Collectia A/S

Abildager 11, DK-2605 Brøndby

Annual Report for 1 January - 31 December 2020

CVR No 20 01 53 81

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2021

Christian la Cour Valentin
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Collectia A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Brøndby, 30 June 2021

Executive Board

Christian la Cour Valentin
CEO

Board of Directors

Jesper Gunni Winther	Martin Høy	Christian la Cour Valentin

Independent Auditor's Report

To the Shareholder of Collectia A/S

Opinion
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 for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Collectia A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditor's Report

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 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

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

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

Independent Auditor's Report

- 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.

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.

Hellerup, 30 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Mads Haugegaard Albrechtsen
State Authorised Public Accountant
mne45846

Company Information

The Company	Collectia A/S Abildager 11 DK-2605 Brøndby Telephone: + 45 77301400 Facsimile: + 45 77301425 Website: www.collectia.dk CVR No: 20 01 53 81 Financial period: 1 January - 31 December Incorporated: 1 January 1997 Financial year: 24th financial year Municipality of reg. office: Brøndby
Board of Directors	Jesper Gunni Winther Martin Høy Christian la Cour Valentin
Executive Board	Christian la Cour Valentin
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-DK 2900 Hellerup
Lawyers	Advokatfirmaet Burmeister I/S Strandvejen 126 2900 Hellerup
Bankers	Danske Bank A/S Hovedvejen 107, 2 2600 Glostrup Sydbank A/S Peberlyk 4 6200 Aabenraa Nordea A/S Strandgade 3 0900 København C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	90.355	133.363	75.734	54.846	35.962
Profit/loss before financial income and expenses	43.982	85.500	37.367	27.756	11.956
Net financials	331	-1.665	-2.443	-611	-85
Net profit/loss for the year	35.079	64.902	26.915	20.999	9.383
Balance sheet					
Balance sheet total	389.762	292.576	231.486	138.646	109.503
Equity	188.763	147.611	82.710	55.795	74.796
Investment in property, plant and equipment	1.067	612	-1.441	978	274
Number of employees	96	113	110	67	51
Ratios					
Return on assets	11,3%	29,2%	16,1%	20,0%	10,9%
Solvency ratio	48,4%	50,5%	35,7%	40,2%	68,3%
Return on equity	20,9%	56,4%	38,9%	32,2%	13,4%

Due to changes in accounting policies, financial figures from 2019 has been adjusted. The financial years 2016-2018 has not been adjusted consequently.

Management's Review

Key activities

Collectia is an IT company, which specialises in credit management services. Collectia is one of the industry leading companies in Denmark and offer services in outsourcing of debt management, debt collection and debt purchase. The business model is based on proprietary IT-platform which to a large extent has been developed internally capitalising on the knowledge and experience which have been built up over years of operation in the industry. The IT-platform optimises and automates the collection process through handling and analysis of data, which through applying AI, can be tailored to approach the specific customer in the most efficient and optimal manner. Collectia has for years invested heavily in structuring data developing business intelligence and innovative and digital payment solutions as it is Managements belief that automation, optimisation and AI are cornerstones in being successful in this industry and continuous investments in the proprietary IT-platform are as such necessary to maintain an edge over the competitors for the benefit of Collectia's clients.

Today, Collectia serves approximately 13,000 clients groupwide, including several of Denmark's largest businesses within the fields of telecom, insurance, utility, media, parking, fitness and banking and with a local presence in Norway, Sweden, Germany and Finland. Collectia offers its clients services across the credit management value chain, including inviocing, reminder services, debt collection, legal collection, consulting, billing service, factoring, credit scoring and IT services.

With more than 20 years of core experience in this area, it is the distinct aim of Collectia to provide a professional, ethical and high quality treatment of the customers' collection cases. Collectia work in accordance with six values; respect, passion, honesty, excellence, innovation and fun. These values define what Collectia is about and how the employees should act.

Collectia has also introduced a Financial Crime and Compliance Policy covering the entire Group. The policy describes in detail the behaviour which is expected by the employees in order to secure that business is carried out applying decent and honest business practices and above all, by respecting applicable laws and regulations in all countries where Collectia operates. It is essential to the owners and Management that Collectia contributes to ethical responsibility, a healthy work environment and respect for human rights.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 35,078,734, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 188,763,230.

The past year and follow-up on development expectations from last year

The corona pandemic impacted the entire world during 2020 and it became clear that certain industries were suffering more than others. Parking, fitness and transportation were among the industries where the activity is reduced during the period. Despite having received fewer cases from the industries mentioned, and considering that a pandemic is a rare and extraordinary occurrence, Management considers the stability in cash flow generation to be satisfactory.

Management's Review

Operating risks

Management regularly considers to which degree Collectia is subject to operational risks and acts accordingly with implementing necessary measures and policies.

Management views IT security, Information security (GDPR) and reputational risk to be areas where the group could be exposed. However; through a combination of awareness, policies and actions, Management believes that operational disturbance would be limited and of a short term nature.

Foreign exchange risks

Collectia operates in four currencies, EUR, DKK, SEK, and NOK. DKK is tied to the EUR through an official monetary collaboration, which means that there is little exchange risk as long as this collaboration continues. The SEK and NOK currencies are a bit more volatile, however the Groups operations in Norway and Sweden are still limited and the local presence also provides a high degree of natural hedging through a balanced cost structure.

Liquidity risks

The Groups is dependent on having access to loan credits from banks and financing institutions and the financing package rests on a longer term relationship with a single main financing institution. Further funding is only needed when doing expansion investments and the senior facility agreement in place provides access to such funding on agreed terms. Consequently, management believes that the liquidity risks associated with general operations are low. Reference is made to annual report of Care DK BidCo ApS.

The debt package is subject to certain loan covenants which the Group is required to comply with. The group prepares specific covenant reporting to the financing partners on a quarterly basis and maintains a covenant forecast model. The Group has throughout financial year 2020 complied with all covenants and demonstrated considerable headroom and this has continued after the end of the financial year. Based on forecasts, it is Management's expectation that considerable headroom will be maintained going forward.

Intellectual capital resources

We invest in our employees both in a continuous internal and external training and education, and we invest in attracting new relevant staff.

Management's Review

Targets and expectations for the year ahead

Collectia is well positioned and expects to return to growth and operating earnings seen before the Corona pandemic. The expectation is that the group will take market shares based on very positive feedback from the market combined with an improved IT-platform which enables the Company to perform better than its peers. Based on the combination of the good feedback, the sales pipeline together with our automated, digitalized solutions and our very passionate employees, we expect to grow significantly in 2021.

The aim is a an organic revenue growth rate from financial year 2020 of no less than 10%, however, this may need to be revised dependent on when the pandemic loosens its grip as this is obviously the single largest risk factor for the Group's expansion.

Research and development

Collectia will continue to invest in developing our business especially within IT, big data and AI to support the ambitious growth plans of the Group.

In line with the strategy, Collectia continuously focuses on the development of its product portfolio in order to create value for both customers and consumers.

The Company has closed new contracts with customers during the financial year 2020 which management also expects to continue through-out 2021. This has resulted in an increased activity level in development cost, including new development projects and an increased level of capitalizations.

Prior to the start of the projects, the company has investigated the need for the software with the customers.

External environment

Due to the nature of the business Collectia has a very low impact on the external environment but has still sought to reduce the carbon footprint by installing solar cells on the office building roof in Denmark. Collectia has also made an effort to be paperless which has been achieved through the investments made in the IT-platform.

Management's Review

Environmental, social and corporate governance

Collectia strives to help our customers become debt free though setting up affordable payment plans and advising them on how to become debt free. We therefore track how many customers we help get out of indebtedness on a monthly basis.

Collectia has under the new ownership introduced a comprehensive Financial Crime and Compliance Policy and an Anti-slavery policy which set out to describe policies for human rights, social and staff matters as well as anti-corruption in order to make sure such activities do not occur in the Company.

It is important to stress that the Company only operates in the Nordics and in Germany and as such Corporate social responsibility, including human rights and anti-corruption, is an integral part of the Nordic labor market and corporate culture and is well-established in the Company. This is however now also reflected in the Company's Financial Crime and Compliance Policy which in detail describes which actions are not acceptable and how such incidents should be reported if observed.

Collectia's policy related to anti-corruption, secures that we act according to high ethical standard forbid the participation in any kind of bribery. The policy was adopted recently and has been translated to the local languages in the main areas where the Group operates and management has made sure that all employees are aware of its existence and are encouraged to read the policy. Management is not aware of any violation of the policy.

In Colletia our staff is considered a very important resource and an important part of the Company's corporate social responsibility. Collectia strives to be an attractive place to work which can attract and maintain qualified and dedicated employees. To maintain the attractiveness of Collectia employees are offered to take part in Collectia Academy which ensures education and Collectia Care which offers massage, hair dressing, spa treatments and car washing.

Collectia tracks FTE churn, sick days and not least, the human resources department carry out periodical measurements of employee satisfaction and historically these show a high degree of satisfaction in line with the Company's goal. Next survey is scheduled to be carried out at the end of 2021.

Development projects

In line with the strategy, the group continuously focuses on the development of its product portfolio in order to create value for both customers and consumers.

IT and technology related activities is an essential part of the strategy and the activity level in development cost, including new development projects is an acceptable level in order to fulfill the group strategy.

Management's Review

Subsequent events

After the balance sheet date the Company has acquired two companies in Denmark and Germany which is in line with the strategy of growing not only organically but also through bolt-on acquisitions.

Other than the above, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020	2019
		DKK	DKK
Gross profit/loss		**90.355.367**	**133.362.744**
Staff expenses	2	-41.340.253	-45.518.022
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.032.856	-2.345.198
Profit/loss before financial income and expenses		**43.982.258**	**85.499.524**
Financial income	3	8.624.038	823.122
Financial expenses	4	-8.292.936	-2.487.807
Profit/loss before tax		**44.313.360**	**83.834.839**
Tax on profit/loss for the year	5	-9.234.626	-18.933.319
Net profit/loss for the year		**35.078.734**	**64.901.520**

Balance Sheet 31 December

Assets

	Note	2020	2019
		DKK	DKK
Completed development projects		28.545.817	21.573.742
Software		689.418	1.006.494
Intangible assets	6	**29.235.235**	**22.580.236**
Land and buildings		15.534.859	0
Other fixtures and fittings, tools and equipment		1.153.530	309.769
Leasehold improvements		2.581.582	1.228.915
Property, plant and equipment	7	**19.269.971**	**1.538.684**
Investments in subsidiaries	8	68.445.199	51.897.519
Receivables from group enterprises	9	72.156.686	90.621.122
Deposits	9	0	1.822.519
Fixed asset investments		**140.601.885**	**144.341.160**
Fixed assets		**189.107.091**	**168.460.080**
Trade receivables		19.075.275	22.370.970
Contract work in progress	10	30.496.273	34.280.431
Receivables from group enterprises		83.006.420	15.665.236
Other receivables	11	25.282.461	32.265.313
Prepayments	12	1.552.423	977.137
Receivables		**159.412.852**	**105.559.087**
Cash at bank and in hand		**41.242.253**	**18.556.901**
Currents assets		**200.655.105**	**124.115.988**
Assets		**389.762.196**	**292.576.068**

Balance Sheet 31 December

Liabilities and equity

	Note	2020	2019
		DKK	DKK
Share capital		761.000	700.000
Reserve for development costs		22.265.738	16.827.519
Retained earnings		165.736.492	130.083.786
Equity		**188.763.230**	**147.611.305**
Provision for deferred tax	14	12.740.888	12.530.855
Provisions		**12.740.888**	**12.530.855**
Credit institutions		0	36.300.000
Lease obligations		13.802.624	0
Payables to group enterprises		94.841.077	0
Other payables		3.926.012	1.470.134
Long-term debt	15	**112.569.713**	**37.770.134**
Credit institutions	15	0	19.000.000
Lease obligations	15	1.243.405	0
Trade payables		1.911.186	1.782.839
Payables to group enterprises	15	12.731.727	13.060.989
Payables to group enterprises relating to corporation tax		9.007.350	13.696.496
Other payables	15	50.794.697	47.123.450
Short-term debt		**75.688.365**	**94.663.774**
Debt		**188.258.078**	**132.433.908**
Liabilities and equity		**389.762.196**	**292.576.068**
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	700.000	0	16.827.519	126.747.376	144.274.895
Net effect from change of accounting policy	0	0	0	3.336.410	3.336.410
Adjusted equity at 1 January	700.000	0	16.827.519	130.083.786	147.611.305
Cash capital increase	61.000	6.012.191	0	0	6.073.191
Development costs for the year	0	0	7.328.008	-7.328.008	0
Depreciation, amortisation and impairment for the year	0	0	-1.889.789	1.889.789	0
Net profit/loss for the year	0	0	0	35.078.734	35.078.734
Transfer from share premium account	0	-6.012.191	0	6.012.191	0
Equity at 31 December	**761.000**	**0**	**22.265.738**	**165.736.492**	**188.763.230**

Notes to the Financial Statements

		2020	2019
		DKK	DKK
1	**Other operating income**		
	Re-invoiced R&D costs	1.781.529	0
	Covid-19 compensation	2.067.208	0
	Income from insurance	1.737.637	0
	Sale of portfolios	0	876.286
		5.586.374	**876.286**

		2020	2019
		DKK	DKK
2	**Staff expenses**		
	Wages and salaries	37.242.198	40.069.093
	Pensions	2.780.736	3.642.085
	Other social security expenses	629.404	1.129.561
	Other staff expenses	687.915	677.283
		41.340.253	**45.518.022**
	Average number of employees	**96**	**113**

The Executive Board is remunerated in the Parent Companies, Inga Acquisition ApS and Care DK BidCo ApS, and the remuneration to the Executive Board is therefore settled through a Management Fee.

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3	**Financial income**		
	Interest received from group enterprises	8.624.038	617.068
	Other financial income	0	7.658
	Exchange gains	0	198.396
		8.624.038	**823.122**

Notes to the Financial Statements

		2020	2019
		DKK	DKK
4	**Financial expenses**		
	Interest paid to group enterprises	6.273.866	472.000
	Other financial expenses	1.713.936	2.015.807
	Exchange loss	305.134	0
		8.292.936	**2.487.807**
5	**Tax on profit/loss for the year**		
	Current tax for the year	9.007.350	13.696.496
	Deferred tax for the year	210.033	5.236.823
	Adjustment of tax concerning previous years	17.243	0
		9.234.626	**18.933.319**

Notes to the Financial Statements

6 Intangible assets

	Completed development projects	Software
	DKK	DKK
Cost at 1 January	24.978.243	1.375.781
Additions for the year	9.394.882	159.208
Cost at 31 December	34.373.125	1.534.989
Impairment losses and amortisation at 1 January	3.404.501	369.287
Amortisation for the year	2.422.807	476.284
Transfers for the year	0	0
Impairment losses and amortisation at 31 December	5.827.308	845.571
Carrying amount at 31 December	**28.545.817**	**689.418**
Amortised over	10 years	3 years

Development projects relate to the development of new versions of the Company’s existing software products. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to be used in the present market to the Company’s existing customers, and furthermore contribute to efficiency and high margins in core business activities. Prior to the initiation of the projects, the Company inquired of its customers as to the need for an updated programme, which was well received.

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	0	330.330	1.941.647
Net effect from change of accounting policy	16.829.431	511.743	0
Additions for the year	0	763.882	1.861.186
Cost at 31 December	16.829.431	1.605.955	3.802.833
Impairment losses and depreciation at 1 January	0	20.561	712.732
Depreciation for the year	1.294.572	431.864	508.519
Impairment losses and depreciation at 31 December	1.294.572	452.425	1.221.251
Carrying amount at 31 December	**15.534.859**	**1.153.530**	**2.581.582**
Depreciated over	13 years	3-5 years	5 years
Right of use assets amounting to	15.534.859	798.426	0

8 Investments in subsidiaries

	2020	2019
	DKK	DKK
Cost at 1 January	51.987.519	42.847.263
Additions for the year	16.457.680	9.050.256
Carrying amount at 31 December	**68.445.199**	**51.897.519**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Inga Finans ApS	Denmark	100%	15.167.338	10.033.537
Collectia AB	Sweden	100%	12.668.000	3.743.000
Collectia GmbH	Germany	100%	16.975.204	-2.908.915
Collectia Norge AS	Norge	100%	12.431.324	-1.708.113
			57.241.866	9.159.509

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

9 Other fixed asset investments

	Receivables from group enterprises
	DKK
Cost at 1 January	90.621.122
Disposals for the year	-18.464.436
Cost at 31 December	72.156.686
Carrying amount at 31 December	**72.156.686**

10 Contract work in progress

	2020	2019
	DKK	DKK
Work in progress	30.496.273	34.280.431
	30.496.273	**34.280.431**

Contract work in progress comprises the sales value of ongoing debt collection services. The contract work is measured at the collection fee to which the Company will become entitled multiplied by the estimated proportion of work completed at the balance sheet date, based on the proportion of costs incurred as of the balance sheet date compared to the total costs expected to be incurred. Contract work is recognised only to the extent that the Group expects to receive the consideration. Assessment of the collectibility is determined on a portfolio basis.

11 Other receivables

Other receivables comprise payments to customers concerning so-called warranty portfolios and factoring agreements. The receivable has been calculated on the basis of the payments made under warranty schemes and factoring agreements and reflects the amounts which the Company expects to collect in the foreseeable future.

Receivables from warranty schemes and factoring agreements are measured at amortised cost. Provisions for bad debts are made based on an impairment assessment of the receivables. The receivables are written down to net realisable value if lower than carrying amount.

Notes to the Financial Statements

12 Prepayments

Prepayments consist of prepaid expenses concerning rent and insurance premiums.

13 Distribution of profit

	2020	2019
	DKK	DKK
Retained earnings	35.078.734	64.901.520
	35.078.734	**64.901.520**

14 Provision for deferred tax

	2020	2019
Provision for deferred tax at 1 January	12.530.855	8.235.071
Amounts recognised in the income statement for the year	210.033	4.295.784
Provision for deferred tax at 31 December	**12.740.888**	**12.530.855**

Notes to the Financial Statements

15 Long-term debt

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

The debt falls due for payment as specified below:

	2020	2019
	DKK	DKK
Credit institutions		
Between 1 and 5 years	0	36.300.000
Long-term part	0	36.300.000
Within 1 year	0	19.000.000
	0	**55.300.000**
Lease obligations		
After 5 years	9.330.616	0
Between 1 and 5 years	4.472.008	0
Long-term part	13.802.624	0
Within 1 year	1.243.405	0
	15.046.029	**0**
Payables to group enterprises		
Between 1 and 5 years	94.841.077	0
Long-term part	94.841.077	0
Other short-term debt to group enterprises	12.731.727	13.060.989
	107.572.804	**13.060.989**
Other payables		
Between 1 and 5 years	3.926.012	1.470.134
Long-term part	3.926.012	1.470.134
Other short-term payables	50.794.697	47.123.450
	54.720.709	**48.593.584**

Notes to the Financial Statements

	2020	2019
	DKK	DKK

16 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental and lease obligations under operating leases. Total future payments:
As of 1 January 2020 the Company has applied recognition and measurement criteria in accordance with IFRS 16 "leases".

	2020	2019
Within 1 year	0	2.408.996
Between 1 and 5 years	0	7.736.046
After 5 years	0	15.835.086
	0	**25.980.128**

Other contingent liabilities

	2020	2019
Payment guarantee concerning debt collection	5.000.000	5.000.000

The Company has issued a factoring agreement with a cap of DKK 20 mio. At 31 December 2020, DKK 9.2 mio. of this agreement was outstanding.

The company has issued a letter of support addressed to the subsidiary Inga Finans ApS', valid until 31 December 2021.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Inga Acquisition ApS for the period 1 January - 28 February 2020 and in Care DK BidCo ApS for the period 1 March - 31 Decemer 2020, who are the management companies of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
Silverfleet Capital Partners LLP	Capital owner (Majority)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the following Parent companies:

Name	Place of registered office
Credit Services Holdings Limited	England
Care DK BidCo ApS	Denmark

The Group Annual Report of Credit Services Holdings Limited may be obtained at the following address:

1 Carter Lane
London
EC4V 5ER
England

The Group Annual Report of Care DK BidCo ApS may be obtained at the following address:

c/o Collectia A/S
Abildager 11
2605 Brøndby
Denmark

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Collectia A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly.

The Financial Statements for 2020 are presented in DKK.

Change in accounting policies

At 1 January 2020, the company has applied the recognition and measurement criteria in accordance with International Financial Reporting Standards (IFRS) 9, IFRS 15 and IFRS 16. Comparative figures have been adjusted accordingly.

The implementation of IFRS 9 has meant a change in the recognition of debt portfolios, which was previously recognised at amortised cost. According to IFRS 9, a credit adjusted effective interest rate is determined, based on expected cash inflows on the portfolio. The expected cash flows are re-assessed on a regular basis, and the carrying amount is adjusted to the present value of the re-assessed expected cash flows, discounted at the credit adjusted effective interest rate. The effect of the reassessment is recognised in the income statement as a revaluation gain or loss. The implementation of IFRS 9 has had no impact in the profit and loss or the equity.

The implementation of IFRS 15 has meant the Company's work in progress is recognised at sales prices, where these were previously recognised at cost. The implementation of IFRS 15 has increased the gross profit and profit before tax in 2019 by TDKK 4,277, tax on profit for the year is negatively affected by TDKK 942. Work in progress has been reduced by TDKK 4,277 and equity per. 31 December 2019 is positively affected by TDKK 3,335.

For implementation of IFRS 16, the Company has used the modified retrospective method, whereby the effect of the implementation of IFRS 16 is recognised per. 1 January 2020, which means that the comparative figures have not been adjusted. The implementation of IFRS 16 has meant that the Company's tangible assets per. 1 January 2020 has been increased by TDKK 17,341, of which TDKK 16,829 can be attributed to lands and buildings, while TDKK 512 can be attributed to Other fixtures and fittings, tools and equipment.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Care DK BidCo ApS, the Company has not prepared consolidated financial statements.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Care DK BidCo ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Notes to the Financial Statements

18 Accounting Policies (continued)

Lease liabilities are subsequently measured by increasing increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Variable lease payments are recognised on a straight-line basis as an expense in profit or loss.

The Company has elected to recognise short-term leases and leases of low-value assets.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from debt collection service is recognized along with provision of the service. Recognition of revenue commences if it is probable that the consideration will be collected from the debtor. The assesment is preformed on a portfolio basis. Consequently, revenue recognition is based on the estimated success rate. The contract consideration for the proportion of the cases expected to be collected is recognized in full over the period in which the work is performed based on an estimate over costs incurred compared to the total costs expected to be incurred to fulfil the performance obligation

Interest revenue from investments in portfolios of overdue receivables is recognised at the credit adjusted effective interest rate. Upon acquisition of a debt portfolio, the credit adjusted effective interest rate (EIR) is determined, based on expected cash flows.
The effect of re-assessment of the expected cash flows is reported as revaluations of portfolio investments.

Notes to the Financial Statements

18 Accounting Policies (continued)

In addition to revenue from collection services and income fom aquired debt portfolios, the Company has other revenue streams from contracts with customers such as reminder services, invoicing services, financial data in a subscription basis. These revenues are recognised when control of the services are transferred to the customer generally being at the point in time where the service is delivered.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises and sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

18 Accounting Policies (continued)

The Company is jointly taxed with Parent companies and wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company's development activities.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover distribution and administrative expenses involved as well as the development costs.

Development costs are amortised on a straight-line basis over theperiod of the expected economic benefit from the development work. The amortisation period is 10 years.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Software and costs relating to rights developed by the company are recognised in the balance sheet as costs in the year of recognition.

Software and costs relating to rights is measured at costs less accumulated amortisation and less any accumulated impairment losses.

Software and costs relating to rights are amortised on a straight-line basis over the expected useful lives of the assets, which is 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Notes to the Financial Statements

18 Accounting Policies (continued)

Other buildings	13 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Services in progress are measured at the selling price of costs incurred on projects which are expected to be recovered in the future. The expected recovery rates is determined on the basis of historical data.

Prepayments

Prepayments comprise prepaid expenses concerning rent and insurance premiums.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

18 Accounting Policies (continued)

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$