Care DK BidCo ApS

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

CVR No 41 10 05 16

Annual report for

1 January 2021
-
31 December 2021

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:

Chairman

____
Christian La Cour Valentin

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Company Information

Company
Care DK BidCo ApS
Abildager 11
2605 Brøndby

Central Business Registration No	41 10 05 16
Registered in	Brøndby

Financial period: 1 January 2021 - 31 December 2021

Executive Board
Christian la Cour Valentin
Daniel Bremann Itzhaki
Jesper Gunni Winther
Martin Høy

Board of Directors
Erik Forsberg
Gareth Ridgwell Whiley
Robert Ian Knight
Daniel Bremann Itzhaki
Jesper Gunni Winther
Martin Høy
Christian la Cour Valentin

Auditors
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Cvr nr. 33 77 12 31

Key figures

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Financial highlights		
Profit and loss accounts		
Revenue	271.039	186.116
Gross profit	82.014	73.858
Operating profit	29.451	35.293
Net financials	(36.389)	(36.687)
Loss for the year	(12.068)	(36.074)
Balance sheet		
Total assets	1.485.007	1.306.855
Total equity	546.216	536.516
Cash flows		
Net cash flow from operating activities	45.609	43.022
Net cash flow from investing activities	(239.648)	(929.866)
Cash flow from financing activities	149.481	1.006.840
Empolyees		
Average number of employees	263	174
Key Ratios		
Gross margin (%)	30%	40%
Operating profit (%)	11%	19%
Return on equity (%)	-2%	-7%
Equity ratio (%)	37%	41%

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 clients.

Today, Collectia Group 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 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.

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

Development during the year
The income statement of the Group for 2021 shows a loss of TDKK 12.068 and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 546.216.

The Group was in early 2020 acquired by new owners when the UK based PE-fund Silverfleet Capital invested in Collectia Group together with the Management team and employees of the Group. The acquisition also marked the introduction of a new growth strategy which will leverage organic growth through the cutting edge AI-enabled platform and also include acquisitions of companies in the Nordic region and new portfolios.

Management's Review

The Group has in 2021 executed significantly on the strategy which was laid out in 2020. A number of acquisitions were completed during the year including the acquisitions of Kredinor's Danish activities and Equity Group in Norway which were both great supplements to the Group. With the acquisition of Kredinor, Collectia Group consolidated its position as a leading player in the Danish debt service market and the addition of Equity Group in Norway not only moved Collectia Group to become one of the larger players in the Norwegian market, but also added significant sales and management capabilities to the existing Norwegian practice. The acquisition was also key in reaching critical mass in order to be able to service top quality clients in Norway.

Another important part of the strategy is to migrate the superior proprietary IT-platform (C-Work) beyond the Danish practice. In 2021 Collectia Group succeeded in migrating the IT system to the Swedish practice and the effectiveness and efficiency of the IT-platform has impacted the business by being considerably faster and more efficient in collecting debt which obviously is to the benefit of our clients which will receive not only faster payments, but also a higher collection rate. Currently, the IT-platform is being deployed in the Norwegian practice and will be completed mid-year. Collectia Group's Norwegian clients will therefore also experience the positive effects from the migration during 2021 and moreover, together with the increased presence, this will position Collectia Group well in future tender processes.

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 activity significantly reduced during the period. Collectia Group is relatively resilient towards normal macro economic swings and this has also been the case during the pandemic. However, the reduced number of new cases during 2020 and until mid-year 2021 from the industries mentioned above, has had a negative impact on revenue in 2021. Since the re-opening following the Covid-19 pandemic, we have seen rising case loads throughout the Group, especially during the second half of 2021.

In line with the strategy the Group has also acquired debt portfolios during 2021. The group has strict requirements for acquiring debt portfolios and only acquire such portfolios if the return is at an attractive level. Such portfolios were acquired during 2021, including what is referred to as forward flow portfolios where fresh cases are acquired monthly in the contract period. These portfolios have had a positive impact on revenue and earnings in 2021.

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

Management considers the result achieved to be satisfactory especially considering that the corona pandemic impacted a number of industries which the Group serves. The increase in revenue from TDKK 186.116 to TDKK 271.039 was driven by more portfolio revenue, new customers and acquisitions and demonstrates the Group's ability to act under difficult market conditions.

Management has also made a deliberate decision to continue to invest in personnel during the pandemic, not least 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 despite having taken on more costs from the acquired companies. A significant part of those costs were non-recurring in nature and will as such not re-appear in financial year 2022.

Special risks - operating risks and financial risks

Operational 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 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 2021 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.

Portfolio investment risk

The Group has become more acquisitive in terms of portfolios which in essence are past-due consumer receivables which are acquired at prices significantly below nominal value. The associated risk is that the ability to collect is overestimated at the time of acquisition. However; the Group has a long track record of buying and successfully managing owned portfolios and has developed models to assist in the valuation of such opportunities. All opportunities are thoroughly analysed before presented to the board prior to submitting an offer. It is also a general rule that external advisors provide the board with a view on the forecasts of such portfolios.

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 a very positive feedback from the market combined with an improved proprietary IT-platform which enables the Group to perform better than its peers. The combination of high customer satisfaction, the sales pipeline together with our automated, digitalized solutions and our very passionate employees, we expect to grow significantly in 2022.
The aim is a an revenue growth rate from financial year 2021 of 10% - 20%.

The Group's efforts to expand has led to the acquisition of several companies adding some DKK 80m in revenue and where significant cost synergies are expected to be realised in the longer term. Such synergies will to a large degree crystallise in financial year 2022 and it is difficult to estimate the exact effect.

The Group also continues to acquire portfolios through forward flow contracts which will add revenue and profits to financial year 2022.

Management's Review

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

The Group has in financial year 2021 increased its focus on ESG and specific reporting and targets have been approved by the board. In addition to this Collectia Group has engaged with its client Xplora in the carbon neutral city project in Lebanon where the distinct 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 supply green energy to 10.000 cities by year 2030.

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.

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.

After the balance sheet date the Group has entered into a forward flow agreement with Basis Bank and additional financing used for this purpose have been obtained from the Groups existing financing provider.

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of CareDK Bidco ApS for 2021.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 01 January - 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

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

Brøndby, 26 April 2022

Executive Board

Christian la Cour Valentin

Jesper Gunni Winther

Daniel Bremann Itzhaki

Martin Høy

Board of Directors

Erik Forsberg
Chairman

Gareth Ridgwell Whiley

Robert Ian Knight

Christian la Cour Valentin

Daniel Bremann Itzhaki

Martin Høy

Jesper Gunni Winther

Independent Auditor's Report

To the Shareholder of Care DK BidCo ApS

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Fi-nancial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Care DK BidCo ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Account-ants (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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 judgment and maintain professional skepticism throughout the audit. We also:

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements, continued

• 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 26 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Josephine Kilsgaard Holm
State Authorised Public Accountant
mne44114

Consolidated statement of profit or loss

	Note	1 January to 31 December 2021	22 January to 31 December 2020
		TDKK	TDKK
Revenue from customer contracts	3	246.675	174.425
Revenue from portfolio investments and other revenue in accordance with the effective interest method		24.364	11.691
Total Revenues		**271.039**	**186.116**
Staff expenses	4, 5	(88.465)	(45.064)
Other external expenses		(100.560)	(67.194)
Earnings before depreciation and amortisation		**82.014**	**73.858**
Depreciation and amortisation	6	(52.563)	(38.565)
Operating profit before special items		**29.451**	**35.293**
Special items	7	(3.077)	(30.860)
Operating income after special items		**26.374**	**4.433**
Financial income	8	13.286	2.422
Financial expenses	9	(49.676)	(39.109)
Loss before tax		**(10.015)**	**(32.254)**
Income tax expense	10	(2.053)	(3.820)
Loss for the year		**(12.068)**	**(36.074)**
Loss is attributable to:			
Owners of the parent company		(12.068)	(36.074)
		(12.068)	**(36.074)**

Consolidated statement of comprehensive income

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Loss for the period	**(12.068)**	**(36.074)**
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4.260)	2.786
Other comprehensive income for the period, net of tax	**(4.260)**	**2.786**
Total comprehensive income for the period	**(16.328)**	**(33.288)**
Total comprehensive income for the period is attributable to:		
Owners of the parent company	(16.328)	(33.288)
	(16.328)	**(33.288)**

Consolidated balance sheet

	Note	31 December 2021	31 December 2020
		TDKK	TDKK
Goodwill	11	722.667	641.307
Other intangible assets	11	387.163	325.070
Property, plant and equipment	12	4.501	3.258
Right-of-use assets	14	16.849	17.908
Portfolio investments	15	172.215	91.455
Total non-current assets		**1.303.394**	**1.078.998**
Trade receivables	16	31.431	27.280
Contract work in progress	17	41.011	40.237
Current tax assets		1.265	0
Other receivables		27.283	36.163
Prepayments		5.144	4.140
Cash and cash equivalents		75.478	120.037
Total current assets		**181.613**	**227.857**
Total assets		**1.485.007**	**1.306.855**

Consolidated balance sheet

	Note	31 December 2021	31 December 2020
		TDKK	TDKK
Share capital	18	5.719	5.719
Share premium		592.182	566.154
Foreign currency translation reserve		(1.474)	2.786
Retained earnings		(50.211)	(38.143)
Capital and reserves attributable to owners		**546.216**	**536.516**
Total equity		**546.216**	**536.516**
Other provisions		1.700	1.700
Borrowings	19	653.534	546.624
Lease liabilities	14	14.027	14.441
Deferred tax liabilities	13	96.048	76.260
Other payables		4.005	3.926
Total non-current liabilities		**769.314**	**642.951**
Borrowings	19	40.334	14.496
Trade payables		9.136	7.115
Payables to group enterprises		0	334
Lease liabilities	14	1.952	2.200
Income tax payables		6.404	11.302
Other payables		111.652	91.940
Total current liabilities		**169.478**	**127.388**
Total liabilities		**938.792**	**770.339**
Total equity and liabilities		**1.485.007**	**1.306.855**

Consolidated cash flow statement

	Notes	1 January to 31 December 2021	22 January to 31 December 2020
		TDKK	TDKK
Operating profit before special items		29.451	35.293
Adjustments	27	50.903	33.484
Changes in net working capital	28	10.148	31.563
Special items paid	7	(3.077)	(30.860)
Payments received on loan portfolio		17.671	18.561
Interests received, bank deposits etc.		474	44
Interests paid		(49.676)	(28.392)
Income taxes paid	10	(10.285)	(16.671)
Net cash flow from operating activities		**45.609**	**43.022**
Purchase and sale of intangible assets	11	(12.278)	(9.834)
Purchase and sale of property, plant and equipment	12	(541)	(500)
Purchase of loan portfolios	15	(97.957)	(6.684)
Cash flow from business combinations	22	(128.872)	(912.848)
Net cash flow from investing activities		**(239.648)**	**(929.866)**
Repayment of borrowings	24	(22.349)	(124.502)
Raising of borrowings	24	154.081	580.964
Financing cost		(3.675)	(19.844)
Principal elements of lease payments	24	(4.604)	(1.609)
Cash capital increase		26.028	571.831
Cash flow from financing activities		**149.481**	**1.006.840**
Net cash flow for the year		**(44.558)**	**119.996**
Cash and cash equivalents, beginning of the year		120.037	41
Cash and cash equivalents at end of the year		**75.479**	**120.037**

Consolidated statement of changes in equity

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 22 January 2020	**41**	**0**	**0**	**0**	**41**
Loss for the year	0	0	0	-36.074	-36.074
Other comprehensive income for the period	0	0	2.786	0	2.786
Total comprehensive income for the period	**0**	**0**	**2.786**	**-36.074**	**-33.288**
Transactions with owners in their capacity as owners					
Treasury shares	0	0	0	-2.069	-2.069
Capital increase	5.678	566.154	0	0	571.832
Total transactions with owners	**5.678**	**566.154**	**0**	**-2.069**	**569.763**
Equity at 31 December 2020	**5.719**	**566.154**	**2.786**	**-38.143**	**536.516**
Equity at 1 January 2021	**5.719**	**566.154**	**2.786**	**-38.143**	**536.516**
Loss for the year	0	0	0	-12.068	-12.068
Other comprehensive income for the period	0	0	-4.260	0	-4.260
Total comprehensive income for the period	**0**	**0**	**-4.260**	**-12.068**	**-16.328**
Transactions with owners in their capacity as owners					
Capital increase	0	26.028	0	0	26.028
Total transactions with owners	**0**	**26.028**	**0**	**0**	**26.028**
Equity at 31 December 2021	**5.719**	**592.182**	**-1.474**	**-50.211**	**546.216**

Notes

1. Accounting policies
2. Critical accounting estimates and judgements
3. Revenue from contracts with customers and other revenue
4. Employee costs
5. Share-based payment plans
6. Depreciation and amortisation
7. Special items
8. Financial income
9. Financial expenses
10. Tax on profit for the year
11. Intangible assets
12. Property, plant and equipment
13. Deferred tax
14. Leases
15. Portfolio investments
16. Trade receivables
17. Contract balances
18. Share capital
19. Borrowings
20. Financial risk management
21. Capital management
22. Business combinations
23. Commitments and contingent liabilities
24. Changes in liabilities arising from financing activities
25. Related parties
26. Events after the balance sheet date
27. Cash flow statement - adjustments
28. Cash flow statement - changes in net working capital
29. List of group companies

Notes

1. Accounting policies

General information
Care BidCo ApS was incorporated on 22 January 2020, and is through its subsidiaries (the Group) an IT company, who is specialized in credit management services. The Group offers services in outsourcing of debt management, debt collection and debt purchase.

Basis of preparation
The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for medium-size enterprises.

The consolidated financial statements have been prepared under the historical cost convention, except for contingent consideration liabilities and derivative financial instruments that are measured at fair value. The financial statements are presented in Danish Kroner (DKK), as this is the parent company's functional currency. The financial statements have been rounded to the nearest thousand except when otherwise stated.

No standards which are not yet effective have been applied.

New accounting policies and disclosures effective in 2021 or later
The IASB has issued, and the EU has endorsed, a number of new standards, and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2022 or later. Therefore, they have not yet been adopted. Care DK BidCo ApS expects to adopt these standards, updates and interpretations when they become mandatory. There are no standards that are not yet effective and that would be expected to have a material impact on Care DK BidCo ApS in the current or future reporting periods and on forseeable future transactions.

Basis of consolidation

The consolidated financial statements include the parent company, Care DK BidCo ApS, and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. This is generally established through holding of the Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Notes

1. Accounting policies, continued

Foreign currency translation
Functional currency
Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The results and financial position of foreign operations that have a functional currency different from the Group's presentation currency (DKK) are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income and presented in a separate reserve within equity. Net assets include goodwill and purhcase price allocation adjustments including intangible assets attributable to the individual entities

For the purpose of currency translation, assets and liabilities of foreign operations comprise remeasurement to fair value of identifiable assets and liabilities and goodwillarising in business combinations.

Business combinations
The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group, and
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

Notes

1. Accounting policies, continued

Revenue recognition
The Group's principal income derives from sales of collection services and from investments in portfolios of overdue receivables.

Revenue from debt collection services
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

Revenue from portfolio investments in accordance with the effective interest method
Interest revenue from investments in credit impaired portfolios 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

Other revenue
In addition to revenue from collection services and income fom aquired debt portfolios, the Group 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.

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

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

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

Special items
Items of income and expense of non-recurring nature which by their nature are not related to the Group’s ordinary operations or investment in future activities are presented as special items in the income statement. Special items comprise of transaction costs related to the acquisition of Kredinor A/S (Denmark), Dr. Duve Inkasso GmbH (Germany) and Equity Gruppen AS (Norway) in 2021 and Collectia Group in 2020.

Financial income and expenses
Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.Interest income and exepenses are recognised in the income statements under the effective interest method.

Notes

1. Accounting policies, continued

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax loss carryforwards

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes

1. Accounting policies, continued

Intangible assets

Goodwill

Goodwill is measured as described under the accounting policy for business combinations. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the geographical areas in which the Group operates.

Software, licenses, development costs, customer rights

Separately acquired intangible assets are shown at historical cost. Software/technology and customer contracts acquired through business combinations are recognised at fair value at the acqusition date. Separately acquired intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

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

IT-development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to use the software, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover future operating expenses involved as well as the development costs.

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

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Software/technology	5-10 years
- Development costs	10 years
- Customer contracts	7-20 years

Notes

1. Accounting policies, continued

Property, plant and equipment
Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss as other operating income/expenses.

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 Group'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 as an expense in profit or loss in the periods to which they relate.

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

Notes

1. Accounting policies, continued

Portfolio investments
Portfolio investments consists of portfolios of credit impaired recevables purchased at a discount reflecting an expectation of significant credit losses. Upon acquisition of a debt portfolio, 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 Group has entered into arrangements under which the Group is committed to acquire portfolios of credit impaired receivables on a continuous basis at a predetermined discount. If following the committment to acquire loan portfolios the credit quality deteriorates compared to the expection reflected in the agreed discount, a provision for an expected additional credit loss is recognised. The expected credit loss provision if any is offset against the purchase price upon acquisition, resulting in a higher credit adjusted effective interest rate.

Cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with end-customers on installment plans and macroeconomic information, including forecasts of economic development and unemployment in each country. Cash flow projections are made at the individual portfolio level.

Impairment of non-current assets
Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

See note 15 for a description of the Group's impairment policies for trade receivables.

Notes

1. Accounting policies, continued

Contract work in progress

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 Group 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.

Other receivables

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

Prepayments

Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Share premium

Premium on issue of ordinary shares are recognised as share premium

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Financial liabilities

Borrowings are initally recognised at fair value which is generally proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Notes

1. Accounting policies, continued

Provisions
Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Other liabilities

Other liabilities comprises client funds payable, employee related costs, wihtholding tax liabilities, VAT ect. The liabilities are measured at the amount expected to be paid.

Unidentified- and excess payments are recognised as liabilities, and are not derecognized until the obligation to repay expires. The gains are included in other revenue.

Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using generally accepted valutaion technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

Cash flow statement
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. the cash flow statement is presented under the indrect method.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as investments in loan portfolios.

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt and principal element on lease payments as well as payments to and from shareholders.

Key Figures
The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Notes

2. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

Impairment testing of goodwill

The carrying amount of goodwill as of 31 December 2021 is 722 MDKK.

For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, operating margins etc. These are based on an assessment of current and future developments in the cash-generating units and on historical data and assumptions of future expected market developments. Refer to note 11 for a description of the impairment test prepared at 31 December 2021.

Portfolio investments

The carrying amount of portfolio investments as of 31 December 2021 is 172 MDKK. The recognition of portfolio investments is based on The Group's own projection of future cash from the acquired portfolios. Although the Group has historically had good projection accuracy with regard to cash flows and future deviations.

The Group applies internal rules and a decision-making process in the adjustment of established cash projections in combination with external valuations by a specialist on yearly basis.
Each time a new portfolio is acquired Management takes great care in forecasting the future gross cash flows as this in turn is determining the price which the Group is able to offer.
If collection performance deviates from the forecast then the expected future cash flows are re-assessed and the carrying amount are adjusted. All changes in cash flow projections are ultimately decided on the excecutive level.

The Group has not sold portfolios of credit impaired debt. Divestments of portfolios are not included in the business model for this asset category.

Leases

The lease of the property in Brøndby has a purchase option of MDKK 20,8 which management has not yet decided to use. The lease represents approx. 95% of the carrying amount of right of use assets as of 31 December 2021.

Notes

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK

3. Revenue from costumer contracts and other revenue

Revenue is in all material aspects for all revenue streams recognised over time.

Revenue from contracts with costumers	238.135	168.175
Other revenue	8.540	6.250
Total revenue satisfied over time	**246.675**	**174.425**

The Group derives revenue in the following major geographical

Denmark	155.495	102.675
Sweden	28.492	24.749
Norway	18.982	13.067
Germany	43.706	33.933
	246.675	**174.425**

4. Employee costs

Wages and salaries	79.458	40.896
Defined contribution plans	7.200	3.201
Share-based payment	0	0
Other social security costs	1.807	966
Other staff costs	0	0
	88.465	**45.064**
Average number of employees	263	174

Compensation from salaries arising from Covid-19 total TDKK 2.067 has been offset in wages and salaries in 2020. In 2021, no compensation has been received.

Key Management Compensation
Key Management consists of Executive Board and Board of Directors. The compensation paid or payables to key management for employee services is shown below:

Executive Board:		
Wages and salaries	5.557	3.165
Defined contribution plans	273	326
Share-based payment	0	0
Other social security costs	39	6
Total	**5.869**	**3.496**
Board of Directors:		
Board compensation	1.734	1.257
Share-based payment	0	0
Total	**1.734**	**1.257**
Total compensation of key management personnel	**7.603**	**4.753**

Notes

5. Share-based payment plans

Management and certain employees of the Group have invested in shares in the company ultimately controlling Care DK Bidco, Credit Services Holdings Limited. The share holdings are subject to customary leaver provisions, and consequently, the arrangement is considered a share-based payment arrangement. Neither Care DK Bidco ApS or any of its subsidiaries have any obligations in respect of the arrangement, and consequently, the arrangement is classified as an equity settled arrangement.

The amount paid for the shares is equal to their fair value, and consequently, no compensation expense is recognized. The total shareholding as of 31 December 2021 amounts to 14.4% of all outstanding preference shares and 25.4% of all outstanding ordinary shares.

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
6. Depreciation and amortisation		
Depreciation on property, plant and equipment	1.091	673
Depreciation on right-of-use assets	3.967	2.066
Amortisation on intangible assets	47.505	35.826
	52.563	**38.565**

7. Special items

Special items comprise of:		
Transaction costs related to acquisition of the Group	0	30.860
M&A cost	3.077	0
	3.077	**30.860**

If special items had been recognised in operating profit before special items, they would have been included in the following line items:

Other external expenses	3.077	30.860
	3.077	**30.860**

Special items are non-recurring items based on management judgement. In 2021 M&A cost related to Care DK BidCo Group's acquisition of Kredinor A/S (Denmark), Dr. Duve Inkasso GmbH (Germany) and Equity Gruppen AS (Norway) in respectively March, January and October 2021 has been recognised as special items. In 2020 M&A cost related to Silverfleet Capital Partners acquisition of Collectia Group in the beginning of March 2020 has been recognised as special items.

8. Financial income

Foreign exchange rate gains	0	0
Other financial income	13.286	2.422
	13.286	**2.422**

Financial income amounts to 13.286 TDKK of which 12.812 TDKK relates to reassessment of a contingent liability for an earn out related to an acquisition occurring before Care DK BidCo's acquisition of the Group in 2020.

Notes

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
9. Financial expenses		
Foreign exchange rate losses	609	225
Interest expense on lease liabilities	1.097	833
Interest on financial liabilities measured at amortised cost	47.970	38.051
	49.676	**39.109**
10. Tax on profit for the year		
Current tax:		
Current tax on profits for the year	6.965	11.736
Current tax on profits for previous years	(3.862)	270
Deferred tax on profit for the year	(1.050)	(8.187)
	2.053	**3.820**
Calculated 22.0% tax on profit for the year before income tax	(2.203)	(7.096)
Differences	(4.256)	(10.916)
Tax effects of:		
Non-deductible expenses	(666)	(11.031)
Current tax on profits for previous years	(3.862)	(270)
Higher/lower tax rate in subsidiaries	272	385
	(4.256)	**(10.916)**

Notes

11. Intangible assets

	Software/ technology	Customer contracts	Goodwill	Development projects in progress	Completed development projects
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost:					
At 22 January 2020	**0**	**0**	**0**	**0**	**0**
Additions through business combinations	152.327	175.287	638.835	10.014	13.304
Additions during the year	435	0	0	9.399	0
Transfer	0	0	0	-1.245	1.245
Exchange difference	0	433	2.472	0	0
At 31 December 2020	**152.762**	**175.720**	**641.307**	**18.168**	**14.549**
Accumulated amortisation and impairment:					
At 22 January 2020	**0**	**0**	**0**	**0**	**0**
Amortisation for the year	13.127	20.752	0	0	2.084
Exchange difference	0	167	0	0	0
At 31 December 2020	**13.127**	**20.919**	**0**	**0**	**2.084**
Carrying amount 31 December 2020	**139.635**	**154.802**	**641.307**	**18.168**	**12.465**
Cost:					
At 1 January 2021	**152.762**	**175.720**	**641.307**	**18.168**	**14.549**
Additions through business combinations	525	95.162	79.635	0	0
Additions during the year	1.062	0	0	11.216	0
Transfer	0	0	0	-29.384	29.384
Disposals during the year	-470	0	0	0	0
Exchange difference	-461	1.742	1.725	0	0
At 31 December 2021	**153.418**	**272.624**	**722.667**	**0**	**43.933**
Accumulated amortisation and impairment:					
At 1 January 2021	**13.127**	**20.919**	**0**	**0**	**2.084**
Amortisation for the year	15.977	29.514	0	0	1.676
Reversal of amortisation	-132	0	0	0	0
Exchange difference	-196	-156	0	0	0
At 31 December 2021	**28.776**	**50.277**	**0**	**0**	**3.760**
Carrying amount 31 December 2021	**124.642**	**222.348**	**722.667**	**0**	**40.173**

Notes

11. Intangible assets, continued

Software comprises of external software products and arises mainly from a business combination made in 2020. Software is recognised at fair value at the date of acquisition, and are subsequently amortised on a straight-line basis. As at 31 December 2021, the carrying amount of software was 124.642 TDKK. The Group estimates the remaining useful life of the software to be 9 years.

Customer contracts were acquired through the business combination in 2020 and through further business combinations in 2021. They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line basis. As at 31 December 2021, the carrying amount of customer contracts was 222.348 TDKK. The Group estimates the remaining useful life of the significant customer contracts to be 6 years.

Development projects relate to the development of new versions of the Group'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 exisiting 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. The cost is recognised at cost at the date of acquisition, and subsequently amortised on a straight-line basis. As at 31. December 2021, the carrying amount of development projects was 40.173 TDKK. The Group estimates the remaining useful life of the development projects to be 10 years.

Notes

11. Intangible assets, continued

Impairment tests of goodwill and trademark

The Group tests whether goodwill has suffered any impairment on an annual basis. For 2021, no impairment loss has been recognised.

Goodwill is monitored by Management at the level of the country by country activities (cash generating units). As of 31 December 2021, the carrying amount of goodwill allocated to each cash generating units is shown below:

	Goodwill	
	31 December 2021	31 December 2020
Cash-generating unit:	TDKK	TDKK
Denmark	512.308	482.421
Sweden	64.504	66.193
Germany	95.885	49.830
Norway	49.969	42.862
Total	**722.667**	**641.306**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has compiled a projection of annual future cash flows based on historical experience and the company's own plans and estimates for the future. Collectia Group has historically been able to gain market shares which is also assumed for the forecast period. The continued development of and investment in the proprietary IT system is also a main driver in the growth as the offering to customers is more complete and more efficient. The key operating assumptions are revenue growth rate and capex. Potential clients are naturally attracted to an efficient collection set-up and Collectia Group's proprietary IT system provides such set-up and continues to benchmark above its peers. The add-on acquisitions in financial year 2021 should also increase future revenue above the absolute addition of revenue at completion as a number of sales synergies are expected to unfold in the coming years. The acquired companies will be larger in terms of scale and as such, tender processes and larger clients are then also within the range of the companies (CGUs). Management have not included growth from the general market/markets in the forecast. For each CGU Management have evaluated what growth rates are achievable and as such, these vary between the companies based on their best assumption of how the general assumptions above affects each CGU. The calculation is generally based on a forecast by CGU for the years 2022–2026 and thereafter a terminal period with a perpetual growth rate of equilibrium of 1.5 percent, which is forecasted from 2027 annual increase of 1,5 percent. The cash flows have been discounted to present the value applying a weighted average cost of capital of 10,0 percent, per year before tax, corresponding to 7,8 percent per year after tax. The recoverable amount has been compared for each unit with the Group's net book value of the unit's assets and liabilities.

Sensitivity analysis

A sensitivity analysis has been performed in 2021, in which cash flows have been subject to change in revenue growth and changes in WACC. Applying such changes assumptions revealed that the even larger changes would not require write down of any of the CGUs.

Notes

12. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost:		
At 22 January 2020	**0**	**0**
Additions through business combinations	582	2.849
Additions during the year	197	303
At 31 December 2020	**779**	**3.152**
Accumulated depreciation and impairment:		
At 22 January 2020	**0**	**0**
Depreciation for the year	164	509
At 31 December 2020	**164**	**509**
Carrying amount 31 December 2020	**615**	**2.643**
Cost:		
At 1 January 2021	779	3.152
Additions through business combinations	541	0
Additions during the year	756	740
Disposals during the year	-284	0
Exchange adjustment	394	0
At 31 December 2021	**2.186**	**3.892**
Accumulated depreciation and impairment:		
At 1 January 2021	164	509
Depreciation for the year	399	622
Reversal of amortisation	-214	0
Exchange adjustment	97	0
At 31 December 2021	**446**	**1.131**
Carrying amount 31 December 2021	**1.740**	**2.761**

Notes

	31 December 2021	31 December 2020
	TDKK	TDKK
13. Deferred tax		
Deferred tax at 1 January	76.260	0
Additions through business combinations	20.039	84.164
Deferred tax reccognised in the statement of profit or loss	(1.050)	(8.187)
Adjustment prior year	769	224
Exchange adjustment	30	59
Deferred tax at 31 December 2021	**96.048**	**76.260**
Deferred tax relates to		
Intangible assets	(89.724)	(70.994)
Property, plant and equipment	(767)	(3.482)
Right-of-use assets and lease liabilities, net	(90)	3.715
Contract assets and liabilities	(6.498)	(7.826)
Portfolio investments	(603)	2.150
Debt	980	177
Tax loss carry forward	654	0
	(96.048)	**(76.260)**
Of which presented as deferred tax assets	0	0
Of which presented as deferred tax liabilities	(96.048)	(76.260)
	(96.048)	**(76.260)**

Notes

	31 December 2021	31 December 2020
	TDKK	TDKK

14. Leases

The Group has recognised the following amounts relating to leases:

Right-of-use assets		
Properties	15.962	16.171
Cars	555	1.208
Others	332	529
	16.849	**17.908**
Lease liabilities		
Current	1.952	2.200
Non-current	14.027	14.441
	15.979	**16.641**

Additions to the right-of-use assets during the 2021 financial year were TDKK 1.133.

	1 January to 31 December 2021	22 January to 31 December 2020
Depreciation charge of right-of-use assets	TDKK	TDKK
Properties	2.899	1.369
Cars	872	562
Others	197	135
	3.967	**2.066**
Interest expense (included in financial expenses)	1.088	948

The total cash outflow for leases in 2021 was TDKK 4.604.

The group leases various properties and cars. Others comprise leases of print machines and other operational leases.

The individually most signficant lease relates to the rental agreement for the corporate head quarter in Brøndby. The contract expires in 2033. The lease of the property in Brøndby has a purchase option of DKK 20,8 million which management has not yet decided to use. The lease represents approx. 95% of the carrying amount of right of use assets as of 31 December 2021.

Notes

15. Portfolio investments

	31 December 2021	31 December 2020
	TDKK	TDKK
The Group has recognised the following amounts relating purchased debt		
Portfolio investments beginning of the year	91.455	0
Acquired in business combination	473	99.137
Purchased debt	97.957	6.684
Installments	-17.671	-14.366
Exchange differences	0	0
Closing balance	**172.215**	**91.455**
Carrying amount	**172.215**	**91.455**

As of 31 December 2021, the nominal outsanding amount is 964.663 TDKK.

Disbursements during the year amounted to TDKK 44.966.

The Group's accounting policy for portfolio investments is described in Note 1.

16. Trade receivables

Trade receivables net impairment	31.431	27.280

Trade receivables are non-interst bearing and are generally due for settlement within 30 days and therefore are all classified as current.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract asset.

When determining the expected credit loss rates supportable information about past events as well as current and future economic conditions are considered. The historical credit losses experienced in previous years are insignificant. Adjusting the historical loss rates to reflect current information and Management's expectations about forward-looking information affecting the customers' ability to settle the receivables, the Group has determined the expected credit loss as of 31 December 2021 to be insignificant.

Further information about the Group's credit risk related to trade receivables are provided in note 20.

Notes

17. Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 December 2021	31 December 2020
	TDKK	TDKK
Work in progress	41.011	40.237
Contract assets	**41.011**	**40.237**
Deferred income	0	0
Contract liabilities	**0**	**0**

18. Share capital

	31 December 2021	31 December 2021
	Number of shares	Nominal value TDKK
The share capital comprise:		
A shares (oridnary shares) - fully paid	76.525.489	5.719
Share capital	**76.525.489**	**5.719**

All shares have nominal value of EUR 0.01 and carries one vote.

The shares are non-negotiable instruments. Any transfer of shares are subject to consent of the Board of Directors.

	A-shares 31 December 2021	A-shares 31 December 2020
Changes in share capital	TDKK	TDKK
Opening balance	5.719	41
Capital increase	0	5.678
	5.719	**5.719**

Notes

19. Borrowings

The borrowings comprise of loan facilities to Debt Purchase and Debt Collection. There are covenants attached to the loan facilities. Refer to note 21.

	Interest rate	Effective interest rate	Currency	Maturity	Carrying amount
					TDKK
Term Loan A, 189 MDKK	Floating	7,45%	DKK	6 years	162.192
Term Loan B, 392 MDKK	Floating	7,28%	DKK	6 years	383.193
First Accordion Facility B, 82 MNOK	Floating	7,99%	NOK	6 years	59.417
Acquisition Facility A, 71MDKK	Floating	7,45%	DKK	6 years	67.024
Revolving Credit facility	Floating	2,75%	DKK	6 years	22.042
Total borrowings					**693.868**

The loan bear interest of CIBOR + a fixed credit spread for the loans in DKK currency, and an interest of NIBOR + a fixed credit spread for the loan in NOK currency. If CIBOR or NIBOR for an interest period resets at a rate below 0, the rate is set at 0.

On Term loan A, installments equal to the net cash inflow from the debt portfolio shall be made semi-annually. Repayments are estimated annually. The estimations process is discussed under liquidity risk in note 20.

Term loan B and First Accordion Facility B shall be repaid in full on the maturity date.

The Revolving Credit Facility shall be repaid in full on the maturity date. The Facility renews every three months.

Repayment of 21.826 TDKK has been made on Term Loan A during Financial Year 2021.

As of March 2021, the loans can be repaid partially or in full at the principal outstanding amount + accrued interest.

As security for the loans, material bank accounts held by the Group have been pledged. These bank balances amount to 64.307 TDKK (Free and available cash) as of 31 December 2021. Furthermore, the Parent Companys shares in subsidiaries together with intercompany receivables and loans have been pledged. Shares in subsidaries amounts to DKK 974 millions as of 31 December 2021. For intercompany balances, reference is made to notes for the Parent Company.

Further, an assignment agreement has been made in respect of the Group's payment claims, if any, under the Acquisition Agreement and the buyer-side warranty and indeminty insurance policy.

Notes

20. Financial risk management

Financial risk factors

The Group’s financial liabilities comprise borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s financial assets include trade and other receivables and cash and cash equivalents. The Group also enters into derivative transactions for the purpose of hedging its exposure to interest rate fluctuations. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group is exposed to market risk (interest rate and foreign exchange rate), credit risk and liquidity risk. The Group's management oversees the management of these risks om an ongoing basis and responds to those risks as appropriate.

Market risk

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s main interest rate risk arises from long-term borrowings with floating rates, which expose the group to cash flow interest rate risk.

Due to the currently low market interest rate level, it is the Group's policy not to hedge its exposure to changes in interest rates. However, an interest rate cap has been entered into to hedge the risk of increases in CIBOR to above 1.5% p.a. until April 2022 on a principal of 435 MDKK. The contract is not designated as a hedging instrument, and fair value adjustments are recognised in the income statement.

Sensitivity:

Profit or loss and equity is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on post tax profit and equity	Impact on post tax profit and equity
	1 January to 31 December 2021	22 January to 31 December 2020
CIBOR - increase by 100 basis points	-5.560	-2.278
CIBOR - decrease by 50 basis points	0	0

The impact presented in the above sensitivity analysis is based on the financial assets and financial liabilites recognised as of 31 December 2021. The analysis does not consider the impact from repayments, proceeds etc. related to the borrowings. Management considers the sensitivy analysis to be based on reasonably possible based on the current market conditions.

Notes

20. Financial risk management, continued

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The group is only to a limited degree subject to foreign currency risks. The Group maintains operations in Denmark, Germany, Norway and Sweden where the day-to-day business is carried out in local currencies. The Group has the majority of its cash flows in DKK and EUR from its operations in Denmark and Germany. Combined these two entities are expected to represent 76% of EBITDA on a Group basis in FY22. It is relevant to apply EBITDA for this purpose as there is a high degree of natural hedging in the Group due to the local presence (costs in local currency) in all relevant countries.

The external loan package is to a large extent denomiated in DKK/EUR (91%) and the remainder in NOK (9%). Since the majority of the operating cash flows are also denominated in DKK and EUR there is alignment between operating cash inflows and financing cash outflows. In addition, the DKK is tied to the EURO through an offical monetary collaboration which fixes the DKK to the EURO and as such only very small changes in the conversion rate occurs. The additon of the Equity Group in Norway was financed with a loan in NOK, however; there is aslo here alignment between the denomination of the loan and the operational cash flows.

Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. With all other variables held constant, the Group's profit is affected as follows:

	Impact on post tax profit	Impact on post tax profit
	1 January to 31 December 2021 TDKK	22 January to 31 December 2020 TDKK
DKK/EUR exchange rate - increase 1%	-26	-58
DKK/EUR exchange rate - decrease 1%	26	58
DKK/SEK exchange rate - increase 10%	-642	-831
DKK/SEK exchange rate - decrease 10%	642	831
DKK/NOK exchange rate - increase 10%	-167	-660
DKK/NOK exchange rate - decrease 10%	167	660

The impact presented in the above sensitivity analysis is based on the financial assets and financial liabilites recognised as of 31 December 2021.

Notes

20. Financial risk management, continued

Credit risk

Credit risk arises from cash and cash equivalents, debt portfolios, committments to acquire debt portfolios in the future and trade receivables. The credit risk exposure arises primarily from the debt portfolio.

As part of its debt portfolio investment activities, the Group acquires portfolios of credit impaired loans and receivables for the purpose of collecting them to the extent possible. Unlike the debt collection service activities where the Group acts on behalf of clients in return for commissions and fees, the Group assumes all the rights and risks associated with the loans and receivables. The portfolios are purchased at prices significantly below their nominal value, and the Group is entitled to the entire amount it collects, including interest and fees. Due to the fact that the loans and receivables are credit impaired, it is obvious that the entire nominal amount of the respective portfolios will not be recovered.

The risk in this business is that the Group, at the time of acquisition, overestimates its ability to collect the amounts, underestimates the costs of collection or that the credit quality of debt portfolios acquired based on committments is lower than anticipated when entering into the agreement. The maximum credit risk amounts to the carrying amount of the debt portfolio, 172.215 TDKK and the commitment to acquire portfolios in the future through so-called forward flow contracts where the Group has committed to buy an unknown number of new cases at an agreed rate as the cases arise.

Cash and cash equivalents consist of on demand bank deposits and are held with established banks with a high credit rating. The Group uses a number of banks with local presence for its day-to-day operations.

The Group's trade receivables are from clients in various industries. Generally there are very few losses due to the payment process where the Groups fees are deducted from collected amount before it is returned ot he client. Realised losses are few and usually only materialises if the debtor goes bankcrupt after which the cases is out in to the normal colletion routine.

Liquidity risk

Prudent liquidity risk Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group’s liquidity reserve, comprising the potentially undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.This is generally carried out at local level in the operating companies of the group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group’s liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes

20. Financial risk management, continued

Maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. As described in note 18, the Group has an obligation to make repayments on loan facility A equal to the amounts collected on the debt portfolios less collection costs. The amounts included in the maturity analysis are based on expected net cash inflows. To enable reader of the financial statements to better evaluate the liquidy risk, the expected gross cash inflow in the debt portfolios is presented adjecent to the maturiy analysis.

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	TDKK	TDKK	TDKK	TDKK
As at 31 December 2020				
Non-derivatives				
Borrowings	14.496	53.438	493.186	561.120
Interests on borrowings	37.706	139.018	38.977	215.701
Commitments to acquire debt portfolios	20.000	0	0	20.000
Lease liabilities	2.200	6.362	8.079	16.641
Interests on lease liabilities	1.116	5.876	0	6.992
Trade payables	7.115	0	0	7.115
Other payables	91.940	3.926	0	95.866
	174.573	**208.620**	**540.242**	**923.436**
Expected cash inflow on debt portfolis	19.694	60.741	185.502	265.937
Expected net cash outflow	-2.070	-4.140	0	-6.210
As at 31 December 2021				
Non-derivatives				
Borrowings	40.334	53.095	600.439	693.868
Interests on borrowings	46.679	174.907	6.855	228.441
Commitments to acquire debt portfolios	33.047	79.371	0	112.418
Lease liabilities	3.234	11.670	0	14.904
Interests on lease liabilities	1.000	5.263	0	6.263
Trade payables	9.136	0	0	9.136
Other payables	111.652	4.005	0	115.657
	245.082	**328.311**	**607.294**	**1.180.687**
Expected cash inflow on debt portfolis	82.841	258.746	252.673	594.260

The Group also has access to committed and uncommited facilities for the purpose of acquiring additional portfolios and bolt-on acquisitions.

Notes

20. Financial risk management, continued

Financial assets and liabilities per measurement category	31 December 2021 TDKK	31 December 2020 TDKK
Financial assets		
Financial assets at amortised cost		
Portfolio investments	172.215	91.455
Trade receivables	31.431	27.280
Other receivables	27.283	36.163
Cash and cash equivalents	75.478	120.037
	306.407	274.936
Financial assets at fair value through profit or loss	0	0
Financial liabilities at amortised cost		
Borrowings	693.868	561.120
Trade payables	9.136	7.115
Payables to Group companies	0	334
Other payables (current and non-current)	94.686	45.784
	797.689	614.354
Financial liabilities at fair value through profit or loss	0	0

Fair value measurement and fair value hierarchy
The only financial instruments measured at fair value is the interest rate cap and the foreign currency exchange contract. Fair value is determined based on generally accepted valuation methods and observable input (level 2). Fair value of borrowings amounts to TDKK 712.695 (level 2). The fair value is based on expected contractual payments discounted using current market interest rates. Fair value of the debt portfolio is estimated to approximately equal the carrying amount due to the fact that the carrying amount is determined based on expected future cash inflows. The value is based on unobservable input (level 3)

For all other financial instruments, not measured at fair value, the fair value approximates their carrying amount.

Notes

21. Capital management

The Group´s objectives when managing capital are to maintain a stable or growing cash balance and service the debt and other obligations in a timely manner. In order to aid such objectives Management prepares cash flow budgets once a year and forecasts when required. This enables Management to act in due time in order to comply with the capital management objectives.

Under the terms of the Senior Facilities Agreement the Group is required to comply with the following financial covernants:
DC (debt collection) business Leverage Ratio which essentially means that the ratio of DC borrowings to EBITDA less of extraordinary items will be of no more than a maximum ratio compared to the DC borrowings. The maximum ratio is reduced during the loan period.
DP ERC covenant which compares the expected future 10 years net cash inflows from the portfolios held compared to the DP borrowings. The ratio between the net inflows and DP borrowings shall not exceed 85%.

There are in addition a number of secondary covenants which are to be reported and complied with if certain circumstances arise.

The group has complied with all covernants throughout the reporting period and after the balance sheet date with comfortable headroom to covenant thresholds.

22. Business combinations

Acquisition of Dr. Duve Inkasso

On 1 January 2021 Collectia GmbH, an indirectly wholly-owned subsidiary of Care DK BidCo ApS, acquired 100% of the issued share capital of Dr. Duve Inkasso GmbH, including its wholly-owned subsidiary Adressa GmbH. The Companies provide debt collection services, and the purpose of the acquisition is to further develop the Group.

The purchase price for the acquisition amounted to 8.324 TDKK, of which the net identifiable assets amounted to 4.523 TDKK, including cash balances of 5.133 TDKK. The surplus value of 3.801 TDKK is allocated to goodwill. The goodwill is attributable to the workforce and it will not be deductible for tax purposes.

Due to the fact that the acquired business comprises all operating activities of the Group, the acquired business contributed with all reported revenues for the period from 1 January 2021 to 31 December 2021. The contribution to operating profit was 1,8 mio. DKK operating profit with addition of acquisition related costs.

Acquisition-related costs of 103 TDKK are included in special items in the income statement.

Notes

22. Business combinations, continued

Acquisition of Kredinor A/S

On 31 March 2021 Collectia A/S, an indirectly wholly-owned subsidiary of Care DK BidCo ApS, acquired 100% of the issued share capital of Kredinor A/S including its wholly-owned subsidiary Fair Pay Finans ApS. The Companies provide debt collection services, and the purpose of the acquisition is to further develop the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fair value TDKK
Cash and cash equivalents	22.029
Prepayments	383
Contract work in progress	895
Trade receivables	51
Deposits	630
Portfolio investments	579
Property, plant and equipment including right of use assets	743
Intangible assets - Costumer contracts	26.376
Intangible assets - Software	470
Lease liabilities	-465
Trade payables	-699
Deferred tax liability	-5.838
Income tax paybles	-73
Other payables	-14.326
Net identifiable assets acquired	**30.756**
Add: goodwill	29.887
Net assets acquired	**60.643**
Cash flow from acquisition:	
Consideration paid	60.643
Less cash received	-22.029
	38.614

The goodwill is attributable to the workforce and it will not be deductible for tax purposes.

The fair value of the acquired credit impaired debt portfolios was 579 TDKK. The nominal outstanding amount was 7.809 TDKK

Due to legal merger it has not been possible to determine the impact on operating profit. The operating profit of Kredinor A/S in 2020 was 3.979 TDKK.

Acquisition-related costs of 1.468 TDKK are included in special items in the income statement.

Notes

22. Business combinations, continued

Acquisition of Equity Gruppen AS

On 31 October 2021 Collectia AS, an indirectly wholly-owned subsidiary of Care DK BidCo ApS, acquired 100% of the issued share capital of Equity Gruppen AS, including its wholly-owned subsidiaries Equity Kapital AS, Equity Finans AS and Credit Consult AS. The Companies provide debt collection services, and the purpose of the acquisition is to further develop the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fair value TDKK
Cash and cash equivalents	10.712
Prepayments	1.043
Other receivables	284
Contract work in progress	1.991
Trade receivables	4.751
Deposits	12
Property, plant and equipment including right of use assets	169
Intangible assets - Costumer contracts	68.786
Intangible assets - Software	54
Trade payables	-628
Deferred tax liability	-15.068
Income tax paybles	-187
Other payables	-5.625
Net identifiable assets acquired	**66.293**
Add: goodwill	45.947
Net assets acquired	**112.239**
Cash flow from acquisition:	
Consideration paid	
- Cash consideration	97.778
- Contingent consideration	14.461
Less cash received	-10.712
	101.528

The acquisition of Equity Gruppen AS is financed by cash considerations of 97.778 TDKK and a contingent consideration of up to 14.461 TDKK. The contingent consideration is based on the EBITDA of the Equity Group for 2021, with expected payment in 2022. The maximum possible liability according to the SPA is 20 mio. NOK. It is Management's assessment that the earn out will be paid in full, hence the earn out has been accrued for in full. At 31 December 2021, Management assess the fair value of the liability to be unchanged.

The goodwill is attributable to the workforce and it will not be deductible for tax purposes.

Due to the fact that the acquired business comprises all operating activities of the Group, the acquired business contributed with all reported revenues for the period from 31 October 2021 to 31 December 2021. The contribution to operating profit was 1.6 mio. DKK operating profit with addition of acquisition related costs. It is not possible to determine a post tax impact.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been 51.5 mio. DKK and 13.4 mio. DKK, respectively.

Acquisition-related costs of 585 TDKK are included in special items in the income statement.

Notes

23. Commitments and contingent liabilities

Contingent liabilities
Payment guarantee concerning debt collection of DKK 5.000.000

Guarantee obligations

1.English debenture granted by Care Midco 1 Limited, Care Midco 2 Limited, Care DK Bidco ApS over all their assets and undertaking;
2.Danish share pledge agreement granted by Care Midco 2 Limited over its shares in Care DK Bidco ApS;
3.Danish accounts pledge agreement granted by Care DK Bidco ApS over its Danish bank accounts;
4.Danish assignment agreement granted by Care DK Bidco ApS over its rights under the acquisition's share purchase agreement and W&I insurance policy;
5.Danish assignment agreement granted by Care DK Bidco ApS over its rights under intra-group receivables;
6.Danish share pledge agreement granted by Care DK Bidco ApS over its shares in Inga Acquisition ApS;
7.Danish share pledge agreement granted by Inga Acquisition ApS over its shares in Collectia A/S;
8.Danish share pledge agreement granted by Collectia A/S over its shares in Inga Finans ApS;
9.Danish accounts pledge agreement granted by Inga Acquisition ApS over its Danish bank accounts;
10.Danish accounts pledge agreement granted by Collectia A/S over its Danish bank accounts;
11.Danish accounts pledge agreement granted by Inga Finans ApS over its Danish bank accounts;
12.Danish assignment agreement granted by Inga Acquisition ApS over its rights under intra-group receivables;
13.Danish assignment agreement granted by Collectia A/S over its rights under intra-group receivables;
14.Danish assignment agreement granted by Inga Finans ApS over its rights under intra-group receivables;
15.German share pledge agreement granted by Collectia A/S over its shares in Collectia GmbH;
16.German share pledge agreement granted by Collectia GmbH over its shares in PNO GmbH;
17.German account pledge agreement granted by Collectia GmbH over its German bank accounts;
18.German account pledge agreement granted by PNO GmbH over its German bank accounts;
19.German assignment agreement granted by Collectia GmbH over its rights under intra-group loans;
20.German assignment agreement granted by PNO GmbH over its rights under intra-group loans;
21.Swedish share pledge agreement granted by Collectia A/S over its shares in Collectia Sverige AB;
22.Swedish share pledge agreement granted by Collectia Sverige AB over its shares in Collectia AB;
23.Swedish share pledge agreement granted by Collectia Sverige AB over its shares in Svenska Fakturaköp AB;
24.Swedish account pledge agreement granted by Collectia Sverige AB, Collectia AB and Svenska Fakturaköp AB over certain of their bank accounts; and
25.Swedish inter-company loan pledge agreement granted by Collectia Sverige AB, Collectia AB and Svenska Fakturaköp AB over their rights under inter-company loans.

Notes

24. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the

	22 January 2020	New loans	Repayment	Non-cash movement	New leases	31 December 2020
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Current and non-current borrowings	0	559.893	0	1.227	0	561.120
Current and non-current lease liabilities	0	0	-2.638	1.135	19.985	18.482
Total liabilities from	**0**	**559.893**	**-2.638**	**2.362**	**19.985**	**579.602**

	1 January 2021	New loans	Repayment	Non-cash movement	New leases	31 December 2021
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Current and non-current borrowings	561.120	150.406	-22.349	4.692	0	693.869
Current and non-current lease liabilities	18.482	0	-4.604	968	1.133	15.979
Total liabilities from financing activities	**579.602**	**150.406**	**-26.953**	**5.660**	**1.133**	**709.848**

Non-cash movements consist primarily of amortization expenses on loan costs.

25. Related parties

The Group pays for the services of the Investor Directors to Silverfleet Partners in accordance with the Investment Agreement.

Information about management's remuneration has been disclosed in note 4. The Group had the following transactions with related parties during the year:

Transactions with:

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Silverfleet Capital Partners	1.043	838

Consolidated Financial Statements:

The Group is included in the ultimate parent company Annual Report of Care TopCo Limited.

Name	Place of registered office
Credit Services Holdings Limited	London

The Group Annual Report may be obtained at the following address:

Craven House
16 Northumberland Avenue
London
WC2N 5AP
The United Kingdom

Notes

26. Events after the balance sheet date

After the balance sheet date the Group has entered into a forward flow agreement with Basis Bank and additional financing used for this purpose have been obtained from the Groups existing financing provider and under the existing Senior Facility Agreement.

The current situation in Ukraine is not assumed to have an impact on Collectia Group's business. The Group does not trade with Ukrainian clients, nor does it trade with Russian clients and as such there is not direct impact from the ongoings in Ukraine. A long term conflict could obviously affect global trading, but Collectia Group has before shown its resilience towards such economic downturns as the business is relatively unaffected by such events.

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

27. Cash flow statement - adjustments

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Depreciation, amortisation and impairment losses, including losses and gains on sales	52.563	38.565
Exhange adjustments	-1.659	-5.081
	50.903	**33.484**

28. Cash flow statement - Changes in net working capital

	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Change in receivables	14.126	8.259
Change in other provisions	-3.601	22.153
Change in trade payables	-377	1.151
	10.148	**31.563**

Notes

29. List of group companies

The Group's principal subsidiaries at 31 December 2021 are set out below:

	Type	Place of incorporation	Ownership interest
Inga Acquisition ApS	Subsidiary	Brøndby, Denmark	100%
Collectia A/S	Subsidiary	Brøndby, Denmark	100%
Inga Finans ApS	Subsidiary	Brøndby, Denmark	100%
Collectia Kredithanterarne AB	Subsidiary	Malmø, Sweden	100%
Svenska Fakturaköb AB	Subsidiary	Stockholm, Sweden	100%
Collectia Sverige AB	Subsidiary	Stockholm, Sweden	100%
Collectia GmbH	Subsidiary	Deggendorf, Germany	100%
PNO GmbH	Subsidiary	Deggendorf, Germany	100%
DR. DUVE Inkasso GmbH	Subsidiary	Hanover, Germany	100%
Adressa GmbH	Subsidiary	Hanover, Germany	100%
Collectia Norge AS	Subsidiary	Oslo, Norway	100%
Crone AS	Subsidiary	Oslo, Norway	100%
Equity Gruppen AS	Subsidiary	Tønsberg, Norway	100%
Equity Finans AS	Subsidiary	Tønsberg, Norway	100%
Credit Consult AS	Subsidiary	Tønsberg, Norway	100%
Equity Kapital AS	Subsidiary	Tønsberg, Norway	100%
Collectia OY	Subsidiary	Helsingfors, Finland	100%

Parent company

Statement of profit or loss

	Notes	1 January to 31 December 2021	22 January to 31 December 2020
		TDKK	TDKK
Gross profit/loss		**8.608**	**5.082**
Staff expenses	2	-5.869	-3.496
Operating profit/loss		**2.738**	**1.586**
Other operating expenses		-4.234	-32.580
Profit/loss before net financials		**-1.496**	**-30.994**
Financial income	3	12.681	8.650
Financial expenses	4	-51.118	-37.789
Profit/loss before tax		**-39.933**	**-60.132**
Tax on profit/loss of the year	5	11.695	3.100
Profit/loss for the year		**-28.238**	**-57.033**

Balance sheet (Parent Company)

	Notes	31 December 2021	31 December 2020
		TDKK	TDKK
Investments in subsidiaries	6	974.200	948.163
Fixed assets		**974.200**	**948.163**
Trade receivables		0	611
Receivables from group entities		222.349	94.877
Deferred tax		606	178
Corporation tax receivable from group enterprises		8.018	11.295
Receivables		**230.973**	**106.960**
Cash at bank and in hand		**15.549**	**44.011**
Current assets		**246.522**	**150.972**
Assets		**1.220.721**	**1.099.134**

Balance sheet (Parent Company)

	Note	31 December 2021	31 December 2020
		TDKK	TDKK
Share capital	7	5.719	5.719
Share premium		0	566.133
Retained earnings		506.900	-57.033
Total equity		**512.619**	**514.819**
Credit institutions	9	653.535	546.624
Other payables		0	461
Long-term debt		**653.535**	**547.085**
Credit institutions	9	40.333	14.496
Trade payables		2.424	2.658
Payables to group enterprises		0	334
Corporation tax		1.009	8.373
Other payables		10.801	11.369
Short-term debt		**54.568**	**37.230**
Total debt		**708.103**	**584.316**
Total equity and liabilities		**1.220.721**	**1.099.134**

Statement of changes in equity

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	5.719	566.133	0	(57.033)	514.819
Capital increase	0	26.037	0	0	26.037
Dividend	0	0	0	0	0
Transfer	0	(592.170)	0	592.170	0
Cash-flow-hedges	0	0	0	0	0
Net profit/loss for the year	0	0	0	(28.238)	(28.238)
Equity at 31 December 2021	**5.719**	**0**	**0**	**506.900**	**512.619**

Notes

1. Accounting policies
2. Staff expenses
3. Financial income
4. Financial expenses
5. Tax on profit/loss for the year
6. Investments in subsidiaries
7. Share capital
8. Distribution of profit
9. Long-term debt
10. Related parties
11. Events after the balance sheet date
12. Commitments and contingent liabilities

Notes

1. Accounting policies

The separate financial statements for the parent company ("the Parent") of the Group has been prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Parent Company Financial Statements for 2021 are presented in Danish kroner (TDKK).

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

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

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.

Notes

1. Accounting policies, continued

Income Statement

Revenue
Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 costs for administration, 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 and other external expenses.

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

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes

1. Accounting policies, continued

Balance sheet

Investments in subsidiaries

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

Receivables

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

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 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 debt

Loans, such as loans from credit institutions, 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.

Notes

	1 January to 31 December 2021	22 January to 31 December 2020
2. Staff expenses	TDKK	TDKK
Wages and salaries	5.221	3.165
Pensions	609	326
Other social security expenses	39	6
	5.869	3.496
Average number of employees	4	3

3. Financial income		
Interest from group enterprises	11.129	6.272
Other financial income	0	0
Exchange adjustments	1.552	2.378
	12.681	8.650
4. Financial expenses		
Interest to group enterprises	0	0
Other financial expenses	51.118	37.609
Exchange adjustments	0	179
	51.118	37.789
5. Tax on profit/loss for the year		
Current tax for the year	-7.009	-2.922
Current tax on profits for previous years	-4.258	0
Deferred tax for the year	-429	-178
	(11.695)	**(3.100)**

Notes

	31 December 2021	31 December 2020
	TDKK	TDKK
6. Investments in subsidiaries		
Cost at 1 January 2021	948.160	0
Additions for the year	26.040	948.160
Cost at 31 December 2021	**974.200**	**948.160**
Carrying amount at	**974.200**	**948.160**

Investments in subsidiaries are specified as follows:

Name:	Inga Acquisition ApS
Place of registered office:	Brøndby
Share capital:	116.453,80 DKK
Votes and ownership:	100%

See note 29 in the consolidated financial statements for the subsidiaries of the Group.

7. Share capital

Refer to note 18 in the consolidated financial statement for an overview of the changes in share capital.

8. Distribution of profit	1 January to 31 December 2021	22 January to 31 December 2020
	TDKK	TDKK
Retained earnings	-28.238	-57.033

Notes

9. 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

	31 December 2021	31 December 2020
	TDKK	TDKK
Credit institutions		
More than 5 years	600.440	493.186
Between 1 and 5 years	53.094	53.438
Long-term part	653.534	546.624
Other short term-debt to credit institutions	40.333	14.496
	693.868	**561.120**
Other payables		
Between 1-5 years	0	461
Long-term part	0	461
Other short-term payables	10.802	11.369
	10.802	**11.830**

10. Related parties

Refer to note 25 in the consolidated financial statements for more information.

Consolidated Financial Statements:

Consolidated Financial Statements for:

Name	Place of
Credit Services Holdings Limited	Craven House 16 Northumberland Avenue London WC2N 5AP Kingdom
Care DK BidCo ApS	Abildager 11 2605 Brøndby Danmark

Notes

11. Events after the balance sheet date

Refer to note 26 in the consolidated financial statements for more information.

12. Commitments and contingent liabilities

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 by the Group amounts to TDKK 752. 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.

The group's danish entities have joint and several liability for joint VAT registration.

Refer to note 23 in the consolidated financial statements for more information.