



Lowell Danmark A/S

Langmarksvej 57D
8700 Horsens
Denmark

CVR no. 18 45 79 70

Annual report for the period 1 January - 31 December 2023

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

5 July 2024

Morten Goldermann Engelbæk

Chairman of the meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13

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 Lowell Danmark A/S for the financial year 1 January – 31 December 2023.

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 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Horsens, 5 July 2024

Managing Director:

Morten Goldermann Engelbæk

Board of Directors:

Geir Inge Skålevik
Chairman

Lene Strengelsrud

Sofia Eva Olofsson

Independent auditor's report

To the shareholders of Lowell Danmark A/S

Disclaimer of opinion

We have audited the financial statements of Lowell Danmark A/S for the financial year 1 January – 31 December 2023 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.

We do not express an opinion on the financial statements. Because of the significance of the matters described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In our opinion, the general meeting should not approve the financial statements.

Basis for disclaimer opinion

The company has been unable to provide sufficient documentation that supports the bookkeeping records provided to us concerning multiple captions in the income statement and balance sheet with the most significant being "Receivables from group entities" of DKK 546.037 thousand and "Payables to group entities" of DKK 765.286 thousand.

We have not been able to obtain sufficient appropriate audit evidence in another way. As a result of these matters, we were unable to determine whether any adjustments were necessary and their possible impact on the income statement, balance sheet and statement of changes in equity.

Management's responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standard on Auditing (ISAs) and the additional requirements applicable in Denmark. Because of the significance of the matter(s) described in the "Basis for disclaimer of opinion" section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Statement on the Management's review

As stated in the "Basis for disclaimer of opinion" section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, we do not make a statement on the Management's review.

Fredericia, 5 July 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Michael Lund Siegumfeldt
State Authorised
Public Accountant
mne28662

Management's review

Company details

Lowell Danmark A/S
Langmarksvej 57D
8700 Horsens
Denmark

Telephone: +45 76282828
Website: www.lowell.dk

CVR no.: 18 45 79 70
Established: 1 March 1995
Registered office: Horsens
Financial year: 1 January – 31 December

Board of Directors

Geir Inge Skålevik, Chairman
Lene Strengelsrud
Sofia Eva Olofsson

Managing Director

Morten Goldermann Engelbæk

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27
7000 Fredericia
Denmark

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
8000 Aarhus C

Management's review

Financial highlights

DKK'000	2023	2022 Restated*	2021	2020	2019
Key figures					
Gross profit/loss	171,854	184,394	197,101	199,116	180,829
Operating profit	77,930	95,712	90,286	96,082	82,560
Profit/loss for the year	10,963	30,172	39,260	47,674	42,130
Balance sheet					
Total assets	1,600,629	1,536,558	1,323,846	1,033,254	972,254
Equity	377,814	366,851	336,680	520,420	472,746
Investment in property, plant and equipment	-4,942	-344	-920	-668	-1,805
Ratios					
Return on assets	4.9%	6.2%	6.8%	8.5%	8.5%
Return on equity	2.9%	8.6%	9.2%	8.3%	5.7%
Solvency ratio	23.6%	23.9%	25.4%	48.6%	48.6%
Employees					
Average number of full-time employees	133	138	143	148	166

*Prior year figures have been restated. Refer to Note 3 for further details

Financial ratios are calculated in accordance with the guidelines "Recomendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Return on assets	$\frac{\text{Operating profit/loss} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Company's main activities are to carry out collection and credit processing activities, invest and arrange for receivables.

Profit/loss for the year

The Company's income statement for 2023 shows a profit of tDKK 10,963 as against tDKK 30,172 (restated) in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at tDKK 377,814 as against tDKK 366,851 (restated) at 31 December 2022.

Operating profit for the year is tDKK 77,930. The decrease from 2022 is mainly driven by the sale of portfolio assets to a securitisation vehicle set up by the Lowell Group in May 2023. The portfolio assets sold qualified for de-recognition and were no longer recognised on the Company balance sheet.

Particular risks

Operating risks

The Company is highly dependent on debtor's ability to recover claims. There is a risk that continued high inflation and high interest rates will temporarily have a negative impact on the level of collections on purchased portfolios.

Uncertainty regarding recognition and measurement

In accordance with the Danish Financial Statements Act, the Company's Annual Report is prepared based on assumptions which, in certain areas, involve the use of accounting estimates. Such estimates are made by Company's Management in accordance with the accounting policies and past experience together with expectations and assumptions which Management considers sound and realistic.

The most significant areas for the Financial Statements are:

- Measurement of acquired loans based on amortised cost
- Impairment test of acquired loans
- Valuation of deferred tax.

Measurement of acquired loans based on amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation.

Management's review

When carrying out an impairment test of acquired loans, an estimate is made of whether future cash flows support the carrying amount of assets. Estimates of expected future cash flows for many years to come are required, which naturally involves some uncertainty.

When a deferred tax asset is evaluated, an estimate is also made of the Company's ability to generate positive taxable profit within a future period, which also involves some uncertainty.

Unusual circumstances

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Expected development

Lowell Danmark A/S expects operating profit on a similar level in 2024 in the range of tDKK 70,000-80,000.

Prior year restatement

During the year it was noted that intercompany recharges relating to IT costs borne by another Group entity had not been appropriately recharged to Lowell Danmark. This has resulted in a prior year restatement to Operating Profit of DKK 14,250 thousand . Refer to Note 3 for further details.

Comments to the Auditors disclaimer of opinion

The Board is aware there are still further intercompany recharges to be booked into this entity and as a result, the Gross profit of the Company is likely to change, as well as the Receivables from Group Entities and Payables to Group Entities balances and associated notes. This work is due to completed by the Finance Department in July and a further set of financial statements will be issued in August with these balances updated.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January - 31 December

Income statement

DKK'000	Note	2023	2022 Restated*
Gross profit		171,854	184,394
Staff costs	4	-89,168	-72,969
Depreciation, amortisation and impairment	5	-4,755	-15,713
Ordinary operating profit		77,930	95,712
Other operating costs		0	0
Operating profit		77,930	95,712
Financial income	6	4,424	123
Financial expenses	7	-67,830	-53,617
Profit before tax		14,524	42,218
Tax on profit for the year	8	-3,561	-12,046
Profit for the year	9	10,963	30,172

*Prior year figures have been restated. Refer to Note 3 for further details

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	2023	2022 Restated*
ASSETS			
Fixed assets			
Intangible assets			
	10		
Development projects in progress		2,353	385
Completed development projects		1,010	1,010
Software		1	27
		3,364	1,422
Property, plant and equipment			
	11		
Fixtures and fittings, tools and equipment		718	1,820
Leasehold improvements		158	68
		876	1,887
Leases			
	12		
Right of use-assets		5,435	5,835
Investments			
Acquired loans	13	898,415	1,452,293
Fair Value Acquired Loans	14	73,855	0
Total fixed assets		981,945	1,461,437
Current assets			
Receivables			
Trade receivables		12,122	6,537
Receivables from group entities		546,037	12,055
Other receivables		5,915	3,397
Deferred Consideration		12,774	0
Deferred tax asset	15	4,254	3,434
Prepayments	16	5,247	7,300
		586,349	32,723
Cash at bank and in hand		32,335	42,398
Total current assets		618,684	75,121
TOTAL ASSETS		1,600,629	1,536,558

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	2023	2022 Restated*
EQUITY AND LIABILITIES			
Equity			
Contributed capital	17	15,000	15,000
Reserve for development cost		1,088	1,088
Retained earnings		361,726	350,763
Total equity		377,814	366,851
Liabilities			
Non-current liabilities			
Payables to group entities	18	423,633	422,335
Lease liabilities	12	4,002	4,214
		427,635	426,549
Current liabilities			
Trade payables		2,044	3,862
Payables to group entities	18	765,286	702,286
Lease liabilities	12	2,963	3,778
Corporation tax		0	11,681
Other payables		24,886	21,551
		795,180	743,158
Total liabilities		1,222,814	1,169,707
TOTAL EQUITY AND LIABILITIES		1,600,629	1,536,558

*Prior year figures have been restated. Refer to Note 3 for further details

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development cost	Retained earnings	Total
Equity at 1 January 2023	15,000	1,088	365,013	381,101
Impact of Priot Year Restatement*	0	0	-14,250	-14,250
Revised Equity at 1 January 2023	15,000	1,088	350,763	366,851
Transferred over the profit appropriation	0	0	10,963	10,963
Equity at 31 December 2023	15,000	1,088	361,726	377,814

*Prior year figures have been restated. Refer to Note 3 for further details

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Lowell Danmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Garfunkelux Holdco 2 S.A.

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

Prior year restatement

During the year it was noted that intercompany recharges relating to IT costs borne by another Group entity had not been appropriately recharged to Lowell Danmark. This has resulted in a prior year restatement to Operating Profit of DKK 14,250k. Refer to Note 3 for further details.

Income statement

Revenue

Revenue comprises of sales of services as well as received payments from acquired receivables. Services are recognised in the income statement when the service has been performed. Received payments are recognised when the payments have been received from the debtor.

Gross Profit

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

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

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.

Amortisation, depreciation and impairment losses

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

Other external costs

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

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish associated companies.

The Company 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.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development costs are measured at cost less accumulated amortisation and impairment losses. Development costs are amortised on a straight-line basis.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Accounting policies for leased assets and lease liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Accounting policies for leased assets and lease liabilities (continued)

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Acquired loans

Acquired loans are measured at amortised cost. Measurement of acquired loans according to amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation.

Financial statements 1 January - 31 December

Notes

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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

Prepayments

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

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent 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.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

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.

Financial debts

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Dividends

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

Financial statements 1 January - 31 December

Notes

2 Uncertainty regarding recognition and measurement

In accordance with the Danish Financial Statements Act the Company's Annual Report is prepared based on assumptions which, in certain areas, involve the use of accounting estimates.

Such estimates are made by Company Management in accordance with the accounting policies and historic experience together with expectations and assumptions which Management considers sound and realistic.

The most significant areas for the Financial Statements are:

- Measurement of acquired loans based on amortised cost
- Impairment test of acquired loans
- Valuation of deferred tax.

Measurement of acquired loans based on amortised cost implies that the historical cost of acquired portfolios is measured against future revenue which forms the basis of the computation of amortisation. When carrying out an impairment test of acquired loans, an estimate is made whether future cash flows support the carrying amount of the assets.

Estimates of expected future cash flows for many years to come are required, which naturally involves some uncertainty.

When making a valuation of the deferred tax asset, an estimate is also made of the Company's ability to generate a positive taxable profit within a future period, which also involves some uncertainty.

Financial statements 1 January - 31 December

Notes

3 Restatement : Prior Period Adjustments

During the year it was noted that intercompany recharges relating to IT costs borne by another group entity had not been recharged to the Company in FY22. This resulted in Operating profit being overstated by DKK 14,250k.

	As previously disclosed	Adjustment	As restated
DKK'000			
Year ended 31 December 2022			
Gross profit	198,644	-14,250	184,394
Staff costs	-72,969	0	-72,969
Depreciation, amortisation and impairment	-15,713	0	-15,713
Ordinary operating profit	109,962	-14,250	95,712
Other operating costs	0	0	0
Operating profit	109,962	-14,250	95,712
Financial income	123	0	123
Financial expenses	-53,617	0	-53,617
Profit before tax	56,468	-14,250	42,218
Equity			
Contributed capital	15,000	0	15,000
Reserve for development cost	1,088	0	1,088
Retained earnings	365,013	-14,250	350,763
Total equity	381,101	-14,250	366,851
Non-current liabilities	426,549	0	426,549
Current liabilities			
Payables to group entities	688,036	14,250	702,286
Other current liabilities	40,872	0	40,872
	728,908	14,250	743,158
Total liabilities	1,155,457	14,250	1,169,707
TOTAL EQUITY AND LIABILITIES	1,536,558	0	1,536,558

Financial statements 1 January - 31 December

Notes

DKK'000	2023	2022
4 Staff costs		
Wages and salaries	79,268	64,944
Pensions	8,806	7,761
Other social security costs	1,094	264
	89,168	72,969
Average number of full-time employees	133	138
Referring to section 98 b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.		
DKK'000	2023	2022
5 Depreciation, amortisation and impairment		
Property, plant and equipment	896	1,202
Intangible assets	1,021	9,790
Leases	2,838	4,721
	4,755	15,713
6 Financial income		
Interest received from group entities		
Exchange gains	0	0
Other financial income	4,424	123
	4,424	123
7 Financial expenses		
Interest expense to group entities	66,444	52,853
Other financial costs	714	743
Exchange losses	672	21
	67,830	53,617
8 Tax on profit/loss for the year		
Current tax for the year	3,561	13,653
Deferred tax for the year	0	-1,607
Adjustment of tax concerning previous years	0	0
Adjustment of deferred tax concerning previous years	0	0
	3,561	12,046
9 Proposed profit appropriation		
Proposed dividends for the financial year	0	0
Reserve for development cost	0	-7,120
Retained earnings	10,963	51,541
	10,963	44,421

Financial statements 1 January - 31 December

Notes

10 Intangible assets

DKK'000	Completed development projects	Development projects in progress	Software
Cost at 1 January 2023	28,030	385	3,283
Additions for the year	0	2,435	0
Transfer	0	0	0
Disposals for the year	0	0	-3,283
Cost at 31 December 2023	28,030	2,820	0
Depreciation and impairment losses at 1 January 2023	-27,020	0	-3,256
Depreciation for the year	0	-467	
Depreciation on disposals	0	0	3,256
Depreciation and impairment losses at 31 December 2023	-27,020	-467	0
Carrying amount at 31 December 2023	1,010	2,353	1

11 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2023	10,256	2,948	13,204
Additions for the year	4,942	0	4,942
Disposals for the year	-6,841	-1,266	-8,106
Cost at 31 December 2023	8,357	1,682	10,040
Depreciation and impairment losses at 1 January 2023	-8,436	-2,880	-11,317
Depreciation for the year	796	1,356	2,153
Depreciation on disposals	0	0	0
Depreciation and impairment losses at 31 December 2023	-7,640	-1,524	-9,164
Carrying amount at 31 December 2023	718	158	876

Financial statements 1 January - 31 December

Notes

12 Leases

The balance sheet shows the following amounts relating to leases:

	Right of use Assets
DKK'000	
Cost at 1 January 2023	19,906
Additions for the year	2,438
Disposals for the year	
Cost at 31 December 2023	22,344
Depreciation and impairment losses at 1 January 2023	-14,071
Depreciation for the year	-2,838
Depreciation on disposals	
Depreciation and impairment losses at 31 December 2023	-16,909
Carrying amount at 31 December 2023	5,435

	2023	2022
Lease liabilities		
Current	2,963	3,778
Non-current	4,002	4,214
	6,965	7,992

13 Investments

	Acquired loans
DKK'000	
Cost at 1 January 2023	1,932,057
Additions for the year	2,836
Disposals for the year	-394,422
Cost at 31 December 2023	1,540,471
Impairment losses at 1 January 2023	-479,764
Impairment losses for the year	-162,290
Reversals for the year of impairment losses	
Revaluations 31 December 2023	-642,055
Carrying amount at 31 December 2023	898,416

Financial statements 1 January - 31 December

Notes

14 Fair Value Investments

	2023	2022
Cost at 1 January 2023	0	0
Additions in the year	67,872	0
Fair value gains	5,984	
Impairment	0	0
Cost at 31 December 2023	73,855	0

In May 2023, Lowell Danmark A/S sold receivables with a carrying value of DKK 468.1m to a Luxembourg-domiciled special purpose vehicle ("SPV") and received DKK 347.5m cash, DKK 70.2m receivable and DKK 67.8m investment, recognising a gain on sale of DKK 13.8m net of transaction costs. In order to fund the purchase of the receivables, the SPV entered into a senior lending arrangement and issued a Junior Note. Lowell holds 49% of the Junior Note and is the servicer on behalf of the SPV, receiving a market fee. Both the Senior Loan and the Junior Notes have recourse only to the portfolio assets in the SPV; Lowell has no obligation to fund any cash shortfalls from the assets. The transaction has a pre-determined cash waterfall which stipulates that cash received from the portfolio assets will be used to repay the Senior Lending before the Junior Notes. Lowell also has the option to purchase the remaining portfolio assets once the Senior lending has been repaid in full and also upon wind-up of the SPV, which will occur in 2033 at the latest.

DKK'000	2023	2022
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15 Deferred tax assets

Deferred tax assets	4,254	3,434
	4,254	3,434
Software	0	0
Property, plant and equipment	0	-1,700
Right-of-use assets	0	1,734
Trade receivables	0	0
Other payables	0	0
Loan	0	-103
Lease liabilities	0	-3,503
Transferred to deferred tax asset	4,254	3,434
	0	0

16 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

Financial statements 1 January - 31 December

Notes

17 Equity

The contributed capital consists of 2 types of shares A and B.

A-shares, 15,000 of a nominal value of DKK 1,000 each.

B-shares, 4 of a nominal value of DKK 1 each.

In respect of the election or removal of members of the board of directors, the holders of the class A shares are not eligible to vote.

In respect of all matters other than the election or removal of members of the board of directors, the holders of the class B shares are not eligible to vote.

The holders of the class A shares are eligible to receive dividends in accordance with the rules set out in the Danish Companies Act (Selskabsloven). The holders of the class B shares are not eligible to receive dividends.

DKK'000	2023	2022
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18 Non-current liabilities other than provisions

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

Payables to group enterprises

Between 1 and 5 years	423,633	422,335
Other short-term debt to group enterprises	765,286	688,036
	<u>1,188,919</u>	<u>1,110,371</u>

19 Contractual obligations, contingencies, etc.

Charges and security

Guarantee in accordance with the Danish Act on debt collecting business	5,000	5,000
Guarantee on rent deposits	2,094	2,094
Of the Company's cash at hand and in bank	200	200
	<u>7,294</u>	<u>7,294</u>

Rental and lease obligations

Within 1 year	3	9
Between 1 and 5 years	6	0
Lease obligations in period of interminability	<u>9</u>	<u>9</u>

Any material company or other member of the Group, which becomes a guarantor of the RCF is required (subject to agreed security principles) to grant security over certain of its material assets and (if wholly owned by another member or members of the Group) to have its shares (or equivalent ownership interests) secured in favour of the Security Agent.

Lowell Danmark A/S is a guarantor in the Lowell group security pack and at 31 Dec 2023 the total RCF Facility committed to the group was EUR 455m. The total amount drawn at 31 Dec 2023 was EUR 17.0m.

Lowell Danmark A/S participates in a Danish joint taxation arrangement in which the Company serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, Lowell Danmark A/S is therefore ultimately liable from the financial year 2010 for income taxes, etc for the jointly taxed entities, but only for the share by which the Company is included in the Group.

Financial statements 1 January - 31 December

Notes

20 Related party disclosures

Lowell Danmark A/S related parties comprise the following:

Control

Lowell AS, Brynsveien 14, 0667 Oslo, Norway.

Lowell AS holds the majority of the contributed capital in the Company.

Lowell Danmark A/S is part of the consolidated financial statements of Lowell AS, Oslo, and the consolidated financial statements of Garfunkelux Holdco 2 S.A., 488 route de Longwy, L-1940, Luxembourg, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Lowell AS and the consolidated financial statements of Garfunkelux Holdco 2 S.A. can be obtained by contacting the companies at the addresses above.

DKK'000	2023	2022
Related party transactions		
Services sold to group entities	9,218	7,983
Purchase of services from group entities	-58,559	-17,380
Financial expenses on loan from group entities	-62,602	-42,203
	-111,942	-51,600

Receivables from and Payables to related parties are disclosed in the balance sheet and Interest paid to related parties during the year is specified in Note 6

21 Disclosure of events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

