Kredinor

Kredinor

Sustainable debt collection in the Nordics

Presentation to DNB NPL conference,
27 September 2023

Disclaimer

This presentation, report and/or written materials (together the “Materials”) has been prepared exclusively for and may only be used for the benefit of and the internal use of the receiver. Kredinor holds all rights related to the Materials and the receiver is not entitled to publish or otherwise disclose their contents to a third party without prior written consent of Kredinor.

Certain information set forth in the Materials includes “forward-looking information”, including “future-oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, any sale of shares or other securities being contemplated; (iii) the expected development of the Company’s business, projects, and joint ventures; (iv) execution of the Company’s vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company’s projects; (vi) completion of the Company’s projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company’s current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Furthermore, the Materials shall be considered incomplete if not regarded and read in conjunction with the oral briefings and/or other documentation provided by Kredinor AS during the meeting(s) for which the Materials are intended to be used as accompanying materials. Mentions of contemplated future securities offerings should not be construed as an offer to buy or sell securities in any jurisdiction where this would require registration, approval or other regulatory filings.

Kredinor

Agenda

1. **Intro to Nordic debt collection**
2. Sustainability in debt collection
3. Portfolio Investments
4. Financials

Executive Summary

Kredinor has Norway's largest debt collection platform	• History back to 1876 as the dominant 3PC player in Norway, handling around 1.8m cases annually • Tailored value propositions towards deep and longstanding client relationships in Norway • Digital leader delivering the best self-service functionality with high self-service rate and customer satisfaction
Nordics: a unique debt collection market	• Strong social safety net and efficient legal enforcement create predictable cash flows • Long ERC tails (180 months) due to strong legal protection of claims • Well-functioning market for sale of NPLs through both forward flow and one-off agreements
Solid financial position	• Attractive business mix with 50% 3PC and 50% NPL, with total gross revenue of NOK 1.2bn in 2022 • Total cash collections of NOK >11bn in 2022 and an adj. Cash EBITDA of NOK 1 bn • Large and growing Nordic NPL ERC base of more than NOK 11bn
Nordic focus with positive industry fundamentals and outlook	• Positioned for growth across the attractive Nordic markets • Expected supply of NPLs represents an opportunity for profitable growth going forward • ESG forms a foundation for developing a new and more efficient customer journey

Note: 2022 figures are proforma and represent best estimate of IFRS adjustments. Figures are preliminary and not audited
1) Bisnode, BRREG, Virke. Company financials based on debt collection companies from Virke, gathered via BRREG

Kredinor at a glance

1876

Founded in 1876

600 employees

Norway (550), Sweden (23), Finland (27) Denmark (2)

NOK 1.4bn

Gross revenue in Kredinor AS

NOK 11.6bn

Total cash collected

NOK 1.1bn

Adj Cash EBITDA

NOK 1.8m

3PC cases annually

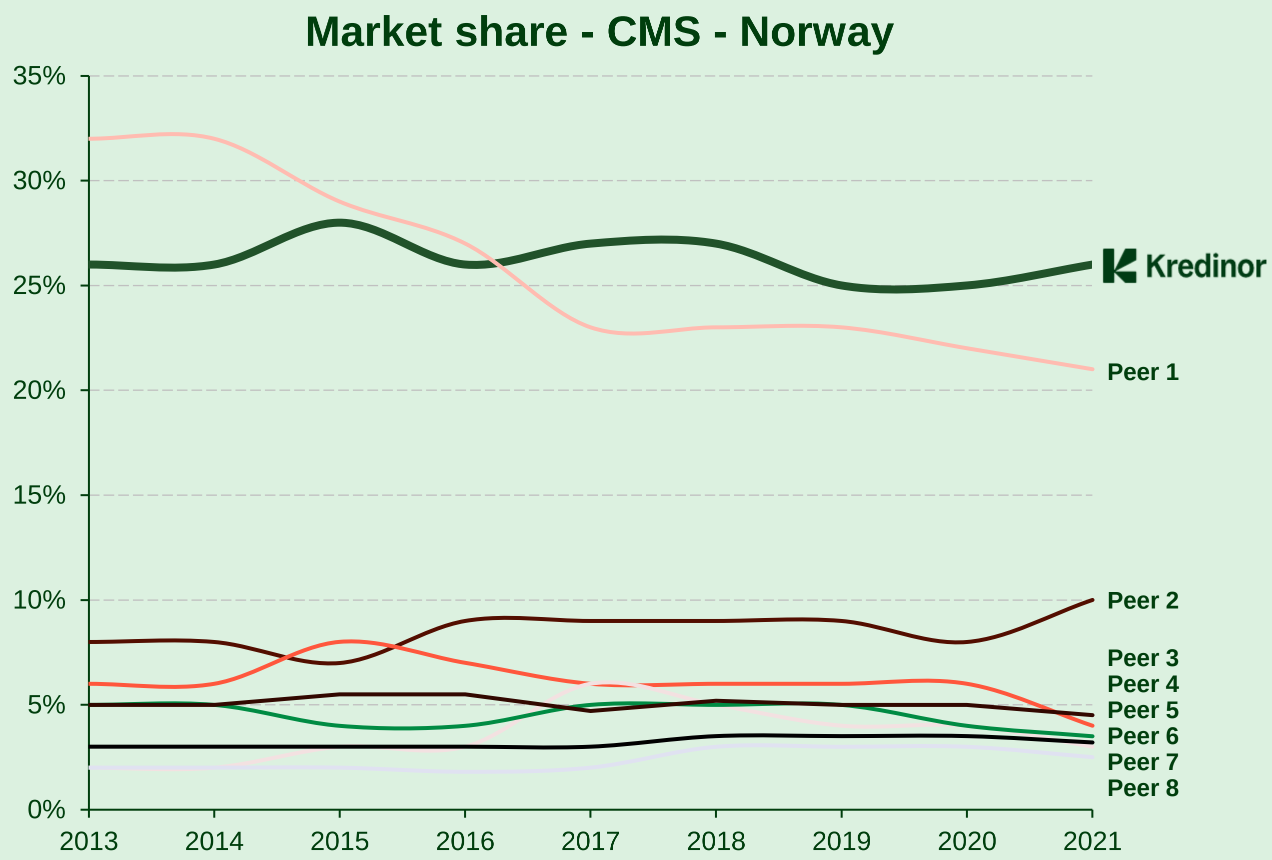
Note: Figures as of 31.12.2022. Figures are proforma and represent best estimate of IFRS adjustments. Figures are preliminary and not audited: Cash EBITDA adjusted for NRIs
1) 3PC revenue include "other income" from factoring, analysis, legal, invoicing and parking services

5

Kredinor provides tailored solutions within all sectors

This in turn drives client satisfaction, client stickiness, and client revenue

- Payment solutions
- Fines & complaint handling
- Termination, disconnection and reopening of services
- Billing & ledger services
- Call centre
- Let's pay
- AML check



Re-inventing debt collection, in the place where it started

Nordics are a debt-collection friendly place, with efficient legal enforcement, high digital maturity and generous fee levels.

This has led to complacency and complexity:

- Regulatory backlash and a reduction in fees
- Companies with large geographical footprints and low levels of integration
- Sector out of favor with markets, as “black box risk” causes high credit spreads and low equity valuations

Our strategy addresses each of these:

- New business models with ESG at their core
- Exclusively Nordic focus, with centralized operations and tight integration
- Creating an asset light model based on securitization and debt servicing

A clear strategy …

- Deepest knowledge of the customers
- Most satisfied clients
- Best at operations
- A digital leader
- New services and products
- Strong capital discipline
- Present where we make a difference

… with clear deliverables

- Leading 3PC position gives data advantage
- Increasing volumes from existing clients
- Centralized operations by end of 2023
- Great user experience with no “big bang” required
- Combining ESG and product development
- Synergy program and securitization plans on track
- Nordic focus avoids excessive complexity

Agenda

1. Brief introduction
2. **Sustainability in debt collection**
3. Portfolio Investments
4. Financials

How can debt collection be sustainable?

Sustainable debt collection does not mean using less paper – it means focusing on the "S" in ESG

Debt collection today is not socially sustainable

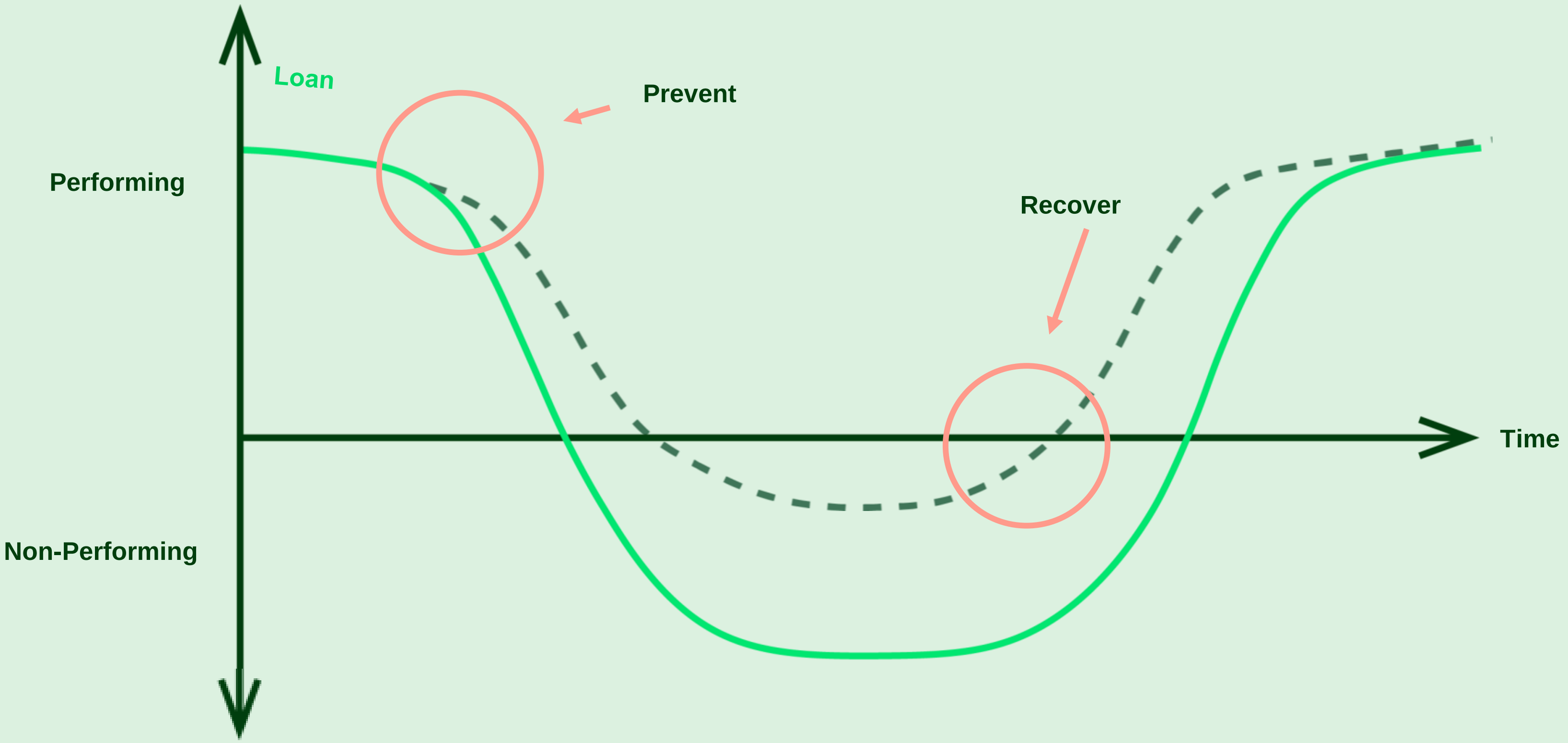
- The distressed *customer* pays collection costs
- Costs escalate throughout the default period
- This is a perverse incentive – the longer the customer is in default, the more revenues

Fewer and *shorter* defaults benefit everyone

- Lenders get lower credit losses and capital requirements
- Borrowers get lower costs and less distress
- Society gets higher productivity and lower social welfare costs

The answer is a business model which rewards debt collectors for **reducing** defaults

What is *value creation* when customers have financial difficulties?



Kredinor has alternative business models

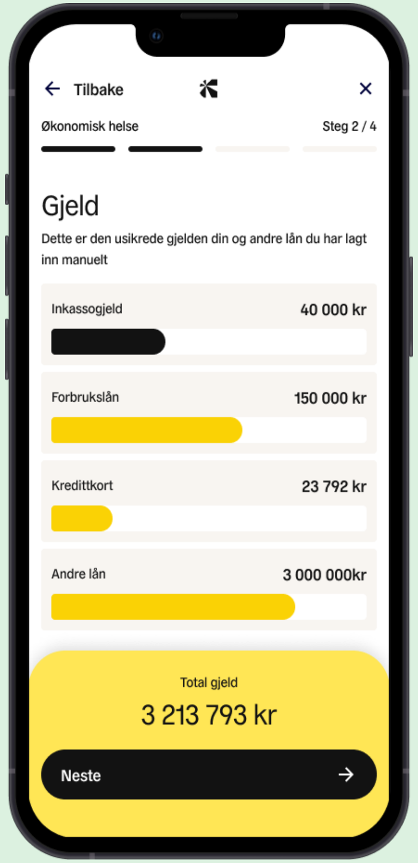
Kredinor and a Norwegian bank built a machine learning model to monitor payment problems.

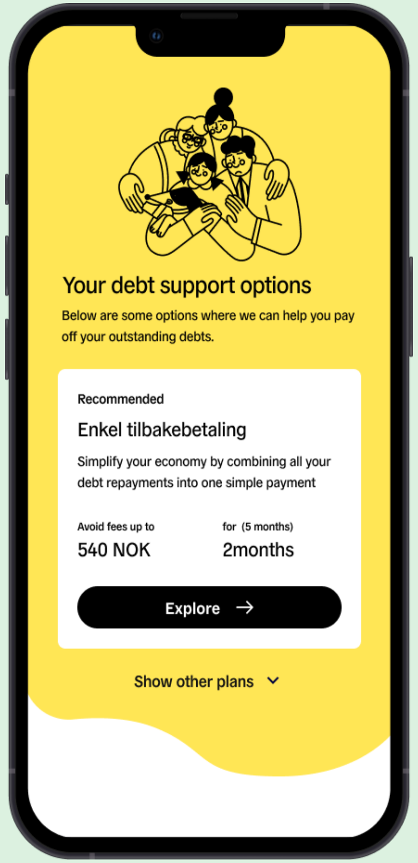
By intervening early, the bank **saved its customers NOK 5 million in fees**.

- We receive commission based on how much is *not sent* to debt collection
- The bank gets lower costs and increased revenue, thanks to lower churn and reduced loan-loss provisions
- This is a win-win-win for Kredinor, the bank and its customers

"Kan by Kredinor"

- "Kan by Kredinor" is "financial health insurance" delivered through employers as an employee benefit
- Improves employees' financial health, engagement, productivity and reduces sick leave
- Leverages Kredinor's data advantage and access to financial information infrastructure
- Distinctive branding to avoid association to traditional debt collection

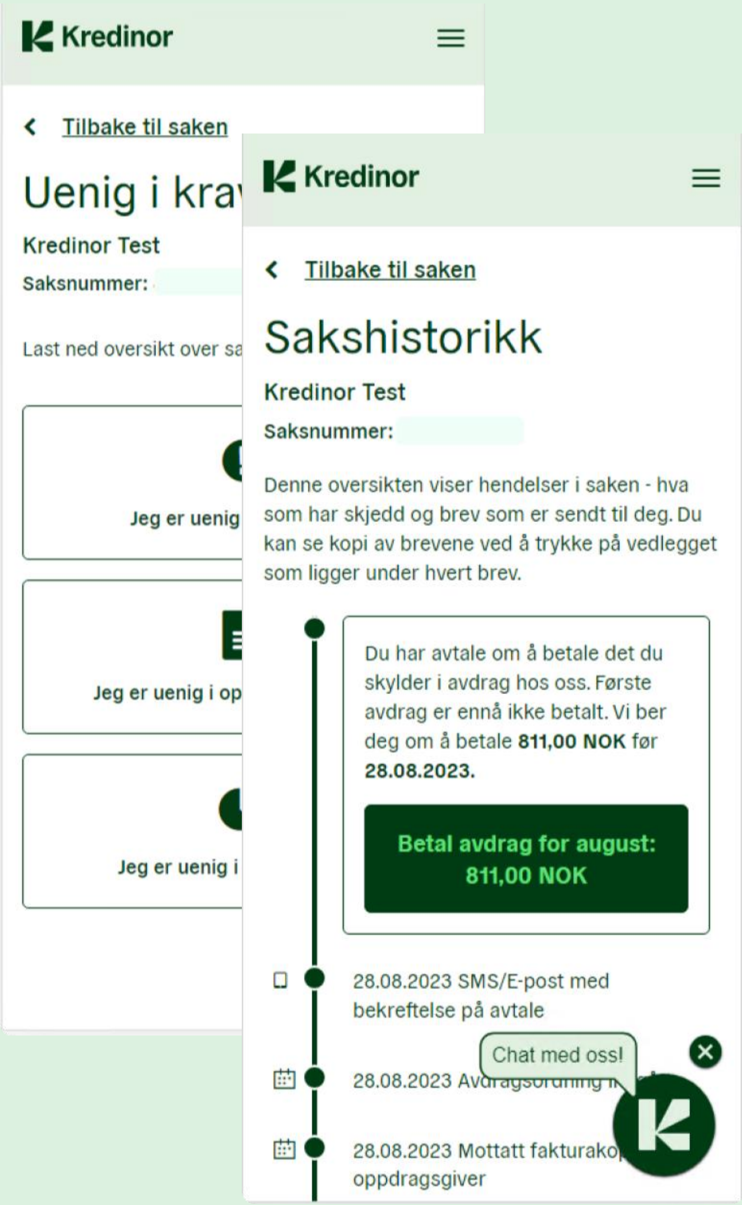




Our portal serves more than one million customers annually

An easy-to-use interface helps customers through every step, including dispute resolution, creating payment plans, getting copies of the original invoice, and other potentially time-consuming steps.

This reduces friction and stress in what is otherwise a fraught process.



Kredinor

Agenda

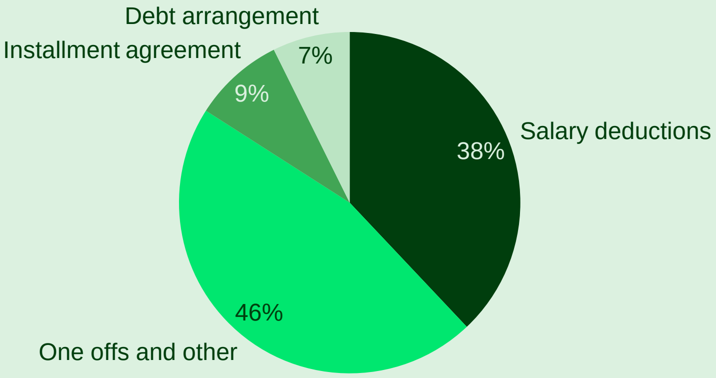
1. Intro to Nordic debt collection
2. Sustainability in debt collection
3. **Portfolio Investments**
4. Financials

Nordic NPL portfolio built over time with focus on own 3PC clients

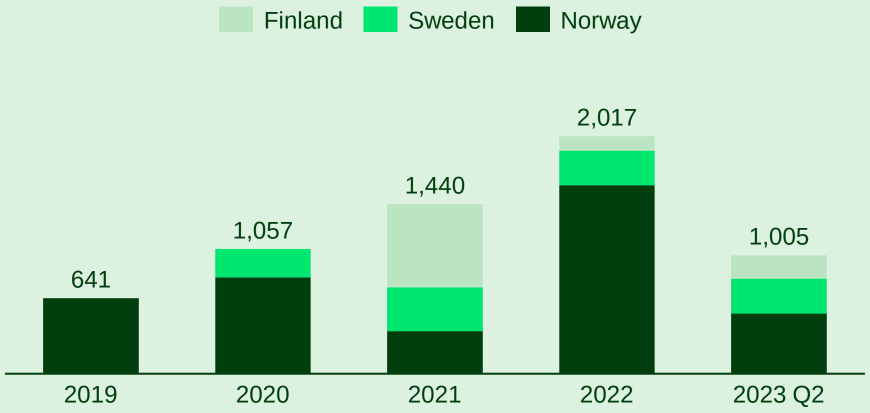
Key portfolio elements

- Stable recurring cash flow represents > 50%
- ~75% of purchases from own 3PC clients in **Norway**
- ~50% of purchases made after the debt register was introduced in **Norway**

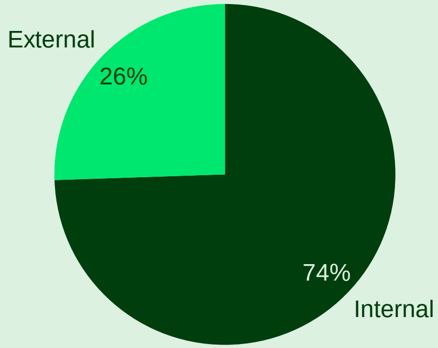
Cash flow by source



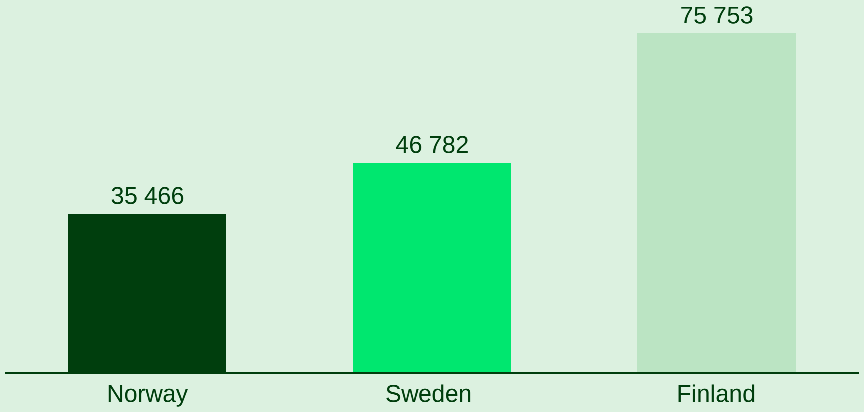
Portfolio purchases (NOKm)



Purchases from 3PC clients in 2023



Average ticket sizes (NOK)

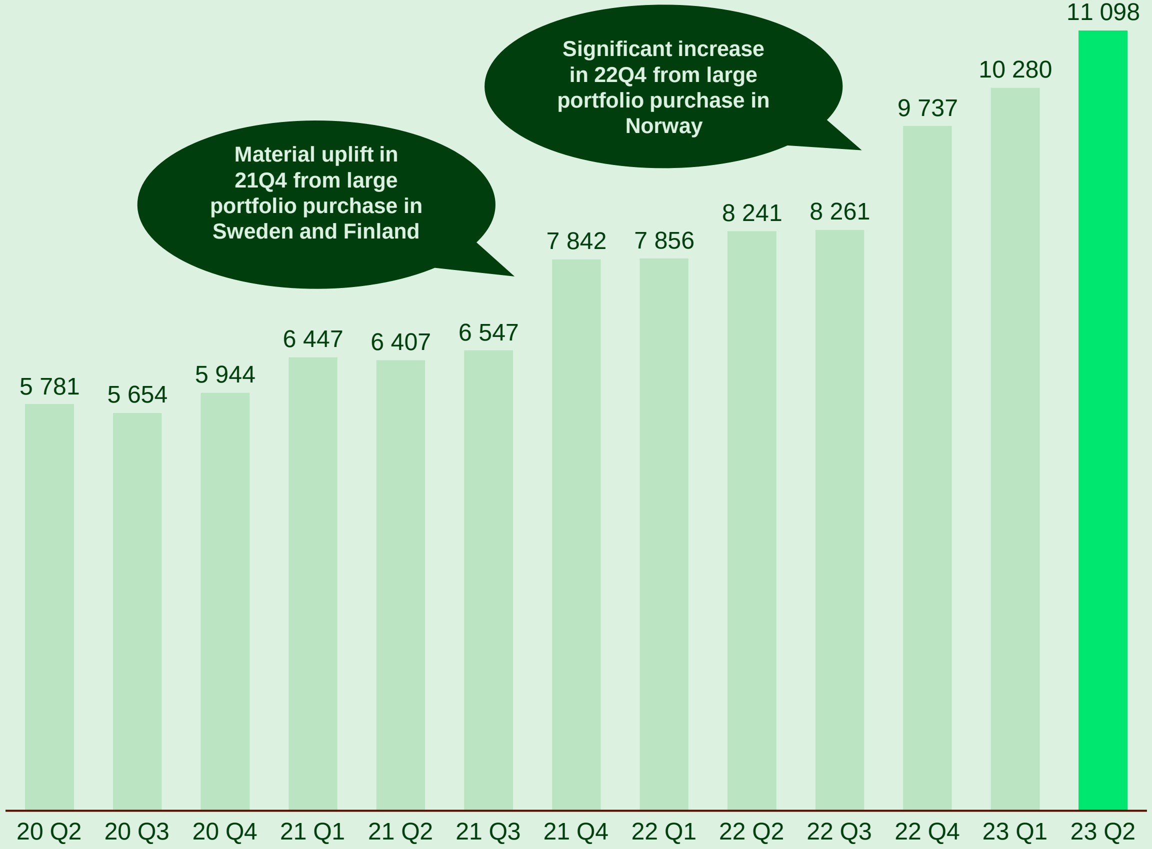


 Note: Figures as of 30.06.2023.

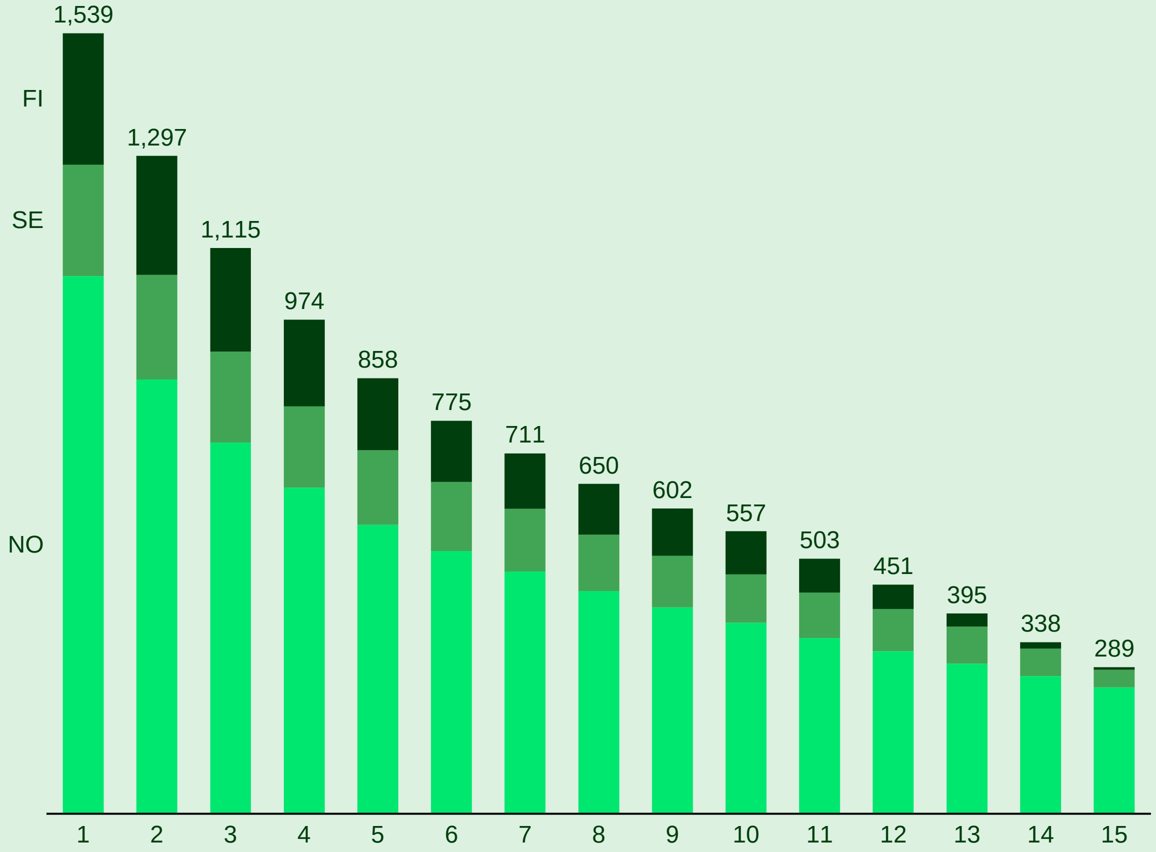
Kredinor

Large and growing Nordic ERC base exceeding NOK ~11bn

Development in total ERC per quarter (NOKm)



Forward 15-year ERC profile by country (NOKm)



 Note: Figures as of 30.06.2023.

Kredinor

Market Dynamics and Prospects

Plenty of activity in the market despite lower expectation on the price

- Clients are segmenting portfolios into lower volumes so to invite multiple players to the bidding processes
- IRR is trending upwards. We are experiencing that more sellers are switching to 3PC when prices doesn't match book values – will lead to more portfolio sales in the future
- Currently active in numerous processes with expected CAPEX of ~1.9b NOK within year end

Expected CAPEX (NOKm)

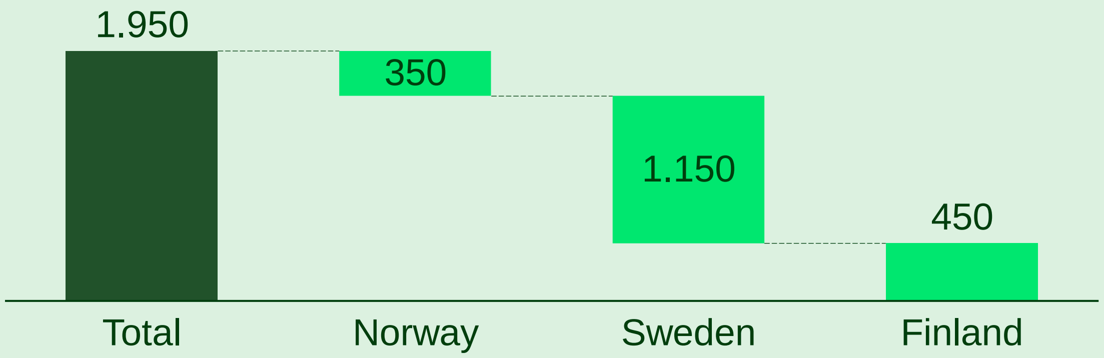
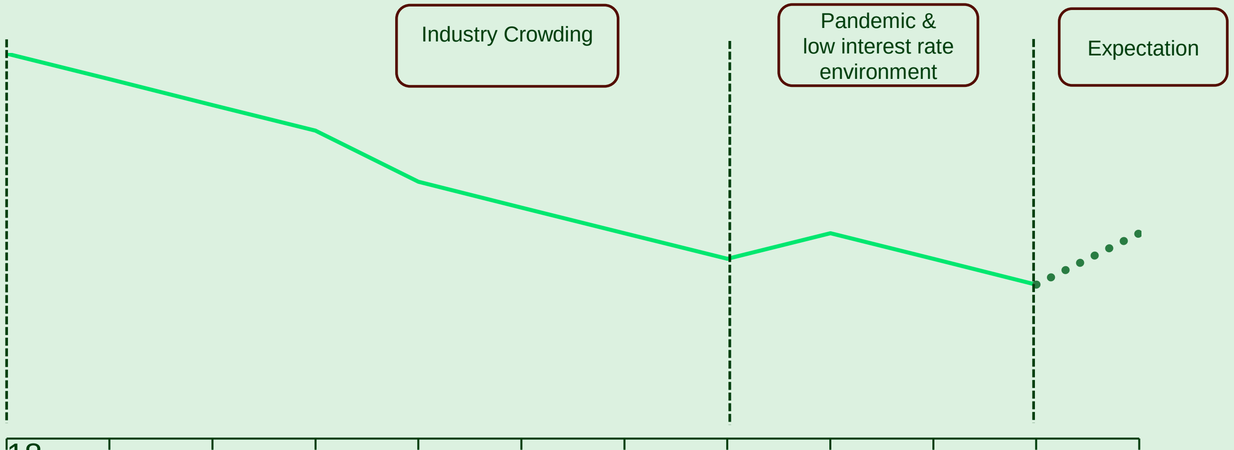
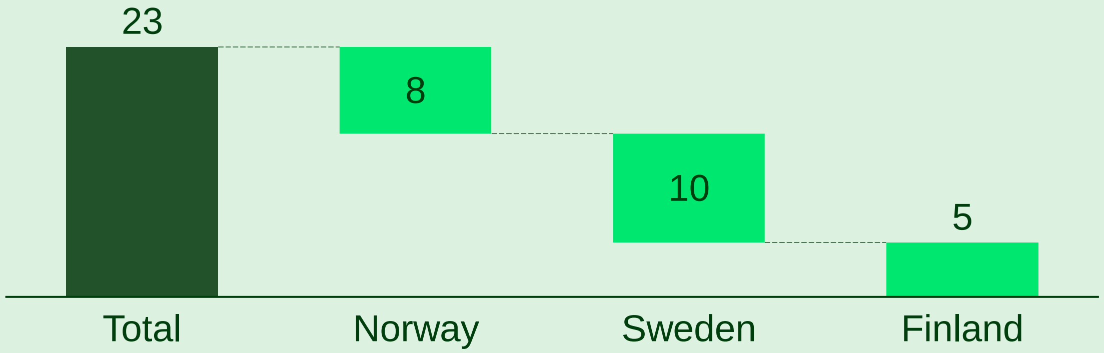


Illustration of Perceived IRR



# of active processes



We are close to completing the set-up of a flexible securitization structure for NPLs

Issuer: Luxembourg Securitization Vehicle

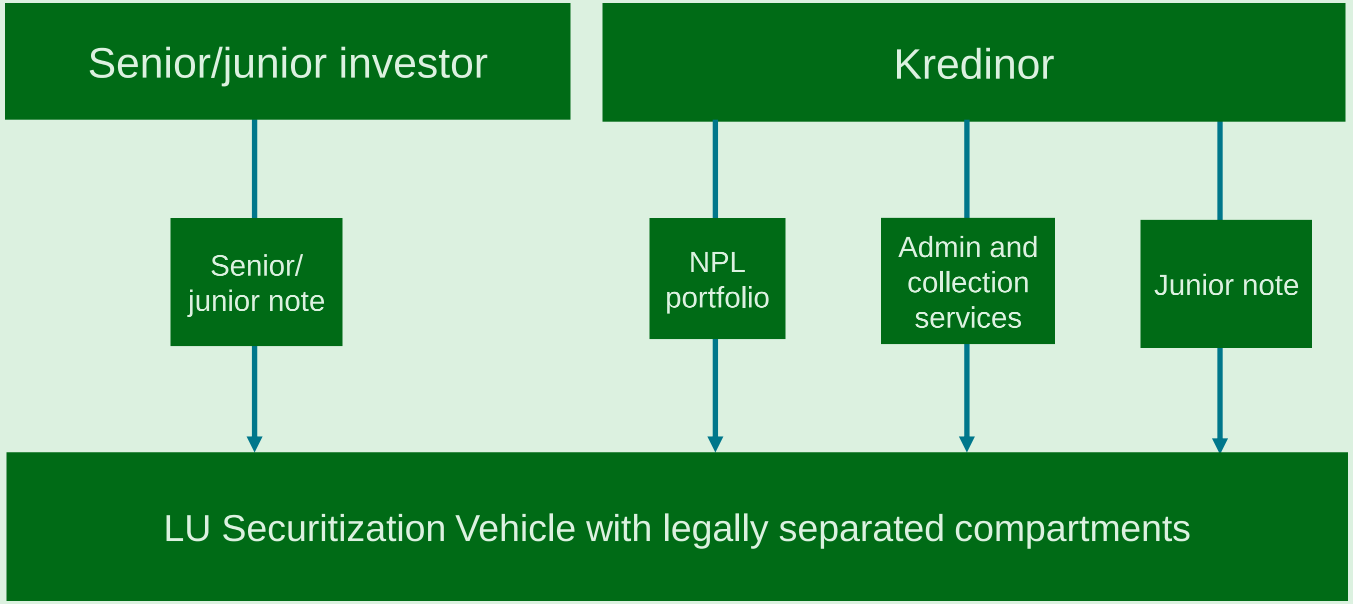
Originator: Kredinor

Servicer: Kredinor

Assets classes: NPL consumer credits

Priority/waterfall: Admin, servicing, senior interest, junior interest, senior amortization and junior amortization

Illustrative structure



Agenda

1. Intro to Nordic debt collection
2. Sustainability in debt collection
3. Portfolio Investments
4. **Financials**

Q2 Highlights

- Increased volume to debt collection and higher revenues from portfolio investments
- Collection performance improved to 96.3% but still negative revaluations
- Progress on initiatives such as «Kan», B2B invoicing and AML-screening
- Synergy program on track, more cost reductions and efficiencies planned

Cash Revenues YTD, MNOK

1 161

YTD 2022: MNOK 962

Adjusted EBIT YTD, MNOK

178

YTD 2022: MNOK 177

Cash EBITDA YTD, MNOK

641

YTD 2022: MNOK 508

Adjusted EBIT YTD Margin

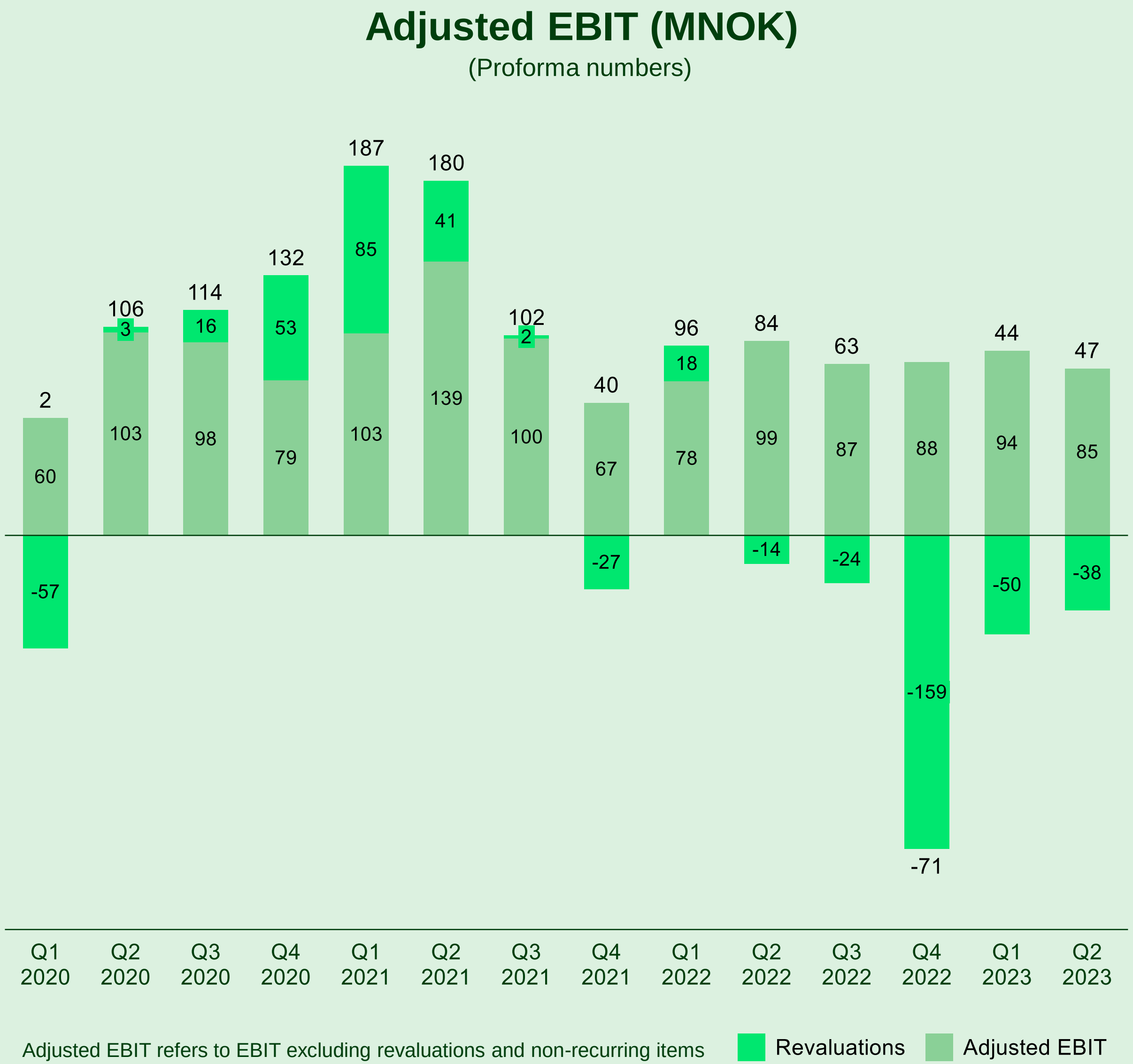
25%

YTD 2022: 27%

Note: Proforma numbers for 2022 are provided for improved comparison only and are not audited.

Adjusted EBIT on par with previous quarters

- Revenue growth for both business lines
- Higher operating costs
  - Cost inflation
  - Increased staff levels
- Collection performance at 96.3%
- Negative revaluations of MNOK 38



Synergy plan is on track to deliver cost savings

Key projects include:

- Closing branch offices in Norway
  - (75% complete)
- Digitalization and automation
  - (20% complete)
- VAT optimalisation
  - (100% complete)
- IT Migration
  - (40% complete)
- Cross-sell, upsell and new revenues
  - (expected effect in 2024)

Synergy realization EBIT (MNOK)