

Q1



Contents.

Highlights of the quarter	5
Comment from the CEO	6
Key figures	10
About Kreditor	13
Sustainability	14
Our operations during the quarter	14
Market update and outlook	15
Risk and uncertainty	16
Financial statements	18
Notes	24

- Operational revenues at **MNOK 348** compared to MNOK 357 in the previous quarter (Q4 2022)
- Volumes **5.1%** higher than the previous quarter
- Operating costs adjusted for NRI at **MNOK 237** versus MNOK 254 in the previous quarter
- Portfolio investments of **MNOK 269**
- Adjusted EBIT **MNOK 94** versus MNOK 87 in the previous quarter
- Negative revaluations of **MNOK 50** due to lower collection performance
- EBT **MNOK -30** versus MNOK -164 in the previous quarter
- Successful inaugural unsecured bond issue of **MNOK 1 000**
- Synergy program increased in scope to **MNOK 200** by 2025

Highlights of the quarter.

Comment from the CEO.

Kredinor is on the right track, strategically and operationally. We see the strong benefits from the merger as we operate in a market characterised by macroeconomic uncertainty and regulatory changes.

Our industry has been conservative for a long time. The topics most frequently discussed over the last few years have been around financial performance, transaction volume, funding, regulatory changes and to some extent digital and technology. There has been little trust in companies as they have struggled to meet higher expectations.

Our industry has been conservative for a long time.

In this environment I am pleased with the work we have done as far as our strategy is concerned. As part of the merger, we have spent time working through our vision and positioning, our culture and our values. Going forward, we feel confident and enthusiastic about the opportunities of building new products and services based on sustainability. 2023 is a steppingstone for us as we aim to deliver on our financial targets towards the end of 2025.

The key element in our strategy is that we always put the best interests of our customers first.

The key element in our strategy is that we always put the best interests of our customers first. We have scrutinized our own processes and changed some to be true our vision of not adding to the burden. We are pleased to report that our clients and stakeholders appreciate our transformation.

The first quarter of 2023 was financially challenging. We have seen lower fees, lower average fees and weaker collection performance. The collection performance was 93% for the quarter. Despite the improvement in performance during the quarter, and based on macroeconomic uncertainty, we find it prudent to write down some portfolios. The negative impact from this revision is MNOK 50 in the quarter. We are in the process of working through all portfolios following the merger six months ago to make sure our active forecast is right, given what we see in the market.

After many years of shrinking volumes, we now see higher inflows driven by the increased interest rates and cost inflations. Many consumers feel the burden and struggle to make ends meet. This impacts collection performance, but as mentioned, there is an increase in new number of cases coming from our clients to our CMS business. The decrease in Q4 2022 compared to Q3 was 1% and the increase in Q1 2023 compared to Q4 last year was 5%.

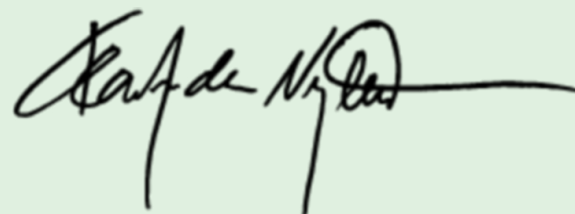
Our operating costs are relatively flat so far this year. However, we have put in place a synergy program that will deliver MNOK 200 of cost savings by the end of 2024. We are ahead of our plan as far as our execution is concerned, and we have been able to increase the scope with around 10% since we launched the program on our “day one” which was 1st of October last year. The most important projects this year are closing down all branch offices and centralize our operations to Oslo and migrating to one core collection system in Norway.

A key priority is to increase the revenues that are not fee based. Currently, these revenues are small, only 4% of total revenues. However, we believe this percentage can increase meaningfully over the next couple of years.

A key priority is to increase the revenues that are not fee based.

The competition in the Nordics is characterised by a handful of large companies, a few medium sized operators, and a long tail of relatively small debt collection agencies. The competitive intensity currently reflects pretty much what we have seen over the last few years. The products offered are very similar with low level of differentiation, and sellers of portfolios are running professional processes. The CMS business has long lead times, and there are relatively few large processes per year. The CMS contracts tend to be sticky over time. The pricing of portfolios does reflect increased cost of funding, but the net returns haven’t changed much. Going back to our strategy, we see opportunities to offer something different to the market, and we are looking forward to keeping you updated.

Kind regards,



Klaus-Anders Nysteen
Chief Executive Officer



Key figures.

	Q1 2023	Q1 2022	2022 FY
<i>Amounts in MNOK</i>	Unaudited	Unaudited	Audited
Total revenues	298	192	750
Adj. EBIT	43	43	86
Adj. EBIT %	14%	23%	11%
EBIT	33	39	-11
Net profit before tax	-45	20	-124
Cash Revenue	534	235	1 276
Cash EBITDA	290	83	563
Cash EBITDA margin	54%	35%	44%
Portfolio Investments	269	59	1 584
Carrying value of Portfolio Investments	5 885	1 865	5 714



About Kreditor.

Kreditor is Norway's largest and one of the oldest companies within Credit Management Services (CMS) and Portfolio Investments (PI). Based on a very strong market position in Norway, it is our ambition to become a leading company in our industry in the Nordics. Our clear growth ambition is built on a sustainable strategy where we have redefined how we work for the good of society.

Following the merger with Modhi in 2022, we are owned in equal parts by the Kreditor Foundation and SpareBank 1 Gruppen.

The foundation for our strategy is always to put the best interests of our customers first. Our purpose is to help our customers becoming debt free as quickly as we can to the lowest possible cost. We know that this is the best way also to support our clients. We are the digital leader in our industry in Norway and we are continuously investing in our digital solutions to be ahead of our competitors. Our ambition is to be the best at operations and add as much value as we can to our clients. We are pursuing a capital light strategy. Everything we do is firmly rooted in sustainability. We maintain a close and continuous dialogue with our stakeholders on this topic to instigate change.

Sustainability

Our ambition is to lead our industry forward in sustainability. By always making sure to put the best interests of our customers first, we transform old ways and practices and contribute to a more sustainable debt collection industry in the Nordics. Falling into debt can happen to everyone, but the way forward can be complicated and tough to navigate. Our vision is “we help you make it”.

This is how Kreditor can support those who need it the most, and take a holistic approach to understand the root cause of the problem for our customers.

Our operations during the quarter

Revenues

Kreditor’s total revenue for Q1 2023 was NOK 298m. Revenues from portfolio investments was NOK 181m. Net gain/(loss) from purchased loan portfolios was negative, at NOK -50.1m for Q1 2023 due to a negative revaluation of Norwegian portfolios, partly offset by a small positive revaluation of Swedish and Finnish portfolios.

The number of cases to debt collection was 237 thousand.

Expenses

Operating expenses for Q1 2023 were NOK 243m. Interest on debt was NOK 74m. Other net financial expenses were negative, at NOK -2m.

Collections and collection performance

Cash collected on owned portfolios was NOK 366 million during the quarter, compared to NOK 394 million in the previous quarter.

The rolling 12m collection performance was 99% as of the balance sheet date, a reduction from 101% at the end of the fourth quarter. Sweden and Finland showed significant outperformance, while performance in Norway was somewhat lower. However, all three countries showed significant improvements in the last month of the quarter, indicating a positive trend.

Portfolio investments and revaluations

Kreditor made portfolio investments totaling NOK 269 million during the quarter, compared to NOK 1225 million in the previous quarter. Combined with amortisations of NOK 184 million, this gave an increase in the book value of the portfolio from NOK 5 711 million to NOK 5 869 million, equivalent to 2.76% growth.

A number of portfolios were revalued negatively in the first quarter, resulting in a net reduction in book value of NOK 50.1 million (versus negative NOK 159 million in the previous quarter). The revaluation represented 0.85% of the portfolio book value, versus 2.79% in the previous quarter. The collection performance was particularly slow in the beginning of the year, but with improvements towards the end of the quarter.

Financing and liquidity

Kreditor is financed through a combination of equity, secured bank debt and senior unsecured debt. As of the balance sheet date, the company had net interest bearing debt of NOK 3 651 million, compared to NOK 3 431 million at the end of the previous quarter. During the quarter, Kreditor issued its first bond, a four-year NOK 1.000 million senior unsecured bond.

Other debt includes a long-term NOK 100 million tier 2 bond held by the Sparebank1 Group, with the remainder being a secured revolving credit facility provided by a syndicate of Nordic banks with expiration in November 2024.

Earnings

Kreditor’s EBITDA for the quarter was NOK 55 million. Depreciation for leases under IFRS 16 was NOK 9m, while other depreciation was NOK 13m. EBIT was NOK 33m. Cash EBITDA, or EBITDA excluding portfolio revaluations and interest income, plus cash collected, was NOK 290 million (versus NOK 230 million in the previous quarter).

Market update and outlook

Regulatory situation

The Norwegian regulatory environment for debt collection has undergone significant changes over the last few years, with reductions in statutory fees enacted for debts which were originally due after October 1st, 2020. The regulatory process which led to the reductions in statutory fees in 2020 may also result in a new debt collection law. Changes which have been discussed include cuts in statutory fees also to larger debts, as well as changes to the order in which payments are applied to principal, fees and interest.

We operate in a market where regulation is in place for good reasons. Many of our clients are regulated, and we recognize that consumer protection is needed. We are in favour of regulation as this typically helps the industry practices be more suited to the requirements.

Macroeconomic situation

The economic fundamentals in the Nordics remain strong despite inflation and increased interest rates. Economic conditions in our largest market, Norway, were somewhat negative. Mainland GDP in Norway decreased slightly from January to February, with underlying economic growth slowing significantly.

Increases in the cost of living continued during the quarter. In March, the consumer

price index rose by 6.5% compared to the previous year, with core inflation at 6.2%. However, the labour market remained strong. Norges Bank increased the key policy rate to 3.0% in March, with further hikes likely in May and June and a 50% chance of additional increases during the autumn. The increase is likely to negatively impact customers’ ability to settle debts, as well as increasing Kreditor’s cost of borrowing.

In Q1 2023, Sweden narrowly escaped recession, and elevated price pressures, rate hikes by the Riksbank, and softer wage growth impeded private spending. Inflation cooled to 8.0% in March but remained above the target. Meanwhile, the Finnish economy has been pressured by, high inflation, monetary tightening, and disrupted Russian gas supplies.

Post-merger integration

The process of further integration continues, with the migration from Modhi’s core systems to Kreditor’s expected to be complete by the end of 2023. The merger integration process is expected to generate significant synergies by the end of 2024, with a positive effect already from 2023. The synergy program also includes other cost savings and operational efficiencies which are not directly related to the merger. During the quarter we announced the plan to close the remaining Norwegian branch locations outside of Oslo by the end of 2023, which will provide both cost savings and better operational efficiency from having larger, more robust teams in one place.

Risk and uncertainty

Our operations are subject to operational risks, such as technical failures, system disruptions, errors in credit assessment, and human errors. The company relies on technology and data analytics to manage its operations, which creates potential risks related to cybersecurity, data breaches, and fraud. Kreditor also operates in

a highly competitive industry, which could pose challenges in terms of customer acquisition, retention, and service quality.

Our business is influenced by macroeconomic conditions, such as interest rates, inflation, unemployment, and GDP growth. A downturn in the Nordic economies could lead to lower demand for our services, increased delinquency rates, and lower recoveries. Moreover, changes in consumer behaviour, such as increased use of digital channels for payments and borrowing, could impact our business model.

Regulatory Risks

We operate in a highly regulated industry, and changes in regulations could impact our operations and profitability. The company is subject to regulations related to debt collection, credit reporting, data protection, and consumer protection. Non-compliance with these regulations could result in fines, legal actions, and reputational damage.

Financial Risks

We face financial risks related to liquidity, credit, and market risks. The company needs to ensure that it has sufficient liquidity to meet its financial obligations and fund its operations. We are also exposed to credit risks related to its loan portfolios, which could lead to higher delinquency rates and lower recoveries. Moreover, we are exposed to market risks related to interest rate fluctuations, foreign exchange rates, and equity prices.

Strategic Risks

Strategic risks include competition, technological disruption, and operational scalability. The company operates in a highly competitive market. Moreover, we need to adapt to the evolving digital landscape and leverage technology to enhance operations and customer experience. Finally, we need to ensure that we have the capacity and resources to successfully scale up our operations in Sweden and Finland.

Events after the balance sheet date

No material events have occurred after the balance sheet date.

Financial Statements.

Consolidated income statement

For the years ended 31 December 2022

NOK thousand	Note	Q1 2023 Unaudited	Q1 2022 Unaudited	Q4 2022 Unaudited	2022 Audited
Revenue from contracts with customers	4	167 111	144 137	176 227	601 359
Interest revenue from purchased loan portfolios	5,6	180 586	46 380	180 114	321 020
Net gain/(loss) from purchased loan portfolios	5,6	-50 045	467	-159 048	-175 258
Other income	5	631	534	797	2 787
Total revenue and other income		298 284	191 518	198 090	749 908
Employee benefit expenses		135 963	81 498	141 259	422 315
Depreciation and amortization		21 605	8 381	16 596	40 809
Impairment losses		-	-	6 772	7 534
Other operating expenses		107 293	62 944	200 444	290 628
Operating profit		33 422	38 695	-166 981	-11 379
Finance income	7	114 510	176	35 336	36 778
Finance expense	7	193 323	18 633	86 942	158 312
Change in financial instruments measured at fair value		-	-	9 410	9 410
Net financial items		-78 813	-18 457	-42 196	-112 123
Profit before tax		-45 391	20 239	-209 177	-123 502
Income tax expense		-9 800	4 452	-42 488	-41 541
Net profit or loss for the year		-35 591	15 786	-166 689	-81 961

Attributable to:

Non-controlling interests					
Shareholders of the parent company		-35 591	15 786	-166 689	-81 961

Other comprehensive income

Net profit or for the period	-35 591	15 786	-166 689	-81 961
------------------------------	---------	--------	----------	---------

Items that will not be classified subsequently to profit or loss:

Items that may be classified subsequently to profit or loss:

Foreign currency translation differences	6 943	1 073	1 838	2 999
--	-------	-------	-------	-------

Other comprehensive income/(loss) after tax	6 943	1 073	1 838	2 999
--	--------------	--------------	--------------	--------------

Total comprehensive income/(loss)	-28 649	16 859	-164 851	-78 963
--	----------------	---------------	-----------------	----------------

Total comprehensive income attributable to:

Equity holders of the parent company	-28 649	16 859	-164 851	-78 963
--------------------------------------	---------	--------	----------	---------

Consolidated statement of financial position

NOK thousand	Note	31/3/2023 Unaudited	31/3/2022 Unaudited	31/12/2022 Audited
Goodwill		392 737	9 397	392 737
Intangible assets		207 423	-	214 471
Deferred tax asset		17 469	3 652	10 273
Right-of-use assets		22 024	139 121	25 793
Property, plant & equipment		40 585	35 789	33 209
Purchased debt portfolios	6	5 885 134	1 865 138	5 713 876
Other non-current financial assets		16 625	20 287	21 353
Other non-current receivables		3 817	-	3 809
Total non-current assets		6 585 813	2 073 383	6 415 521
Trade and other receivables		25 929	22 233	14 098
Other current assets		16 551	44 655	14 443
Cash and cash equivalents	8	409 562	223 445	409 918
Other current financial assets	-	-	-	-
Total current assets		452 042	290 332	438 459
Total assets		7 037 856	2 363 715	6 853 980

NOK thousand	Note	31/3/2023 Unaudited	31/3/2022 Unaudited	31/12/2022 Audited
Share capital		143 229	-	143 229
Share premium		2 458 077	-	2 458 077
Other equity		10	893 547	39 674
Total equity	9	2 601 316	893 547	2 640 980
Interest-bearing liabilities	10	3 895 997	999 625	3 714 617
Deferred tax liabilities		-	-	-
Lease liabilities		22 618	131 530	19 345
Employee benefit obligations		-	-	-
Other non-current financial liabilities		-	3 549	-
Other non-current liabilities		918	3 571	1 018
Total non-current liabilities		3 919 533	1 138 274	3 734 980
Trade and other payables		37 904	36 536	51 334
Income tax payable		9 750	-	-231
Interest-bearing liabilities	10	-	-	-
Lease liabilities		12 644	23 231	27 869
Other current financial liabilities		16 529	-	3 096
Other current liabilities		440 179	272 127	395 952
Total current liabilities		517 007	331 894	478 020
Total liabilities		4 436 540	1 470 168	4 213 000
Total equity and liabilities		7 037 856	2 363 715	6 853 980

Consolidated statement of cash flows

NOK thousand	Note	Q1 2023 (01.01.2023- 31.03.2023) Unaudited	Q1 2022 (01.01.2022- 31.03.2022) Unaudited	2022 (01.01.2022- 31.12.2022) Audited
Cash flow from operating activities				
Profit or loss before tax		-45 391	20 239	-123 502
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Finance income	7	-114 510	-176	-36 778
Finance costs	7	193 323	18 633	158 312
Change in financial instruments measured at fair value		-	-	-9 410
Gain/loss from sale of fixed assets		-	-	-
Portfolio amortization and revaluation	6	234 564	43 651	555 255
Depreciation and amortisation		21 605	8 381	48 344
<i>Working capital adjustments:</i>				
Changes in trade and other receivables		-13 981	-12 496	49 553
Changes in trade and other payables		30 698	-7 164	3 192
Changes in other items		-116 719	-8 096	54 155
<i>Debt portfolios:</i>				
Purchase of debt portfolios	6	-268 853	-59 366	-1 576 822
<i>Other items</i>				
Tax paid		-	-46 503	-46 734
Interest received		1 806	173	3 976
Interest paid		-81 104	-16 750	-118 753
Net cash flows from operating activities		-158 562	-59 474	-1 039 212
Cash flows from investing activities				
Development expenditures		-4 344	-	-114 339
Purchase of property, plant and equipment		-8 627	-	-18 555
Purchase of shares in subsidiaries, net of cash acquired		-	-	314 900
Net cash flows from investing activities		-12 971	-	182 006
Cash flow from financing activities				
Proceeds from issuance of equity	9	-	-	117 320
Proceeds from borrowings	10	181 380	1 063	904 903
Repayments of borrowings	10	-	-	-
Payments for principal for the lease liability	10	-17 145	-5 756	-34 124
Net cash flows from financing activities		164 235	-4 693	988 099

Net increase/(decrease) in cash and cash equivalents		-7 298	-64 167	130 893
Cash and cash equivalents at the beginning of the period	8	409 917	288 685	288 685
Net foreign exchange difference	8	6 943	-1 073	-9 661
Cash and cash equivalents at the end of the period		409 562	223 445	409 917

Consolidated statement of changes in equity

Other equity						
NOK thousand	Share capital	Share premium	Other capital reserves	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					-35 591	-35 591
Other comprehensive income/loss				6 943		6 943
Total comprehensive income/loss	-	-	-	6 943	-35 591	-28 649
Other changes booked to equity *					-11 016	-11 016
Balances at 31 March 2023	143 229	2 458 077	-	8 656	-8 647	2 601 315

* Changes booked to equity consist of correction of tax in Finland previous periods and IFRS-adjustments booked directly to equity.

Other equity						
NOK thousand	Share capital	Share premium	Other capital reserves	Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2022	-	-	-	-1 285	876 760	876 192
Profit/loss for the period					15 786	15 786
Other comprehensive income/loss				1 073		1 073
Total comprehensive income/loss	-	-	-	1 073	15 786	16 859
Other changes booked to equity *					-3 957	-3 957
Balances at 31 March 2022	-	-	-	-212	884 137	893 547

* Changes booked to equity consist of correction of tax in Finland previous periods and IFRS-adjustments booked directly to equity.

Other equity						
NOK thousand	Share capital	Share premium	Other capital reserves	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 (note 4.9)	71 615	644 531			-716 146	-
Issue of share capital (note 4.9)	71 615	1 813 545	211 985			2 097 145
Dividend **			-211 985		-30 000	-241 985
Transaction costs						-
Other changes booked to equity *					-11 409	-11 409
Balances at 31 December 2022	143 229	2 458 077	-	1 714	37 960	2 640 980

* Changes booked to equity consist of correction of VAT in Finland previous periods and IFRS-adjustments booked directly to equity.

** 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.

Oslo, 10 May 2023

Sverre Kristian Gjessing
Styreleder

Bente Foshaug
Styremedlem

Sverre Olav Helsem
Styremedlem

Elisabeth Agnes Essholt
Selvik
Styremedlem

Linn Kvitting Hagesæther
Styremedlem

Geir-Egil Bolstad
Styremedlem

Vegard Helland
Styremedlem

Jill Rønningen
Styremedlem

Klaus-Anders Nysteen
Daglig leder

Notes.

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 reorganized 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 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 March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 10 May 2023.

2 Basis of 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 has completed a merger with Modhi Finance AS during the reporting period, which has been 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. Any adjustments made to the fair values of the assets and liabilities acquired have been included in the determination of the goodwill or gain arising from the acquisition. The fair value of the assets and liabilities acquired has been determined based on management’s best estimates and assumptions, supported by independent valuations where necessary. The financial statements also include the results of any post-acquisition transactions or events that have been appropriately accounted for in accordance with IFRS.

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. Kredinor AS was established during the reporting period, but as this was done as a reorganization from Kredinor SA (a cooperative company) the accounts have been prepared using Kredinor SA comparables.

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.

3 Significant judgements, estimates and assumptions

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 that involved a higher degree of judgement or complexity, 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 4.1, 4.3)

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 authorized by a central revaluation committee.

Goodwill

Goodwill and other intangible asset derives from the acquisition of Modhi Group. Goodwill is not amortized 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.

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 recognized in accordance with IFRS 15.

The core principle of IFRS 15 requires the group to recognize 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 recognized 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, depending on the 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 recognized when debt is collected from the debtor. This is based on the assessment 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 recognized in the accounting period when the service is rendered, for example for invoice services when invoice is sent to the debtor.

Type of revenue	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
3PC	156 308	132 553	552 985
Other revenue	-	-	48 374
Total revenue	156 308	132 553	601 359

Geographic information	2022		
Norway	155 424	132 553	601 362
Sweden	185	-	276
Finland	700	-	-279
Total revenue	156 308	132 553	601 359

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

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. For further information on Purchased debt portfolios, see note 4.3.

Q1 2023

Unaudited

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	132 017	-56 521	75 496
Sweden	24 399	2 810	27 209
Finland	24 170	3 666	27 836
Total	180 586	-50 045	130 542

For further information on Purchased debt portfolios, see note 4.3.

Q1 2022

Unaudited

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	46 380	467	46 847
Total	46 380	467	46 847

For further information on Purchased debt portfolios, see note 4.3.

Full year 2022

Audited

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	-1 544	21 391
Finland	22 921	25 826	48 747
Total	321 020	-178 354	142 666

Other Income

Other income is recognized when control is transferred, where it is 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 difference between net sales price and the booked value of the asset.

Other Income

NOK thousand	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
Other operating income	11 434	12 118	2 787
Disposal subsidiary	-	-	-
Total Other Income	11 434	12 118	2 787

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 amortized 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 impairment gain/loss from purchased loan portfolios are presented as separate line items in the consolidated income statement.

NOK thousand	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
Balance at the beginning of period	5 713 876	1 849 423	1 849 423
Acquisitions	268 853	59 366	4 410 144
Collection	-365 555	-90 498	-701 016
Interest revenue from purchased loan portfolios	180 987	46 380	321 020
Net gains/loss from purchased loan portfolios	-49 996	467	-175 258
Currency differences	136 969	0	9 563
Balance at the end of period	5 885 134	1 865 138	5 713 876

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. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1

Interest costs on lease liabilities represents the interest rate used to measure the lease liabilities recognized in the consolidated statement of financial position (see note 3.4 for further information).

NOK thousand	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
Finance income			
Interest income	1 806	174	3 866
Other finance income	-	-	110
Foreign exchange gain	112 704	2	32 802
Total financial income	114 510	176	36 778

NOK thousand	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
Finance expenses			
Interest expenses	81 104	16 750	119 078
Interest expense on lease liabilities	654	40	7 069
Foreign exchange loss	111 566	149	32 489
Other finance costs	-	-	-325
Total financial expenses	193 323	16 939	158 312

Financial instruments	Q1 2023 Unaudited	Q1 2022 Unaudited	2022 Audited
Change in fair value of derivatives	-	-	9 410
Change in financial instruments measured at fair value	-	-	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 amortized cost in the consolidated statement of financial position.

Derivatives

Derivatives consist of interest rate swaps and forward flow agreements.

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	31/3/2023 Unaudited	31/3/2022 Unaudited	31/12/2022 Audited
Bank deposits, unrestricted	234 524	118 799	260 108
Bank deposits, restricted - client funds	164 477	96 992	126 306
Bank deposits, restricted	10 560	7 654	23 504
Total in the statement of financial position	409 562	223 445	409 918

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

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. There has been no breach of the financial covenants in the current or previous period. Reference is made to note 4.2.

Issued capital and reserves:

	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (NOK Thousands)
Share capital in Kredinor AS			
At 31 March 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 March 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 31.03.2023	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.		

10 Interest bearing liabilities

Specification of the Group's interest-bearing liabilities

31/3/2023
Unaudited

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	23/2/2027
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	1 180 000	1 180 000	13/11/2024
Loan, DNB /Nordea/Swedbank (SEK)		810 000	818 181	13/11/2024
Loan, DNB /Nordea/Swedbank (EUR)		76 000	865 944	13/11/2024
- Incremental borrowing costs capitalised			-68 128	
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18/3/2029
Total non-current interest-bearing liabilities			3 895 997	

31/3/2022
Unaudited

Non-current interest-bearing liabilities	Interest rate	Notional amount (T)	Book value (NOK)	Maturity
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	1 012 000	1 012 000	13/11/2024
- Incremental borrowing costs capitalised			-12 375	
Total non-current interest-bearing liabilities			999 625	

31/12/2022
Audited

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	18/3/2029
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

	31/3/2023 Unaudited	31/3/2022 Unaudited	31/12/2022 Audited
Secured balance sheet liabilities:			
Interest-bearing liabilities to financial institutions	2 864 125	1 012 000	3 614 617

Shares in subsidiaries are pledged as security for secured liabilities.

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

The senior secured revolving credit facility agreement entered into includes financial covenants as follows:

- Secured Group loans ratio defined as Secured Group loans divided over Pro-forma Group Cash EBITDA shall not exceed 3,5.
- Secured Portfolio Loans Ratio defined as Secured Portfolio Loan divided over book value of approved portfolios shall not exceed 65%.
- Total Portfolio Loans Ratio defined as Total Portfolio Loans divided over book value of approved portfolios shall not exceed 70%.
- The aggregate collection on approved portfolios shall constitute minimum 95% of the ERC for the same set of approved portfolios.

There has not been any breach of financial covenants for the Group's interest-bearing debt in the current period.

11. Events after the balance-sheet period

Accounting Policies

If the Group receives information after the reporting period, but prior to the date of authorization 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 recognizes 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 recognized 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

In February 2023, the company issued an unsecured bond of NOK 1 billion. This has been used to repay the RCF loan and has strengthened the liquidity in the group as well as the company's ability to buy new portfolios with defaulted debt.

