

EOS Danmark A/S

Langhøjvej 1 A, st. th.
8381 Tilst

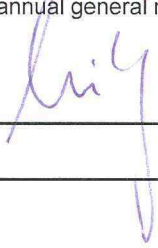
CVR no. 32 32 66 84

Annual report 2016/17

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

9 May 2017

chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of EOS Danmark A/S for the financial year 1 March 2016 – 28 February 2017.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2017 and of the results of the Company's operations for the financial year 1 March 2016 – 28 February 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

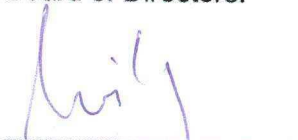
We recommend that the annual report be approved at the annual general meeting.

Aarhus, 9 May 2017
Executive Board:

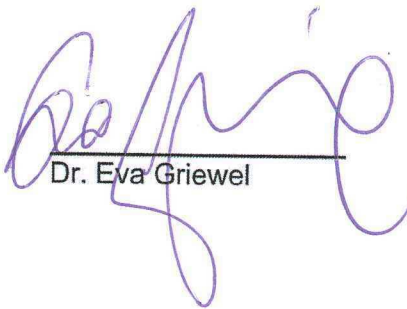


Peter Hagerstrand
Jensen
CEO


Board of Directors:



Dr. Andreas Witzig
Chairman



Dr. Eva Griewel



Frank Alexi



Independent auditor's report

To the shareholders of EOS Danmark A/S

Opinion

We have audited the financial statements of EOS Danmark A/S for the financial year 1 March 2016 – 28 February 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2017 and of the results of the Company's operations for the financial year 1 March 2016 – 28 February 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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



Independent auditor's report

audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 9 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Michael Mortensen', with a long horizontal flourish extending to the right.

Michael Mortensen
State Authorised
Public Accountant

EOS Danmark A/S
Annual report 2016/2017
CVR no. 32 32 66 84

Management's review

Company details

EOS Danmark A/S
Langhøjvej 1 A, st. th.
8381 Tilst

Telephone: +45 70 22 10 20
Website: www.eos-danmark.dk

CVR no.: 32 32 66 84
Registered office: Aarhus
Financial year: 1 March – 28 February

Board of Directors

Dr. Andreas Witzig, Chairman
Dr. Eva Griewel
Frank Alexi

Executive Board

Peter Hågerstrand Jensen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Bank

Danske Bank
Holmens Kanal 2
DK-1090 Copenhagen K

Management's review

Operating review

Principal activities

The objective of the Company's business is to engage in debt collection business, investment in portfolios of claims including loans, credit advisory business, other administrative services related to credit-granting activities, including billings services, and any other business or actions related there to and/or as appropriate to achieve the previously mentioned.

Development in activities and financial position

Gross profit for the year increased according to the business plan just as the loss before tax decreased in accordance with the business plan. The result is considered satisfactory. In 2017/18 the company will continue to position itself on the Danish market and a profit is expected.

The company has received a letter of support from the parent company EOS International Beteiligungs-Verwaltungsgesellschaft mbH covering 12 months from the balancesheet date.

Events after the balance sheet date

No events have occurred since the balance sheet date, which materially affects the Company's financial position.

Financial statements 1 March – 28 February

Income statement

DKK	Note	2016/17	2015/16
Gross profit		4,509,208	1,877,006
Staff costs	2	-4,385,554	-3,678,320
Depreciation, amortisation and impairment		0	-63,000
Operating profit/loss		123,654	-1,864,314
Financial income		47	0
Financial expenses	3	-661,324	-409,401
Loss before tax		-537,623	-2,273,715
Tax on profit/loss for the year		118,277	499,929
Loss for the year		-419,346	-1,773,786

Proposed distribution of loss

Retained earnings		-419,346	-1,773,786
		-419,346	-1,773,786

Financial statements 1 March – 28 February

Balance sheet

DKK	Note	2016/17	2015/16
ASSETS			
Fixed assets			
Investments			
Investments in debt portfolios		35,719,022	11,072,832
Deposits		151,539	190,788
		<u>35,870,561</u>	<u>11,263,620</u>
Total fixed assets		<u>35,870,561</u>	<u>11,263,620</u>
Current assets			
Receivables			
Trade receivables		296	2,080
Receivables from group entities		0	3,925
Other receivables		86,044	92,973
Deferred tax asset		1,874,826	1,756,548
Prepayments		117,728	99,711
		<u>2,078,894</u>	<u>1,955,237</u>
Cash at bank and in hand		<u>2,719,309</u>	<u>2,340,755</u>
Total current assets		<u>4,798,203</u>	<u>4,295,992</u>
TOTAL ASSETS		<u><u>40,668,764</u></u>	<u><u>15,559,612</u></u>

Financial statements 1 March – 28 February

Balance sheet

DKK	Note	2016/17	2015/16
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,005	1,000,003
Retained earnings		10,848,039	-632,616
Total equity		<u>11,848,044</u>	<u>367,387</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities	4	18,527,930	13,888,621
		<u>18,527,930</u>	<u>13,888,621</u>
Current liabilities other than provisions			
Current portion of non-current liabilities		8,666,916	0
Payables to group entities		43,182	89,702
Other payables		1,582,692	1,213,902
		<u>10,292,790</u>	<u>1,303,604</u>
Total liabilities other than provisions		<u>28,820,720</u>	<u>15,192,225</u>
TOTAL EQUITY AND LIABILITIES		<u><u>40,668,764</u></u>	<u><u>15,559,612</u></u>

Financial statements 1 March – 28 February

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 March 2016	1,000,003	0	-632,615	367,388
Capital increase	2	11,900,000	0	11,900,002
Share premium transferred	0	-11,900,000	11,900,000	0
Transferred over the distribution of loss	0	0	-419,346	-419,346
Equity at 28 February 2017	<u>1,000,005</u>	<u>0</u>	<u>10,848,039</u>	<u>11,848,044</u>

Financial statements 1 March – 28 February

Notes

1 Accounting policies

The annual report of EOS Danmark A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

The changes have no monetary effect on the income statement or the balance sheet for 2016/17 or for the comparative figures.

Options from a higher reporting class

The annual report has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with options from higher reporting classes.

Foreign currency translation

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

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

Income statement

Gross profit

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

Gross profit includes revenue from collection of claims, revenue from other services, amortisation of debt portfolios and other external costs.

Revenue from collection of claims

Revenue consists of debt collected from debtors and revenue from collection services provided for a third party. Revenue is recognised if the debt was effectively collected, or the services have been provided to a third party.

Financial statements 1 March – 28 February

Notes

1 Accounting policies (continued)

Revenue from other services

Revenue from services provided is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Amortisation of debt portfolios

Debt portfolios are amortised based on annuity. Annuity is based on the projected amount collected over time and the interest implicit in annuity. Minor investments are amortised on a straight-line basis.

Other external costs

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

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

Balance sheet

Investments in debt portfolios

Investments in debt portfolios are measured at cost. Write-downs are made to the lower of cost and recoverable amount.

Financial statements 1 March – 28 February

Notes

1 Accounting policies (continued)

The investments are amortised using an annuity. Minor investments are amortised on a straight-line basis of 0-5 years.

Deposits

Deposits consist of lease deposits.

Impairment of fixed assets

The carrying amount of investments in debt portfolios is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

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

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

Prepayments

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

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for

Financial statements 1 March – 28 February

Notes

1 Accounting policies (continued)

tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Financial statements 1 March – 28 February

Notes

1 Accounting policies (continued)

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

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

Other liabilities are measured at net realisable value.

DKK	2016/17	2015/16
2 Staff costs		
Wages and salaries	4,179,647	3,474,877
Pensions	181,932	183,683
Other social security costs	23,975	19,760
	<u>4,385,554</u>	<u>3,678,320</u>
Average number of full-time employees	<u>7</u>	<u>6</u>
3 Financial expenses		
Interest expense to group entities	655,143	409,401
Other financial expenses	6,181	0
	<u>661,324</u>	<u>409,401</u>
4 Non-current liabilities other than provisions		
Payables to group entities	18,527,930	13,888,621
Current portion of non-current liabilities	8,666,916	0
	<u>27,194,846</u>	<u>13,888,621</u>

No outstanding debt after 5 years.

Financial statements 1 March – 28 February

Notes

5 Contractual obligations, contingencies, etc.

Lease obligations

The Company has entered into operating leases at the following amounts:

DKK	2016/17	2015/16
Real estate	168,325	151,934
Other leases	947,312	910,787
	<u>1,115,637</u>	<u>1,062,721</u>

Remaining operating lease obligations at the balance sheet date fall due at DKK 1,085 thousand within 1 year and DKK 31 thousand within 1-5 years.

6 Related parties

Consolidated financial statements

EOS Danmark A/S is part of the consolidated financial statements of EOS International Beteiligungs-Verwaltungsgesellschaft mbH, Steindamm 71, 20099 Hamburg, Germany, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of EOS International Beteiligungs-Verwaltungsgesellschaft mbH can be obtained by contacting the Company.