowell Finans A/S
Annual Report 2020
CVR no. 17 47 31 82

Management's review

Company details

Lowell Finans A/S
Langmarksvej 57D
8700 Horsens
Denmark

Telephone: +45 76282828
Website: www.lowell.dk

CVR no.: 17 47 31 82
Established: 1 December 1993
Registered office: Horsens
Financial year: 1 January – 31 December

Board of Directors

Johan Erik Magnus Agerman, Chairman
Geir Inge Skålevik, Deputy Chairman
Jonas Arlebäck
Rene Lund Mejlstrup

Executive Board

Morten Goldermann Engelbæk

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
8000 Aarhus C

Management's review

Operating review

Principal activities

The Company's main activities are to carry out collection and credit processing activities, bookkeeping- and billing assistance along with related activities.

Profit/loss for the year

The Company's income statement for 2020 shows a loss of tDKK -1,015 as against profit of tDKK 7,593 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at tDKK 11,385 as against tDKK 12,400 at 31 December 2019.

Capital resources

The parent company guaranteed to provide enough funds to ensure going concern.

Expected development

Lowell Finans A/S expects operating profit on a lower level in 2021.

Coronavirus has been an emerging risk since the end of 2019 which we continue to monitor together with any performance impacts. Depending on how the situation develops, there is the potential for on-going impact in 2021. We have put measures in place to help support the business and its stakeholders during this outbreak.

Events after the balance sheet date

No events materially affecting the assessment of the Annual report have occurred after the balance sheet date.

Financial statements 1 January - 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit/loss		-424	-439
Financial income	2	0	1
Financial expenses	3	<u>-822</u>	<u>-630</u>
Profit before tax		-1,246	-1,068
Tax on profit for the year	4	<u>231</u>	<u>8,661</u>
Profit for the year		<u>-1,015</u>	<u>7,593</u>
Proposal distributrion of Profit			
Reatained earnings		<u>-1,015</u>	<u>7,593</u>

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Current assets			
Receivables			
Trade receivables		4,441	1,866
Receivables from group entities		14,233	0
Other receivables		0	2,660
Deferred tax asset	5	110	7,522
Prepayments		0	5,467
		18,784	17,515
Cash at bank and in hand		6,660	29,927
Total current assets		25,444	47,442
TOTAL ASSETS		25,444	47,442

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,800	1,800
Retained earnings		9,585	10,600
Total equity		11,385	12,400
Liabilities			
Non-current liabilities			
Payables to group entities	6	10,141	10,000
		10,141	10,000
Current liabilities			
Trade payables		0	140
Payables to group entities	6	130	22,590
Other payables		3,788	2,312
		3,918	25,042
Total liabilities		14,059	35,042
TOTAL EQUITY AND LIABILITIES		25,444	47,442

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	1,800	10,600	12,400
Transferred over the profit appropriation	0	-1,015	-1,015
Equity at 31 December 2020	1,800	9,585	11,385

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Lowell Finans A/S for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of services, is recognised on a straight-line basis in the income statement as the services are provided.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish associated companies.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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 value.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Financial statements 1 January - 31 December

Notes

DKK'000	<u>2020</u>	<u>2019</u>
2 Financial income		
Other financial income	0	1
	<u>0</u>	<u>1</u>
3 Financial expenses		
Interest paid to group entities	525	467
Other financial costs	297	163
	<u>822</u>	<u>630</u>
4 Tax on profit/loss for the year		
Current tax for the year	-7,246	-1,139
Deferred tax for the year	7,015	-7,522
Adjustment of tax concerning previous years	-397	0
Adjustment of deferred tax concerning previous years	397	0
	<u>-231</u>	<u>-8,661</u>
5 Deferred tax asset		
Deferred tax asset	110	7,522
	<u>110</u>	<u>7,522</u>
Tax loss carry-forward	0	7,522
Other payables	110	0
Transferred to deferred tax asset	-110	-7,522
	<u>0</u>	<u>0</u>

Financial statements 1 January - 31 December

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6 Non-current liabilities other than provisions

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt obligations fall due on the following order:

Payables to group enterprises

Between 1 and 5 years	10,141	10,000
Other short-term debt to group enterprises	130	22,590
	<u>10,271</u>	<u>32,590</u>

7 Contractual obligations, contingencies, etc.

Charges and security

Guarantee in accordance with the Danish Act on debt collecting business	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

Any material company or other member of the Group, which becomes a guarantor of the RCF is required (subject to agreed security principles) to grant security over certain of its material assets and (if wholly owned by another member or members of the Group) to have its shares (or equivalent ownership interests) secured in favour of the Security Agent.

Lowell Finans A/S is a guarantor in the Lowell group security pack and at 31 Dec 2020 the total RCF Facility committed to the group was EUR 455m. The total amount drawn at 31 Dec 2020 was EUR 17.7m.

Lowell Finans A/S is jointly taxed with Lowell Danmark A/S, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Financial statements 1 January - 31 December

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8 Related party disclosures

Lowell Finans A/S related parties comprise the following:

Control

Lowell AS., Nils Hansens Vei 2, Oslo, Norway.

Lowell AS holds the majority of the contributed capital in the Company.

Lowell Finans A/S is part of the consolidated financial statements of Lowell AS, Oslo, and the consolidated financial statements of Garfunkelux Holdco 2 S.A., 488 route de Longwy, L-1940, Luxembourg, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Lowell AS and the consolidated financial statements of Garfunkelux Holdco 2 S.A. can be obtained by contacting the companies at the addresses above.