

EOS Danmark A/S

Langhøjvej 1 A, st. th.
DK-8381 Tilst

CVR no. 32 32 66 84

Annual report 2021/22

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

28 April 2022

DocuSigned by:

Andreas Witzig

D0590391BE6D445

Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of EOS Danmark A/S for the financial year 1 March 2021 – 28 February 2022.

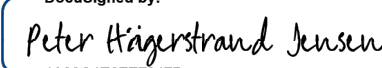
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2022 and of the results of the Company's operations for the financial year 1 March 2021 – 28 February 2022.

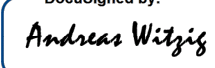
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

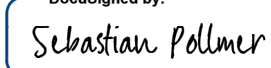
We recommend that the annual report be approved at the annual general meeting.

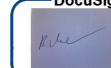
Aarhus, 28 April 2022
Executive Board:

DocuSigned by:

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Peter Hågerstrand Jensen
CEO

Board of Directors:

DocuSigned by:

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Dr. Andreas Witzig
Chairman

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Sebastian Pollmer

DocuSigned by:

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Bent Mahnke



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Independent auditor's report

To the shareholders of EOS Danmark A/S

Opinion

We have audited the financial statements of EOS Danmark A/S for the financial year 1 March 2021 – 28 February 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2022 and of the results of the Company's operations for the financial year 1 March 2021 – 28 February 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



Independent auditor's report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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



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Independent auditor's report

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

Aarhus, 28 April 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'M. E. K. Rasmussen'.

Michael E. K. Rasmussen

State Authorised

Public Accountant

mne41364

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Management's review

Company details

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

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

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

Board of Directors

Dr. Andreas Witzig, Chairman
Sebastian Pollmer
Bent Mahnke

Executive Board

Peter Hågerstrand Jensen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V
CVR no. 25 57 81 98

Bank

Danske Bank
Holmens Kanal 2
DK-1090 Copenhagen K

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Management's review

Operating review

Principal activities

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

Development in activities and financial position

Gross profit for the year increased according to the business plan, and the Company reported a profit before tax in accordance with the business plan. COVID-19 did not have a negative impact on the 2021/22 financial statements. Results are considered satisfactory.

The Company has received a letter of support from the Parent Company, EOS International Beteiligungsverwaltungsgesellschaft GmbH, covering 12 months from the balance sheet date.

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Income statement

DKK	Note	2021/22	2020/21
Gross profit		17,747,847	13,379,766
Staff costs	2	-7,319,851	-6,744,279
Profit before financial income and expenses		10,427,996	6,635,487
Other financial expenses	3	-678,148	-860,713
Profit before tax		9,749,848	5,774,774
Tax on profit/loss for the year		-2,145,404	-1,270,735
Profit for the year		<u>7,604,444</u>	<u>4,504,039</u>
Proposed profit appropriation			
Proposed dividends for the year		7,604,444	3,056,369
Retained earnings		<u>0</u>	<u>1,447,670</u>
		<u>7,604,444</u>	<u>4,504,039</u>

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Balance sheet

DKK	Note	28/2 2022	28/2 2021
ASSETS			
Fixed assets			
Investments			
Investment in debt portfolios		85,654,957	77,725,596
Deposits		<u>243,707</u>	<u>242,400</u>
		85,898,664	77,967,996
Total fixed assets		<u>85,898,664</u>	<u>77,967,996</u>
Current assets			
Receivables			
Trade receivables		6,380	663
Other receivables		619,078	388,315
Deferred tax asset		50,256	48,745
Prepayments		<u>159,664</u>	<u>176,023</u>
		835,378	613,746
Cash at bank and in hand		<u>5,181,826</u>	<u>4,783,505</u>
Total current assets		<u>6,017,204</u>	<u>5,397,251</u>
TOTAL ASSETS		<u>91,915,868</u>	<u>83,365,247</u>

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Balance sheet

DKK	Note	28/2 2022	28/2 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,000,006	1,000,006
Retained earnings		29,500,000	29,500,000
Proposed dividends for the financial year		<u>7,604,444</u>	<u>3,056,369</u>
Total equity		<u>38,104,450</u>	<u>33,556,375</u>
Liabilities			
Non-current liabilities			
Payables to group entities	4	<u>33,204,318</u>	<u>29,165,539</u>
Current liabilities			
Current portion of non-current liabilities		14,297,798	16,180,000
Payables to group entities		1,022,066	104,956
Corporation tax		2,146,916	926,697
Other payables		<u>3,140,320</u>	<u>3,431,680</u>
		<u>20,607,100</u>	<u>20,643,333</u>
Total liabilities		<u>53,811,418</u>	<u>49,808,872</u>
TOTAL EQUITY AND LIABILITIES		<u>91,915,868</u>	<u>83,365,247</u>
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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 March 2021	1,000,006	29,500,000	3,056,369	33,556,375
Ordinary dividends paid	0	0	-3,056,369	-3,056,369
Transferred over the profit appropriation	0	0	7,604,444	7,604,444
Equity at 28 February 2022	1,000,006	29,500,000	7,604,444	38,104,450

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1 Accounting policies

The annual report of EOS Danmark A/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

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

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

Income statement

Revenue

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

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

Amortisation of debt portfolios

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

Other external costs

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

Gross profit

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

Staff costs

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

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1 Accounting policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

EOS Danmark A/S is subject to the Danish rules on compulsory joint taxation of the Otto group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Otto Denmark is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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

Balance sheet

Investments in debt portfolios

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

The investments are amortised based on annuity of 15 years. Minor investments are amortised on a straight-line basis of 0-5 years.

Deposits

Deposits consist of lease deposits.

Impairment of fixed assets

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

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

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

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

Prepayments

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

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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

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

Liabilities

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

Other liabilities are measured at net realisable value.

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1 Accounting policies (continued)

Equity

Dividends

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

2 Staff costs

	2021/22	2020/21
DKK		
Wages and salaries	6,598,327	6,376,373
Pensions	683,343	331,137
Other social security costs	38,181	36,769
	<u>7,319,851</u>	<u>6,744,279</u>
Average number of full-time employees	<u>11</u>	<u>11</u>

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3 Other financial expenses

DKK	2021/22	2020/21
Interest expense to group entities	646,125	830,329
Other financial costs	32,023	30,384
	<u>678,148</u>	<u>860,713</u>

4 Non-current liabilities other than provisions

DKK	28/2 2022	28/2 2021
Liabilities can be specified as follows:		
0-1 years	14,297,798	16,180,000
1-5 years	33,204,318	29,165,539

5 Contractual obligations, contingencies, etc.

Operating lease obligations

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

The remaining term of the leases is 22 months with an average monthly lease payment of DKK 39.4 thousand, totalling DKK 868 thousand, whereof DKK 347 thousand relates to group entities.

6 Related party disclosures

EOS Danmark A/S' related parties comprise the following:

The Company is a subsidiary of EOS International Beteiligungsverwaltungsgesellschaft GmbH, Hamburg Germany. The smallest group into which the Company is consolidated is Otto (GmbH & Co KG).