Kredinor

Quarterly Report
2023

Kredinor.no

Q4

About Kredinor

01

We help you make it

Kredinor is Norway's leading company within Credit Management Services (CMS) and Portfolio Investments (PI), with ambitions to become the leading CMS company in the Nordics. Our growth ambition is built on a sustainable strategy. We will ensure healthy financial conditions in the business sector, make sure our clients get paid, and keep the best interest of the customer in mind in everything we do. An important task is to ensure simple and good solutions as well as good customer care for those who are in a challenging financial situation or just have forgotten to pay. We acknowledge that falling into debt and having financial difficulties can happen to anyone and comes with severe consequences. Hence, our vision is to *help you make it*.

We have a long history dating back to 1905. The common denominator throughout all these years has been customer needs and customer-driven development. We are owned in equal parts by SpareBank1 Gruppen and the Kredinor Foundation. Kredinor operates in Norway, Sweden, Finland, and Denmark.

Message from the CEO

Despite weak figures for the fourth quarter and the year as a whole in 2023, there were positive developments for Kredinor towards the end of the year. Naturally, we are not satisfied with the operational results, but we are pleased to have secured the foundation for the company's continued operations through capital injections from the ownership side, which also ensured a clear agreement with our lenders. Our focus is now fully on our core business.

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As in the third quarter, the financial results for the fourth quarter were weak. However, it is encouraging to see that our key indicator, collection performance, was moving in the right direction.

Throughout the fourth quarter, the collection performance improved to 102.8% following the portfolio write-downs of 180 MNOK we made in the third quarter. This was as expected and, importantly, necessary for returning to profitable operations at Kredinor.

It is important for me to clarify that our quarterly and annual results are not satisfactory. EBT in the fourth quarter was -127 MNOK, mainly due to high costs. However, our revenues are increasing, both for the year and the quarter.

There are several reasons beyond just the cost side for not achieving the desired figures. We are experiencing tough times for both businesses and individuals, and although the increase in collection cases is not alarming, we see signs that many are struggling to settle their debts. A challenging macroeconomic environment particularly affects us on the cost side. Like most collection agencies, our ability to increase income is limited given that our fee income is regulated by authorities and has been reduced over several years. Nevertheless, the most important action we can take is to improve our own processes and routines, ensuring that all clients receive the expected service.

Costs and activities post-merger have weighed heavily on us throughout the year. During the quarter, we initiated an extensive effort to identify weaknesses and areas for improvement within the company, which together shall ensure that we return to profitability. This has also contributed to increased collection performance, with particularly positive effects in Norway and Finland.

I am pleased to see that our owners are supporting us. In challenging times, it is truly important to have strong and solid owners. Kredinor has a history dating back to 1905, and we intend to add many more years to that. Therefore, the refinancing of the company before Christmas was very important.

Our strategy remains unchanged. We will ensure healthy financial conditions in the business sector, make sure our clients get paid, and keep the best interest of the customer in mind in everything we do. Our focus on sustainability continues, with an emphasis on the social aspects of ESG goals. We have a significant social responsibility through our contact with one million customers each year. This will secure our position as the best in collection operations.

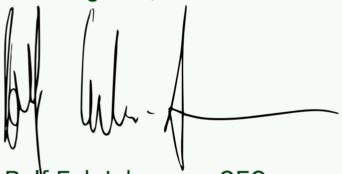
Our results and feedback from actors in the Norwegian and Nordic business sectors show that we have not done everything right this past year. We take this seriously. Our promise going forward is to maintain and develop the collaborations that are working well and to correct those that have not been as successful. I also look forward to welcoming many new clients to Kredinor in 2024.

There were leadership changes at Kredinor in the fourth quarter. I have taken on the role as interim CEO with motivation and enthusiasm. We have also made some minor organizational changes and recruited new management resources, including a CFO and a Chief Risk, Sustainability, and Transformation Officer.

When we add the rest of the leadership team, as well as experienced and skilled professionals at all levels of the company, we have the perfect formula to ensure that both new and existing clients receive the best possible service from us.

Kredinor has always adapted to the times we operate in. This has secured our position as Norway's largest actor within debt servicing. We will continue to develop this role in combination with our ventures in Sweden, Finland, and Denmark. All our future actions will support the company's core businesses, ensuring that we can meet our long-term commitments to society, clients, customers, owners, and lenders.

Best regards,



Rolf Eek-Johansen, CEO

Key figures

03

Highlights

- Constructive dialogue with banking syndicate and owners resulted in covenant amendments, extension of RCF to November 2025 and a new subordinated PIK loan of MNOK 675 which have secured the foundation for continued operation for the company.
- Continued focus on committed investments and focus on deleveraging and strengthening of financial position.
- Changes in top-management; Rolf Eek-Johansen and Steinar Jørgensen recruited as CEO and CFO.
- Collection performance in Q4 of 102.8%.
- EBITDA of MNOK 26 and EBT of MNOK -127, due to high costs
- Weak results for Q4 (and 2023), also when adjusting for NRI and post-merger costs – needs to improve profitability

Key figures

Amounts in MNOK	Q4 2023	Q4 2022	FY 2023	FY 2022
Operational revenues	363	358	1453	925
Adj. EBIT	11	97	274	261
Adj. EBIT %	3%	27%	19%	28%
EBIT	-8	-154	-104	-11
Net profit before tax	-127	-206	-501	-124
Cash Revenue	577	572	2 299	1305
Cash EBITDA	236	240	1 158	592
Cash EBITDA margin	41%	42%	50%	45%
Portfolio Investments	221	1 225	1 493	1 577
Carrying value of Portfolio Investments	6 210	5 714	6 210	5 714

Sustainability in Q4

Kredinor has a robust strategy with sustainability as an integral part. We will continue to build competence and ownership to ESG and use it as a strategic tool to drive improvements and business stability going forward.

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Kredinor prepares for future ESG legislation

Sustainability is a central part of our culture and code of conduct and key for how we provide services to our clients and customers. We have spent Q4 to address different elements of ESG (environmental, social and governance), but we have had a special focus on governance last quarter to meet future legal requirements and the expectations from our stakeholders.

Starting from the reporting year of 2024, Kredinor will be required to comply with EU's Corporate Sustainability Reporting Directive (CSRD). The requirements for data quality and documentation are extensive and we have started our preparations to ensure a robust process and engagement from the required stakeholders internally and externally. During Q4 we conducted the first steps of a double materiality analysis as required for CSRD compliance.

The analysis lays the foundation for which areas are most important to report upon within ESG. Another directive that is closely related to CSRD is the Corporate Sustainable Due Diligence Directive (CSDDD). To prepare for this directive and comply with the Norwegian Transparency Act we have continued our due diligence process to assess ESG information from our 300 suppliers.

Operations and outlook

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Our operations during the quarter

Revenues
Kredinor's total revenue for Q4 2023, including portfolio revaluations, was MNOK 367 compared to MNOK 201 in Q4 2022. Excluding revaluations, revenues increased 1.6% compared to same quarter last year. Revenues from CMS totaled MNOK 168, a decrease of 5.0% on the same quarter last year. Revenues excluding revaluations from Portfolio Investments totaled MNOK 195 compared to MNOK 180 in the same quarter 2022.

We have written up the value of own portfolios with MNOK 4 during the quarter, compared to a write-down of MNOK 156 in the same quarter last year.

Expenses
Operating expenses for the quarter were MNOK 341, compared to MNOK 331 in the same quarter last year. This represents an increase of 3.0%.

The increasing operational expenses are transitional as we have established the foundation for harmonization, standardization, and benefits of scale.

Net financial expenses were MNOK 119, compared to MNOK 52 in Q4 2022. The increase is due to higher market interest rates and higher level of interest-bearing debt to fund portfolio investments. The increase in market interest rates was partly offset by interest rate hedging, which currently covers approximately 36% of the debt.

Collection performance
Cash collected on owned portfolios was MNOK 409 during the quarter, compared to MNOK 394 in the same quarter last year. The rolling 12 month collection performance was 95.5%, and for the quarter in isolation it was 102.8%. The improved collection performance in Q4 is mainly explained by the write-down in the previous quarter.

Portfolio investments
Kredinor made portfolio investments totaling MNOK 221 during the quarter, compared to MNOK 1 225 in Q4 2022. YTD portfolio investments total MNOK 1 493.

With amortizations of MNOK 844 and revaluations, there is an increase in the book value of the portfolios in 2023 from MNOK 5 714 to MNOK 6 210. The 180-month Estimated Remaining Collections (ERC) at quarter-end was MNOK 11 106 compared to MNOK 9 737 at the end of the same quarter last year.

Earnings
Kredinor's EBITDA for the quarter was MNOK 26, compared to MNOK -130 in the same quarter last year. Depreciation, amortization and impairment losses for the quarter was MNOK 34 compared to MNOK 24 in the same quarter last year. EBIT was MNOK -8, compared to MNOK -154 in Q4 2022. Cash EBITDA, or EBITDA excluding portfolio revaluations and interest income, plus cash collected, was MNOK 236, compared to MNOK 240 in the same quarter last year.

EBITDA YTD was MNOK 48. Cash EBITDA YTD, or EBITDA excluding portfolio revaluations and interest income, plus cash collected, was MNOK 1 158.

Market update and outlook

Market
The CMS business remains competitive. Kredinor has been able to keep the market share stable over the last years. We are pleased to see good progress on expanding the CMS business in Finland, where our range of sustainable products to help customers avoid payment problems and payment remarks have been well received. In these jurisdictions we have a clear ambition to move from an investment-focused to a more balanced business model. We are also present in Sweden and Denmark and expect growth in CMS in the coming years.

Within Portfolio Investments (PI), we have invested MNOK 221 during the quarter compared to MNOK 1 225 in Q4 2022. Year to date investments total MNOK 1 493. Since last year, our average funding cost has increased significantly. Deal flow in the market has been similar in volumes compared to last quarter. We see that most debt collection agencies are prioritizing reducing leverage ratios by cutting back on investments. This is also true for Kredinor, as described in the text below.

Macroeconomic situation and outlook
Economic fundamentals in the Nordics remain reasonably strong, despite inflation and increased interest rates. Increases in the cost of living continued during the quarter and low-income consumers are struggling and getting more negative in their view of their financial outlook for the future.

Based on the challenges in collections in the third quarter Kredinor has as part of financial risk management decided to take steps to improve solidity. We have consequently not bought portfolios outside already committed forward flow transactions in the fourth quarter this year and will continue this the first quarter next year. The leverage ratio at the end of the fourth quarter ended at 3.2 which ranks well with peers. However, we have a clear ambition to deliver on financial targets, including strong capital discipline. Consequently, we will prioritize collection performance, growth in CMS, improving operations and realizing our capital light strategy.

Regulatory update
The regulatory environment for debt collection in Norway, Sweden, and Finland is witnessing changes. Whilst the new Debt Collection Act and changes to the Enforcement Act is still pending in Norway, the Ministry of Finance has updated the late payment interest rate to 12,5%.

Regulations are continuously being implemented to ensure compliance with EU within the financial sector. EU has revised the directive on credit agreements for consumers broadening the scope of the directive and increasing consumer protection with regards to marketing, and information that is required. Member states shall introduce measures to limit rate and costs, and provide financial education to ensure responsible borrowing and debt management.

The Swedish government decided to adopt the new legislation regarding the acquisition and management of non-performing credit agreement. The new legislation entered into force on 1 January 2024, and Kredinor AB is working on complying with the new legislation. As previously reported, another proposal aimed at combating over-indebtedness includes, among other things, lowered interest rate ceilings and stricter credit assessment rules, set to enter into force on January 1, 2025. Furthermore, the government has decided that a special investigator will analyze and propose what legislative amendments in Swedish law are needed to implement a new EU directive on consumer credit that has recently been adopted.

In Finland temporary changes in the Enforcement Code for 2023 were decided to be permanent. These changes entail more payment-free months for debtors and increase in part of the income that is not subject to enforcement. This part of income that is not subject to enforcement will also be index updated each year. In addition, updated Good practice in consumer debt collection was released in October.

Main changes are:
1. A practice in which the collection costs demanded from the debtor seemingly correspond to the costs demanded from the creditor but where the collection costs collected from the debtors are actually also used to cover other services offered by the collection companies is not permitted.
2. A decision by a court of law does not remove the debtor's right to the information from a collection agency when it serves as the creditor's agent in an enforcement matter.
3. Collection agent must refuse the collection of an outstanding debt insofar as the assignment concerns credit costs exceeding the maximum level set in price regulation.

NPL directive has not yet been implemented to Finnish legislation nor has there been a proposal from the government on the matter.

Financial reports

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Consolidated income statement
For the period ending 31 December 2023

		This period		Year to date	
NOK thousand	**Note**	**Q4 2023**	**Q4 2022**	**31.12.2023**	**31.12.2022**
Revenue from contracts with customers	4	166 734	176 437	686 085	601 359
Interest revenue from purchased loan portfolios	5, 6	194 959	180 472	762 995	321 020
Net gain/(loss) from purchased loan portfolios	5, 6	3 929	-156 313	-263 914	-175 258
Other income	5	1 583	797	3 776	2 787
Total revenue and other income		**367 205**	**201 393**	**1 188 943**	**749 908**
Employee benefit expenses		187 437	194 093	647 315	422 315
Depreciation and amortization		32 607	16 615	88 862	40 809
Impairment losses	3	1 546	7 534	63 283	7 534
Other operating expenses		153 682	137 268	493 429	290 628
Operating profit		**-8 068**	**-154 117**	**-103 946**	**-11 379**
Finance income	7	43 526	35 336	120 858	36 778
Finance expense	7	162 859	96 287	517 538	158 312
Change in financial instruments measured at fair value		-	9 410	-	9 410
Net financial items		**-119 333**	**-51 540**	**-396 680**	**-112 123**
Profit before tax		**-127 400**	**-205 658**	**-500 626**	**-123 502**
Income tax expense	10	101 561	-59 615	19 451	-41 541
Net profit or loss for the year		**-228 961**	**-146 043**	**-520 077**	**-81 961**
Attributable to:					
Non-controlling interests					
Shareholders of the parent company		**-228 961**	**-146 043**	**-520 077**	**-81 961**
Other comprehensive income					
Net profit or for the period		-228 961	-146 043	-520 077	-81 961
Items that may be classified subsequently to profit or loss:					
Foreign currency translation differences		2 072	1 838	8 217	2 999
Derivatives		-53 314	-	4 718	-
Other comprehensive income/(loss) after tax		**-51 242**	**1 838**	**12 935**	**2 999**
Total comprehensive income/(loss)		**-280 203**	**-144 205**	**-507 142**	**-78 963**
Total comprehensive income attributable to:					
Equity holders of the parent company		-280 203	-144 205	-507 142	-78 963

Consolidated statement of financial position

NOK thousand	Note	31.12.2023	31.12.2022
Goodwill	3	351 309	392 737
Intangible assets		197 676	214 471
Deferred tax asset	10	-	10 273
Right-of-use assets		190 182	25 793
Property, plant & equipment		123 840	33 209
Purchased debt portfolios	6	6 209 570	5 713 876
Other non-current financial assets		20 468	21 353
Other non-current receivables		-	3 809
Total non-current assets		**7 093 046**	**6 415 521**
Trade and other receivables		7 235	14 098
Other current assets		79 228	14 444
Cash and cash equivalents	8	705 365	409 918
Total current assets		**791 827**	**438 459**
Total assets		**7 884 873**	**6 853 980**

NOK thousand	Note	31.12.2023	2022
Share capital		143 229	143 229
Share premium		2 458 077	2 458 077
Other equity		-467 468	39 674
Total equity	9	**2 133 838**	**2 640 980**
Interest-bearing liabilities	11	5 033 058	3 714 617
Lease liabilities		163 953	19 345
Other non-current liabilties		620	1 018
Total non-current liabilities		**5 197 631**	**3 734 980**
Trade and other payables		46 990	51 334
Income tax payable		-787	-231
Lease liabilities		33 682	27 869
Other current financial liabilities		2 404	3 096
Other current liabilities		471 116	395 952
Total current liabilities		**553 404**	**478 020**
Total liabilities		**5 751 035**	**4 213 000**
Total equity and liabilities		**7 884 873**	**6 853 980**

Board of Directors
Oslo, 13 February 2024

Sverre Gjessing
Chairman of the Board

Inga Lise Lien Moldestad
Board member

Sverre Olav Helsem
Board member

Geir-Egil Bolstad
Board member

Vegard Helland
Board member

Linn Hagesæther
Board member

Jill Rønningen
Board member

Vegard Urstad Aakervik
Board member

Rolf Eek-Johansen
CEO

Consolidated statement of changes in equity

NOK thousand	Share capital	Share premium	Other capital reserves	Other equity Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2023	**143 229**	**2 458 077**	**-**	**1 714**	**37 960**	**2 640 980**
Profit/loss for the period					-520 077	-520 077
Other comprehensive income/loss				8 217	4 718	12 935
Total comprehensive income/loss	**-**	**-**	**-**	**8 217**	**-515 359**	**-507 142**
Balances at 31 December 2023	**143 229**	**2 458 077**	**-**	**9 931**	**-477 399**	**2 133 838**

NOK thousand	Share capital	Share premium	Other capital reserves	Other equity Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2022	**-**	**-**	**-**	**-1 285**	**877 477**	**876 192**
Profit/loss for the period					-81 961	-81 961
Other comprehensive income/loss				2 999		2 999
Total comprehensive income/loss	**-**	**-**	**-**	**2 999**	**-81 961**	**-78 963**
Capital reorganization	71 615	644 531			-716 146	-
Issue of share capital	71 615	1 813 545	211 985			2 097 145
Dividend [2]			-211 985		-30 000	-241 985
Transaction costs						-
Other changes booked to equity [1]					-11 409	-11 409
Balances at 31 December 2022	**143 229**	**2 458 077**	**-**	**1 714**	**37 960**	**2 640 980**

[1] Changes booked to equity consist of IFRS-adjustments booked directly to equity.

[2] Dividend of MNOK 212 consist of the subsidiaries previously owned by Modhi Finance AS at date of acquisition of Modhi Group. Dividend of MNOK 30 given to Kredinorstiftelsen.

Consolidated statement of cash flows

NOK thousand	Note	This period Q4 2023	This period Q4 2022	Year to date 31.12.2023	Year to date 31.12.2022
Cash flow from operating activities					
Profit or loss before tax		**-127 400**	**-205 658**	**-500 626**	**-123 502**
Adjustments to reconcile profit before tax to net cash flows:					
Finance income	7	-43 526	-35 336	-120 858	-36 778
Finance costs	7	162 859	96 287	517 538	158 312
Change in finacial instruments measured at fair value		-	-9 410	-	-9 410
Gain/loss from sale of fixed assets		-	-	-	-
Portfolio amortization and revaluation	6	210 362	392 619	1 108 258	555 255
Depreciation and amortisation		34 153	24 149	152 145	48 344
Working capital adjustments:					
Changes in trade and other receivables		-35 705	68 540	-50 989	49 553
Changes in trade and other payables		98 401	59 951	70 422	3 191
Changes in other items		-86 713	70 958	-191 146	54 156
Debt portfolios:					
Purchase of debt portfolios	6	-221 095	-1 224 524	-1 492 941	-1 576 822
Other items:					
Tax paid		-	-231	-	-46 734
Interest received		3 273	2 553	8 965	3 976
Interest paid		-98 241	-62 111	-348 258	-118 753
Net cash flows from operating activities		**-103 632**	**-822 212**	**-847 490**	**-1 039 212**
Cash flows from investing activities					
Development expenditures		-14 789	-114 339	-51 760	-114 339
Purchase of property, plant and equipment		-29 770	-9 157	-98 133	-18 555
Purchase of shares in subsidiaries, net of cash acquired		-	314 900	-	314 900
Net cash flows from investing activities		**-44 559**	**191 404**	**-149 893**	**182 006**
Cash flow from financing activities					
Proceeds from issuance of equity	9	-	117 280	-	117 320
Proceeds from borrowings	11	538 444	708 634	1 318 441	904 903
Repayments of borrowings	11	-	-	-	-
Payments for principal for the lease liability	11	-4 469	-16 509	-33 827	-34 124
Net cash flows from financing activities		**533 975**	**809 405**	**1 284 614**	**988 099**
Net increase/(decrease) in cash and cash equivalents		**385 784**	**178 597**	**287 230**	**130 893**
Cash and cash equivalents at the beginning of the period	8	317 509	242 143	409 918	288 685
Net foreign exchange difference	8	2 072	-10 821	8 217	-9 660
Cash and cash equivalents at the end of the period		**705 365**	**409 918**	**705 365**	**409 918**

Notes to the financial statements

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Note 1 Corporate information

Kredinor (the "Group") consists of Kredinor AS and its subsidiaries. Kredinor AS (the "Company") is a privately held company incorporated in Norway. The Company's registered office is at Sjølyst plass 3, 0278 OSLO, Norway

On 15 March 2022, Sparebank 1-owned Modhi Finance AS and Kredinor SA announced a letter of intent to merge, with the ambition of becoming a leading company in debt collection and debt management. On 1 May, Kredinor was reorganised from a cooperative owned by its members to a limited liability company owned by the newly formed Kredinor Foundation. On 30 September 2022 The Financial Supervisory Authority of Norway approved the merger between Modhi and Kredinor and on 1 October 2022 and the formal merger was completed. The company has become one of Norway's largest in debt collection and debt management, with the Nordic region as its home market.

The largest entity in the group is Kredinor AS, registered in Norway.

The consolidated financial statements of the Group for the quarter ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2024.

Note 2 Basis for preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with additional disclosures required by Norwegian law for companies reporting in Norwegian Krone. The financial statements have been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments which are measured at fair value. The financial statements are presented in Norwegian Krone, which is the functional currency of the Company.

The company completed a merger with Modhi Finance AS during Q4 2022, which was accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. The financial statements reflect the combined results of the two entities from the date of the acquisition.

The Company has applied all applicable accounting standards and interpretations issued by the International Accounting Standards Board (IASB) that are effective for the current reporting period. The Company has also adopted any new or amended standards and interpretations that are mandatory for the current reporting period but not yet effective.

The company is organized with Kredinor AS as the parent company.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. The significant accounting policies adopted by the Company are disclosed in the notes to the financial statements.

Presentation and functional currency
The consolidated financial statements are presented in NOK, which is also the functional currency in the parent company. For each entity, the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Note 3 Material accounting policy

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas considered to be material, and of items which are likely to be materially adjusted due to changes in estimates and assumptions. Detailed information about each of these estimates and judgements is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Purchased loan portfolio (note 6)
The measurement of purchased loan portfolio is based on the Group's own projection of future cash flows from the acquired portfolios which are based among other factors on the macroeconomic environments, types of debtors and loans (e.g. secures/unsecured). Future projections are periodically reviewed and any changes in estimated cash flows are ultimately authorised by a central revaluation committee.

Goodwill
Goodwill and other intangible asset derives from the acquistion of Modhi Group. Goodwill is not amortised but it is tested for impairment annually, or more frequent if events or changes in circumstances indicate that the carrying value may be impaired. This calculation requires management's judgment based on information available within the Group and the market, as well as on past experience.

An impairment test was conducted for the company's CGUs per 3th quarter. This resulted in a write-down of goodwill related to portefolios investments. The entire goodwill associated with the CGU was written down and the year's depreciation was reversed. Total write-down is MNOK 62.

Note 4 Revenue from contracts with customers

Kredinor Group offers solutions in the entire value chain from invoicing and ledger administration to reminder services, debt collection and monitoring of unpaid debt collection cases. The Group also offer legal services, course and education, credit ratings services and factoring.

ACCOUNTING POLICIES
Revenue from contracts with customers are recognised in accordance with IFRS 15.

The core principle of IFRS 15 requires the group to recognise revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration the group expects to be entitled in exchange for those goods or services.

At contract inception, the group identifies and determines the performance obligations in the contract. A performance obligation is a promise to transfer to the customer a good or a service (or a bundle of goods or services) that is distinct. After determining the performance obligations, the transaction price must be assessed. The transaction price is the amount of consideration to which the group expects to be entitled to in exchange for transferring promised services to a customer. The consideration promised in a contract may include fixed amounts, variable amounts, or both.

For variable elements, the group estimate the amount to which it will be entitled to. However, variable amounts can only be included in the transaction price to the extent they are not constrained, i.e., it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved. In making this assessment the group consider both the likelihood and the magnitude of the revenue reversal. The estimate of variable consideration, including the amounts subject to constraint, is updated at each reporting period.

The transaction price will also depend on whether the case is settled in a way that also covers the group's revenues, and that the debtor both has the willingness and ability to settle. It can also happen that a case is not solved, and the revenue for such cases are zero as the bottom line for debt collection services is "no cure no pay".

Revenue recognition occurs upon satisfaction of the of the performance obligation either at a point in time or over time, dependng on he underlying business model.

Based on the underlying revenue sources the group has applied the following revenue recognition principles:

Revenue from third-party collection
Revenue from third-party collection is recognised when debt is collected from the debtor. This is based on the assesment that the uncertainty related to the variable consideration in debt collection services is significant and should therefore be constrained.

Revenue from other services
Revenue from other services is recognised in the accounting period when the service is rendered, for example for invoice services when invoice is sent to the debtor.

Type of revenue	Q4 2023	Q4 2022	31.12.2023	31.12.2022
CMS	156 619	163 161	638 464	552 985
Other revenue	10 115	13 276	47 621	48 374
Total revenue	**166 734**	**176 437**	**686 085**	**601 359**

Geographic information	Q4 2023	Q4 2022	31.12.2023	31.12.2022
Norway	161 794	176 437	677 334	601 362
Sweden	243	-	922	276
Finland	1 734	-	4 864	-279
Denmark	2 964	-	2 964	-
Total revenue	**166 734**	**176 437**	**686 085**	**601 359**

The geographic information is based on the customers country of domicile.

Note 5 Portfolio revenue and other income

Portfolio revenue

Revenue from portfolio investments is recognized as 'Interest revenue from purchased loan portfolios and net impairment gain/loss purchased loan portfolios' in the consolidated statement of profit or loss.

Q4 2023

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	130 221	31 546	161 768
Sweden	33 805	-27 791	6 013
Finland	30 933	174	31 107
Total	**194 959**	**3 929**	**198 888**

For further information on Purchased debt portfolios, see note 6.

Q4 2022

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	134 616	-183 691	-49 076
Sweden	22 935	1 552	24 487
Finland	22 921	25 826	48 747
Total	**180 472**	**-156 313**	**24 158**

For further information on Purchased debt portfolios, see note 6.

Year to date 31 December 2023

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	535 262	-239 455	295 807
Sweden	114 324	-21 772	92 552
Finland	113 409	-2 687	110 722
Total	**762 995**	**-263 914**	**499 081**

For further information on Purchased debt portfolios, see note 6.

Year to date 31 December 2022

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	275 163	-202 635	72 528
Sweden	22 935	1 552	24 487
Finland	22 921	25 826	48 747
Total	**321 020**	**-175 258**	**145 762**

For further information on Purchased debt portfolios, see note 6.

Other Income

Other income is recognized when control is transferred, where its probable that economic benefits will be controlled by the Group and the consideration can reliably be estimated. Gains or losses that arise from sale of property, plant and equipment are calculated as the differance between net sales price and the booked value of the asset.

Other Income

NOK thousand	Q4 2023	Q4 2022	31.12.2023	31.12.2022
Other operating income	1 583	797	3 776	2 787
Total other income	**1 583**	**797**	**3 776**	**2 787**

Note 6 Purchased debt portfolios

ACCOUNTING POLICIES
Purchased debt portfolios consists of portfolios of non-performing loans that are already credit-impaired when acquired. The purchase price reflects incurred and expected credit losses and non-performing loans are initially recognized at transaction price. The loans are subsequently measured at amortised cost using a credit-adjusted effective interest rate.

To calculate the credit-adjusted EIR Kredinor includes the initial expected credit losses in the estimated cash flows. Estimating cash flows when calculating the credit-adjusted EIR for purchased portfolios are gross cash flows which include cash flow related to notional, accrued reminder fees, accrued collection fees, accrued interest and can also include accrued legal fees (in case another debt collection company have been involved before acquisition) which are expected to be received from end customer.

The credit-adjusted EIR is applied for interest recognition throughout the life of the asset.

The Group typically acquire portfolios of claims consisting of several individual claims. The acquisition cost and analytics are done on the portfolio as they have the same risk characteristics thus initial EIR is calculated based on the business case for the portfolio.

The carrying amount of each portfolio is determined by discounting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired.

Prior to purchasing a portfolio the Group make and estimate of the expected future payments over the next 15 years (180 months). This is done because the NPV of the cash flow beyond 180 months is immaterial and very uncertain. The Group revisit the time horizon regularly, adding an additional month if appropriate.

Given that future estimated cash flows are based on a rolling forecast the subsequent changes in lifetime ECL will consist of:
- Actual cash flow differs from expected cashflow
- Change in estimated cash flow
- Change related to adding an extra period

The calculation of ECL is based on an unbiased probability-weighted amount determined by evaluating a range of possible outcomes. The Group use 3 macro-economic scenarios, a base case, an upside scenario and a downside scenario. Purchased loan portfolios are presented as non-current assets in the consolidated statement of financial position. Interest revenue from purchased loan portfolios and net impaiment gain/loss from purchased loan portfolios are presented as separate line items in the consolidated income statement.

NOK thousand	Q4 2023	Q4 2022	YTD 31.12.2023	YTD 31.12.2022
Balance at the beginning of period	**6 158 519**	**2 053 639**	**5 713 876**	**1 849 423**
Acquisitions	221 095	4 049 760	1 492 941	4 410 144
Collection	-409 059	-394 348	-1 609 366	-701 016
Interest revenue from purchased loan portfolios	194 768	180 472	762 995	321 020
Net gains/loss from purchased loan portfolios	3 929	-156 313	-263 914	-175 258
Derivatives (forward flow)	2 404	3 096	2 404	3 096
Currency differences	37 914	-22 429	110 633	6 467
Balance at the end of period	**6 209 570**	**5 713 876**	**6 209 570**	**5 713 876**

Note 7 Finance income and expenses

ACCOUNTING POLICIES
Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as foreign exchange loss or foreign exchange gain in finance income or finance costs, except for currency translation effects from translation of foreign subsidiaries and the parent company which are presented within OCI.

Interest costs on lease liabilities represents the interest rate used to measure the lease liabilities recognised in the consolidated statement of financial position.

NOK thousand Finance income	Q4 2023	Q4 2022	YTD 31.12.2023	YTD 31.12.2022
Interest income	3 273	2 443	8 965	3 866
Other finance income	-	110	6	110
Foreign exchange gain	40 254	32 783	111 887	32 802
Total financial income	**43 526**	**35 336**	**120 858**	**36 778**

Finance expenses	Q4 2023	Q4 2022	YTD 31.12.2023	YTD 31.12.2022
Interest expenses	98 241	62 436	348 258	119 078
Interest expense on lease liabilities	7 939	2 183	7 939	7 069
Foreign exchange loss	39 609	32 136	113 629	32 489
Other finance costs	17 069	-469	47 712	-325
Total financial expenses	**162 859**	**96 287**	**517 538**	**158 312**

Financial instruments	Q4 2023	Q4 2022	YTD 31.12.2023	YTD 31.12.2022
Change in fair value of derivatives	-	9 410	-	9 410
Change in financial instruments measured at fair value	**-**	**9 410**	**-**	**9 410**

Interest income and expenses
Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing and lease liabilities, measured and classified at amortised cost in the consolidated statement of financial position.

Derivatives
Derivatives consist of interest rate swaps and forward flow agreements.

Note 8 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes, deposits and other restricted cash which may not be used for other purposes and client funds. Client funds arises from cash received on collections on behalf of a client. Collections are kept on separate restricted bank accounts and are reflected simultaneously as a liability. The funds are reported as 'Restricted cash' and 'Other current liabilities' in the consolidated statement of financial position.

NOK thousand	31.12.2023	31.12.2022
Bank deposits, unrestricted	549 157	260 108
Bank deposits, restricted - client funds	137 894	126 306
Bank deposits, restricted	18 314	23 504
Total in the statement of financial position	**705 365**	**409 918**

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

Note 9 Share capital and shareholders information

For the purpose of the group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximize shareholder value.

The group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, perform prepayments of debt or draw on short-term credit.

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it reinvests or returns excess cash flows from operations that are not necessary to maintain a healthy operating working capital to its investors.

Issued capital and reserves:

Share capital in Kredinor AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (NOK Thousands)
At 31 December 2022	**1 000**		**30**
Share capital decrease - 27. april	-1 000	30,00	-30
Share capital increase - 27. april	716 146 000	0,10	71 615
Share capital increase - 01. oktober	661 057 846	0,10	66 106
Share capital increase - 01. oktober	55 088 154	0,10	5 509
At 31 December 2022	**1 432 292 000**		**143 229**
At 31 December 2023	**1 432 292 000**		**143 229**

All shares are ordinary and have the same voting rights and rights to dividends. Reconciliation of the Group's equity is presented in the statement of changes in equity.

The Group's shareholders:

Shareholders in Kredinor AS at 31 December 2023	Total shares	Ownership/ Voting rights
Kredinorstiftelsen	716 146 000	50%
SpareBank1 Gruppen AS	716 146 000	50%
Total	**1 432 292 000**	**100%**

Shares held by management and the Board of Directors at the end of the reporting period is disclosed in note 6.3 in the Annual Report 2022.

See note 10 for further information of subordinated facility agreement that may be converted under certain conditions.

Note 10 Tax

ACCOUNTING POLICIES

Current income tax
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has not recognised deferred tax assets as of 31.12.2023.

Note 11 Interest bearing liabilities

Specification of the Group's interest-bearing liabilities

31.12.2023

Non-current interest-bearing liabilities	Interest rate	Notional amount (T)	Book value (NOK)	Maturity
Senior unsecured bond (NOK)	Nibor 3mnd + 7%	1 000 000	1 000 000	23.02.2027
Loan, RCF (NOK)	Nibor 3mnd + 3.5%	1 505 000	1 505 000	13.11.2025
Loan, RCF (SEK)	Stibor 3mnd +3.5%	1 060 000	1 073 780	13.11.2025
Loan, RCF (EUR)	Euribor 3mnd + 3.5%	76 000	854 278	13.11.2025
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18.03.2029
Loan, SpareBank1 Gruppen (NOK)	17.5%	500 000	500 000	30.04.2024
Total non-current interest-bearing liabilities			**5 033 058**	
Incremental borrowing costs capitalises			42 096	

31.12.2022

Non-current interest-bearing liabilities	Interest rate	Notional amount (T)	Book value (NOK)	Maturity
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	725 000	725 000	13.11.2024
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	1 380 000	1 380 000	13.11.2024
Loan, DNB /Nordea/Swedbank (SEK)		810 000	765 693	13.11.2024
Loan, DNB /Nordea/Swedbank (EUR)		76 000	799 049	13.11.2024
- Incremental borrowing costs capitalised			-55 125	
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18.03.2029
Total non-current interest-bearing liabilities			**3 714 617**	

The Group has pledged assets as security for it's loans and borrowings, presented in the table below:

Assets pledged as security and guarantee liabilities	31.12.2023	31.12.2022
Secured balance sheet liabilities:		
Interest-bearing liabilities to financial institutions	3 433 058	3 669 742

Shares in subsidiaries are pledged as security for secured liabilities.

A subordinated facility agreement was entered into in Q4. Total amount is 675 MNOK and drawn amount as of 31.12.2023 is 500 MNOK.

The maturity date is 30 April 2024. The loan shall automatically be extended to the date falling six months after the current final maturity date of the Revolving Credit Facility.

Subject to the prior approval by the general meeting of the Borrower, all amounts outstanding under the Facility, included any capitalised interest and accrued but unpaid interest, shall be converted into ordinary shares of the Borrower at the Conversion Price on or before the Maturity Date.

Covenants
Covenants as of year end has been updated with respect to Total portfolio loan ratio which has increased from 70% to 72.5% and Secured portfolio loans ratio which has been reduced from 65% to 60%.

The Group has not given any guarantees to or on behalf of third parties in the current and previous period.

There was no breach at year end of financial covenants for the Group's interest bearing debt.
Compliance with covenants for 2024 may be affected by several factors, including collection ratios, interest rates, and macro economic developments. Management is monitoring the risk and will take adequate measures.
Conversion of the subordinated facility agreement, as described above, may decrease interest bearing debt going forward. The subordinated facility agreement that may be converted under certain conditions and may also change ownership of the Kredinor group.

Note 12 Events after the reporting period

ACCOUNTING POLICIES
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Adjusting events
There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events
There have been no significant non-adjusting events subsequent to the reporting date.

Note 13 Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Group presents alternative performance measures (APMs) which do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of the operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing the ability to incur and service debt. APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

Alternative performance measures:

NOK thousand	This period Q4 2023	This period Q4 2022	Full year 31.12.23
Total revenues	**367 205**	**201 393**	**1 188 943**
Adjust for gain/(loss) from purchased loan portfolios	-3 929	156 313	263 914
Operational revenues	**363 276**	**357 706**	**1 452 857**
Operating profit/(loss)	**-8 068**	**-154 117**	**-103 946**
Non-recurring items, of which			
Personnel expenses	15 555	52 086	34 752
Depreciation and amortisation	0	6 772	4 021
Impairment goodwill	0	0	64 369
Other operating expenses	10 239	35 783	18 145
Legal fee revenue	-2 700	0	-6 897
Total non-recurring items	**23 094**	**94 641**	**114 389**
Add back revaluation of purchased loan portfolios	-3 929	156 313	263 914
Adjusted EBIT	**11 098**	**96 838**	**274 356**
Operating profit/(loss)	**-8 068**	**-154 117**	**-103 946**
Add back depreciation and impairment losses	34 153	24 149	152 145
EBITDA	**26 085**	**-129 968**	**48 199**
Total revenues	**367 205**	**201 393**	**1 188 943**
Add back interest revenue from purchased loan portfolios	-194 959	-180 472	-762 995
Add back revaluation of purchased loan portfolios	-3 929	156 313	263 914
Add cash received from investments	409 059	394 348	1 609 366
Cash revenue	**577 376**	**571 582**	**2 299 227**
Operating profit/(loss)	**-8 068**	**-154 117**	**-103 946**
Add back interest revenue from purchased loan portfolios	-194 959	-180 472	-762 995
Add back Revaluation of purchased loan portfolios	-3 929	156 313	263 914
Add back depreciation	32 607	16 615	88 862
Add cash received from investments	409 059	394 348	1 609 366
Add back impairment losses	1 546	7 534	63 283
Cash EBITDA	**236 256**	**240 222**	**1 158 483**