Collectia A/S

Abildager 11, DK-2605 Brøndby

Annual Report for 2022

CVR No. 20 01 53 81

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/6 2023

Anders Svanholm Rosenbeck
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Collectia A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Brøndby, 28 June 2023

Executive Board

Anders Svanholm Rosenbeck
CEO

Board of Directors

Anders Svanholm Rosenbeck	Jesper Gunni Winther	Martin Høy

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 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 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 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financial 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.

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.

Independent Auditor's report

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.

- 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, 28 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild	Mads Blichfeldt Fjord
State Authorised Public Accountant	State Authorised Public Accountant
mne33262	mne46065

Company information

The Company	Collectia A/S Abildager 11 DK-2605 Brøndby Telephone: 77301400 Website: www.collectia.dk CVR No: 20 01 53 81 Financial period: 1 January - 31 December Incorporated: 1 January 1997 Financial year: 26th financial year Municipality of reg. office: Brøndby
Board of Directors	Anders Svanholm Rosenbeck Jesper Gunni Winther Martin Høy
Executive Board	Anders Svanholm Rosenbeck
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	124,844	111,794	90,355	133,363	75,734
Profit/loss before financial income and expenses	48,472	32,321	43,982	85,500	37,367
Profit/loss of financial income and expenses	2,044	21,086	331	-1,665	-2,443
Net profit/loss	38,855	45,920	35,079	64,902	26,915
Balance sheet					
Balance sheet total	600,821	574,521	389,762	292,576	231,486
Investment in property, plant and equipment	1,949	1,565	1,067	35	1,441
Equity	287,575	248,720	188,763	147,611	82,710
Number of employees	140	145	96	113	0
Ratios					
Return on assets	8.1%	5.6%	11.3%	29.2%	16.1%
Solvency ratio	47.9%	43.3%	48.4%	50.5%	35.7%
Return on equity	14.5%	21.0%	20.9%	56.4%	38.9%

Due to changes in accounting policies and merger between Collectia A/S and Kredinor A/S, financial figures from 2019 has been adjusted. The financial years 2018 has not been adjusted consequently

Management's review

Key activities

Collectia Group is an IT company, which specialises in credit management services. Collectia Group is one of the industry leading players in Denmark and offers services in outsourcing of debt management, debt collection and debt purchase. The business model is based on a superior proprietary IT-platform which to a large extent has been developed internally capitalising on the extensive knowledge and experience which has been build up over many 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. The Group has for years invested heavily in structuring data, developing business intelligence and innovative and digital payment solutions as it is management's belief that automation, optimisation and AI are cornerstones in being successful in this industry and continuous investments in the proprietary IT-platform are necessary to maintain an edge over the competitors for the benefit of the Group's customers.

Today, Collectia Group serves approximately 22,000 corporate customers groupwide, including several of Denmark's largest businesses within the fields of telecom, insurance, utility, media, parking, fitness and banking which makes it one of Denmark's largest debt collection companies, with local presence in Norway, Sweden, Germany and Finland.

The Group has more than 150 years of experience in the industry and it is the distinct aim of the Group to provide a professional, ethical and high quality treatment of the customers' collection cases. Collectia Group works in accordance with its six values; respect, passion, honesty, excellence, innovation and fun. These values define what Collectia Group is about and how the employees should act towards our customers and clients.

Collectia Group also maintains 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 local laws and regulations in all countries where Collectia Group operates. It is essential to the owners and Management that the Group carries out its business respecting ethical responsibility, a healthy work environment and human rights. The policy has been prepared in several languages in order to ensure proper anchoring with all employees.

Specialities

Invoicing, debt & credit management, reminder service, debt collection, legal collection, consulting, billing service, factoring, credit scoring and IT services

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 38,854,899, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 287,574,965.

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

Management considers the result achieved to be satisfactory especially considering that the organization has been integrating several companies and continues to migrate the IT platform. The positive effects of these initiatives have only partially impacted the reported financial performance and the full year effects are yet to be seen. The increase in revenue was driven by more portfolio revenue, new customers and the full year effects of past acquisitions

Management has also made a deliberate decision to continue to invest in IT personnel to ensure the continued development and superiority of the proprietary IT system. In addition, the financial year also saw improved operational earnings, by leveraging margins.

Management's review

Operating risks

Management regularly considers to which degree the Group 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. Management has however during the financial year invested in especially IT security in particular and believes that such pre-emptive measures are the best strategy to avoid operational disruption.

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 Group's 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 Group is dependent on having access to loan credits from banks, however; the financing package rests on a longer term relationship with various banks and financing institutions and the operational cash generation is positive month on month. Further funding is only needed when making business expanding investments and the senior facility agreement in place provides access to such funding on already agreed terms. Consequently, management believes that the liquidity risks associated with general operations are low.

The senior 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 banks on a quarterly basis and maintains a covenant forecast model which enables Management to preserve sufficient headroom to the threshold of such covenants. The Group has throughout financial year 2022 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 the considerable headroom will be expanded going forward.

Targets and expectations for the year ahead

Collectia is well positioned and expects to continue the organic growth and earnings seen before the Corona pandemic. The expectation is that the group will take market share based on continued very positive feedback from the market (measured using NPS surveys) combined with an improved proprietary IT-platform which enables the Group to perform more efficiently than its peers. The combination of high customer satisfaction; the sales pipeline; our automated, digitalized solutions; and our very passionate employees, we expect to grow significantly in 2023.

Given that all add-on acquisitions have been fully integrated in FY22 the growth target for FY23 is considerably lower than what was realized in the past year. The aim is a an organic revenue growth rate from financial year 2022 in the vicinity of 8%.

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.

Management's review

External environment

The Group aspires to be the greenest digital debt collection company. The Group intends to do this by leading the way with sustainable projects, reducing our CO2 emissions and promoting a green mindset among our stakeholders. Therefore, we have launched the project 'A Greener Collectia' to help realize our goals. The project seeks to reduce food waste, implement electric company cars only, seek to travel less between offices, use green suppliers only and reduce the Group's carbon foot print across all offices. It should, however, be noted that due to the nature of the business Collectia Group already has a very low impact on the external environment and has sought to reduce its carbon footprint further by installing solar cells on the office building roof in Denmark. In 2022 our solar cells gave us kWh 21.471. Collectia Group has also significantly reduced the use of paper through the investments made in the IT-platform.

In 2022 Collectia Group started measuring the Group's carbon footprint and has set targets for reducing the carbon footprint in 2023. The preliminary numbers for carbon footprint in FY22 were:

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Throughout the year the Group has also initiated campaigns engaging the employees in sustainable initiatives. Among other things we have had a 'collect garbage' campaign.

In addition to this, Collectia Group has engaged with its customer Xplora in the carbon neutral city project in Lebanon where the aim is to make a whole city carbon neutral through building the infrastructure to do so. This is a large scale project which is part of the UN's goal of building infrastructure and supplying green energy to 10.000 cities by year 2030.

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.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit		**124,844,067**	**111,794,398**
Staff expenses	1	-61,919,066	-67,254,214
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-14,325,175	-12,219,670
Other operating expenses		-127,843	0
Profit/loss before financial income and expenses		**48,471,983**	**32,320,514**
Income from investments in subsidiaries		0	19,510,625
Financial income	2	25,573,336	15,436,888
Financial expenses	3	-23,529,817	-13,861,774
Profit/loss before tax		**50,515,502**	**53,406,253**
Tax on profit/loss for the year	4	-11,660,603	-7,486,267
Net profit/loss for the year	5	**38,854,899**	**45,919,986**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Completed development projects		40,705,020	36,081,902
Acquired licenses		638,879	668,159
Acquired other similar rights		21,101,148	23,738,791
Goodwill		16,810,682	18,912,017
Intangible assets	6	**79,255,729**	**79,400,869**
Land and buildings		12,945,716	14,240,287
Other fixtures and fittings, tools and equipment		1,698,645	1,767,954
Leasehold improvements		3,071,721	2,699,773
Property, plant and equipment	7	**17,716,082**	**18,708,014**
Investments in subsidiaries	8	94,644,549	94,644,549
Receivables from group enterprises	9	148,796,983	129,070,672
Fixed asset investments		**243,441,532**	**223,715,221**
Fixed assets		**340,413,343**	**321,824,104**
Trade receivables		26,564,493	24,690,677
Contract work in progress	10	32,193,629	29,535,143
Receivables from group enterprises		164,470,660	154,843,843
Other receivables	11	13,618,404	17,465,345
Prepayments	12	1,027,789	1,065,840
Receivables		**237,874,975**	**227,600,848**
Cash at bank and in hand		**22,532,814**	**25,095,945**
Current assets		**260,407,789**	**252,696,793**
Assets		**600,821,132**	**574,520,897**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		762,000	762,000
Reserve for development costs		31,749,916	28,143,884
Retained earnings		255,063,049	219,814,182
Equity		**287,574,965**	**248,720,066**
Provision for deferred tax	13	20,253,483	19,789,704
Provisions		**20,253,483**	**19,789,704**
Lease obligations		11,904,962	12,589,930
Payables to group enterprises		193,964,534	218,819,489
Other payables		4,088,627	4,004,532
Long-term debt	14	**209,958,123**	**235,413,951**
Lease obligations	14	1,122,599	1,240,875
Trade payables		3,840,881	2,746,020
Payables to group enterprises	14	4,423,573	3,346,425
Payables to group enterprises relating to corporation tax		10,849,058	5,960,986
Other payables	14	59,440,521	57,302,870
Deferred income		3,357,929	0
Short-term debt		**83,034,561**	**70,597,176**
Debt		**292,992,684**	**306,011,127**
Liabilities and equity		**600,821,132**	**574,520,897**

Contingent assets, liabilities and other financial obligations	15
Related parties	16
Subsequent events	17
Accounting Policies	18

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	762,000	28,143,884	219,814,182	248,720,066
Development costs for the year	0	8,525,052	-8,525,052	0
Depreciation, amortisation and impairment for the year	0	-4,919,020	4,919,020	0
Net profit/loss for the year	0	0	38,854,899	38,854,899
Equity at 31 December	**762,000**	**31,749,916**	**255,063,049**	**287,574,965**

Notes to the Financial Statements

	2022	2021
	DKK	DKK

1. Staff Expenses

	2022	2021
Wages and salaries	53,143,213	57,833,499
Pensions	6,211,314	7,081,885
Other social security expenses	1,440,685	1,100,433
Other staff expenses	1,123,854	1,238,397
	61,919,066	**67,254,214**

The Executive Board is remunerated in the Parent Company 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.

	2022	2021
Average number of employees	**140**	**145**

	2022	2021
	DKK	DKK

2. Financial income

	2022	2021
Interest received from group enterprises	25,573,336	15,436,888
	25,573,336	**15,436,888**

	2022	2021
	DKK	DKK

3. Financial expenses

	2022	2021
Interest paid to group enterprises	16,979,712	11,097,118
Other financial expenses	1,202,193	1,455,942
Exchange loss	5,347,912	1,308,714
	23,529,817	**13,861,774**

Notes to the Financial Statements

	2022	2021
	DKK	DKK

4. Income tax expense

	2022	2021
Current tax for the year	10,849,058	6,308,000
Deferred tax for the year	463,779	1,176,985
Adjustment of tax concerning previous years	347,766	1,282
	11,660,603	**7,486,267**

	2022	2021
	DKK	DKK

5. Profit allocation

	2022	2021
Extraordinary dividend paid	0	12,000,000
Retained earnings	38,854,899	33,919,986
	38,854,899	**45,919,986**

6. Intangible fixed assets

	Completed development projects	Acquired licenses	Acquired other similar rights	Goodwill
	DKK	DKK	DKK	DKK
Cost at 1 January	45,588,779	1,984,277	26,376,434	21,013,352
Additions for the year	10,929,554	309,883	0	0
Cost at 31 December	56,518,333	2,294,160	26,376,434	21,013,352
Impairment losses and amortisation at 1 January	9,506,877	1,316,118	2,637,643	2,101,335
Amortisation for the year	6,306,436	339,163	2,637,643	2,101,335
Impairment losses and amortisation at 31 December	15,813,313	1,655,281	5,275,286	4,202,670
Carrying amount at 31 December	**40,705,020**	**638,879**	**21,101,148**	**16,810,682**
Amortised over	10 years	3 years	10 years	10 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	17,391,886	2,561,347	4,542,723
Additions for the year	0	858,880	1,089,786
Cost at 31 December	17,391,886	3,420,227	5,632,509
Impairment losses and depreciation at 1 January	3,151,599	793,393	1,842,950
Depreciation for the year	1,294,571	928,189	717,838
Impairment losses and depreciation at 31 December	4,446,170	1,721,582	2,560,788
Carrying amount at 31 December	**12,945,716**	**1,698,645**	**3,071,721**
Amortised over	12 years	3-5 years	5 years
Including assets under finance leases amounting to	12,945,716	536,159	0

Notes to the Financial Statements

	2022	2021
	DKK	DKK

8. Investments in subsidiaries

Cost at 1 January	94,644,549	68,445,199
Additions for the year	0	26,199,350
Cost at 31 December	94,644,549	94,644,549
Carrying amount at 31 December	**94,644,549**	**94,644,549**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Inga Finans ApS	Denmark	51,000	100%	39,181,312	9,059,954
Collectia Sverige AB	Sweden	75,404	100%	22,003,479	0
- Svenska Fakturaköp AB	Sweden	33,430	100%	3,046,185	622,741
- Collectia AB	Sweden	33,430	100%	13,686,491	1,293,380
Collectia Norge AS	Norway	778,030	100%	25,551,979	-9,226,828
- Collectia AS	Norway	74,974	100%	129,215,422	8,514,997
- Equity Kapital AS	Norway	212,190	100%	442,806	-229,998
Collectia GmbH	Germany	185,912	100%	0	-8,159,610
- PNO GmbH	Germany	185,912	100%	1,607,463	-30,415
- Dr. Duve Inkasso GmbH	Germany	646,975	100%	5,355,117	660,885
- Adressa GmbH	Germany	185,912	100%	10,198	738,591
Collectia OY	Finland	0	100%	248,134	112,781
				240,348,586	**3,356,478**

All foreign subsidiaries are recognised and measured as separate entities.

9. Other fixed asset investments

	Receivables from group enterprises
	DKK
Cost at 1 January	129,070,672
Additions for the year	19,726,311
Cost at 31 December	148,796,983
Carrying amount at 31 December	**148,796,983**

	2022	2021
	DKK	DKK

10. Contract work in progress

Contract work in progress is recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	32,193,629	29,535,143
	32,193,629	**29,535,143**

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.

12. Prepayments

Prepayments consist of prepaid expenses concerning rent and insurance premiums

	2022	2021
	DKK	DKK

13. Provision for deferred tax

Deferred tax liabilities at 1 January	19,789,704	12,740,888
Net effect from merger	0	5,871,831
Amounts recognised in the income statement for the year	463,779	1,176,985
Deferred tax liabilities at 31 December	**20,253,483**	**19,789,704**

14. 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:

	2022	2021
	DKK	DKK
Lease obligations		
After 5 years	8,565,100	8,072,826
Between 1 and 5 years	3,339,862	4,517,104
Long-term part	11,904,962	12,589,930
Within 1 year	1,122,599	1,240,875
	13,027,561	**13,830,805**
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	193,964,534	218,819,489
Long-term part	193,964,534	218,819,489
Within 1 year	0	0
Other short-term debt to group enterprises	4,423,573	3,346,425
Short-term part	4,423,573	3,346,425
	198,388,107	**222,165,914**
Other payables		
After 5 years	4,088,627	4,004,532
Long-term part	4,088,627	4,004,532
Within 1 year	0	0
Other short-term payables	59,440,521	57,302,870
	63,529,148	**61,307,402**

Notes to the Financial Statements

	2022	2021
	DKK	DKK

15. Contingent assets, liabilities and other financial obligations

	2022	2021
Contingent liabilities		
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 2022, DKK 8.1 mio. of this agreement was outstanding.

The Company has issued a letter of support addressed to the subsidiaries Inga Finans ApS and Collectia AS, valid until 31 December 2023.

The Danish 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 Care DK BidCo ApS, which is the management company 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

16. Related parties and disclosure of consolidated financial statements

	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 Parent Company of the largest and smallest group:

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

17. Subsequent events

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

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Collectia A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Care DK BidCo ApS, the Company has not prepared consolidated financial statements.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Notes to the Financial Statements

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.

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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Net sales

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.

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 indirect production costs and expenses for premises, sales as well as office expenses, etc.

Notes to the Financial Statements

Gross profit

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 and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions 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.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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.

The Company is jointly taxed with Care DK BidCo ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 year.

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.

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

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.

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

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

Acquired licenses 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:

Other buildings	12 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 and investments 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.

Notes to the Financial Statements

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.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity