



Q3 2023

8 November 2023

Today's presenters



Klaus-Anders Nysteen
Chief Executive Officer



Lisa S. Legallais-Hansen
Chief Operating Officer

Agenda

Highlights

Financials

Summary and outlook

Q&A

Highlights

- Difficult macro - collection performance at 90% in Q3, 95% LTM
- Portfolio write-downs of MNOK 180 and goodwill impairment of MNOK 62 in Q3
- Leverage ratio of 3.2 - ongoing and constructive discussions with core banks to increase headroom to RCF covenants
- Successful migration from three to two core collection systems in Norway
- Entered the Danish market through the acquisition of the Danish company Intellecto A/S
- Stefan Langva new Chief Commercial Officer from 1 November

Cash Revenues YTD, MNOK

1 722

YTD 2022: MNOK 1 445

Adjusted EBIT YTD, MNOK

261

YTD 2022: MNOK 264

Cash EBITDA YTD, MNOK

922

YTD 2022: MNOK 764

Adjusted EBIT YTD Margin

24%

YTD 2022: 27%

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

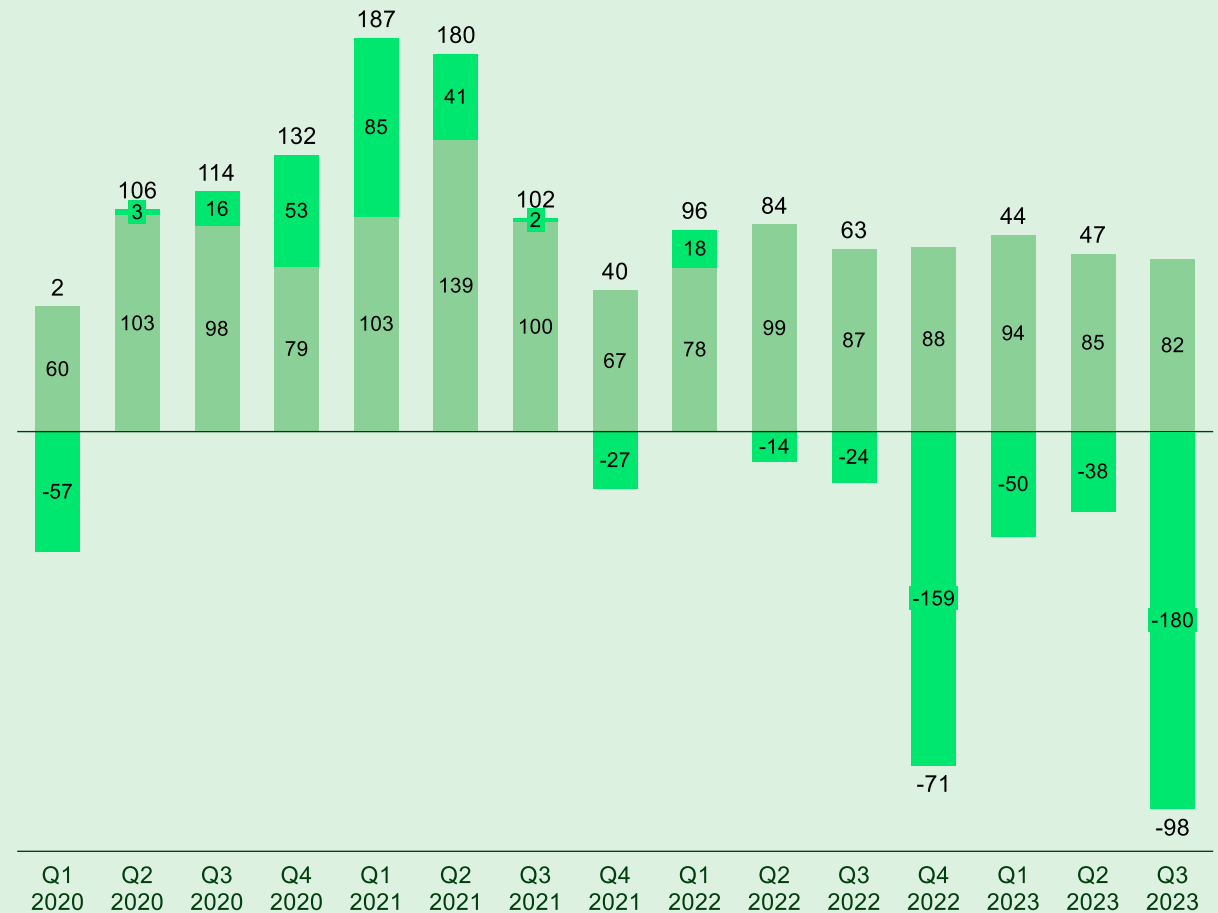


Adjusted EBIT

- CMS revenue down in Q3 mainly due to seasonal reduction in volumes to collect
- Impacted by transitional costs as the company are still in a post merger phase

Adjusted EBIT (MNOK)

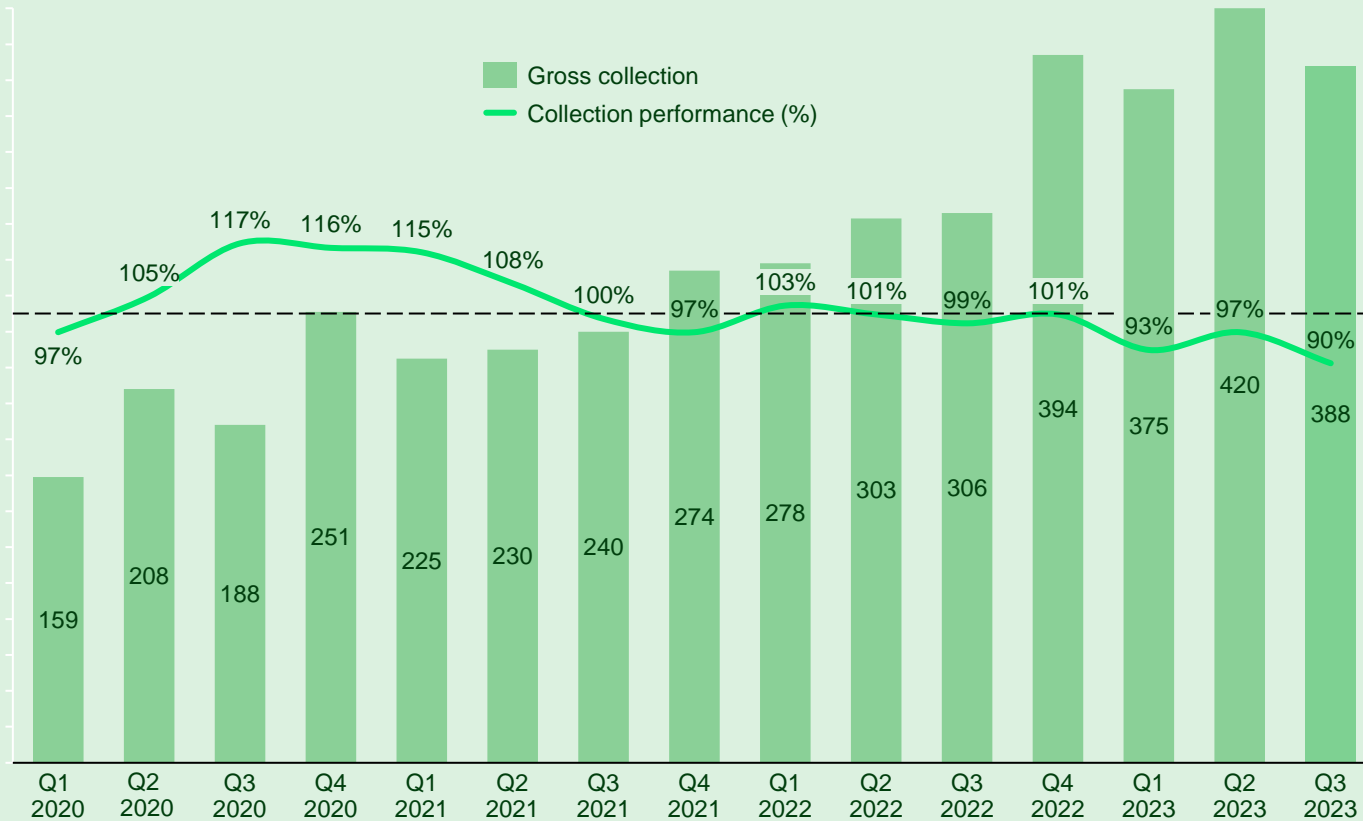
(Proforma numbers)



Adjusted EBIT refers to EBIT excluding revaluations and non-recurring items ■ Revaluations ■ Adjusted EBIT



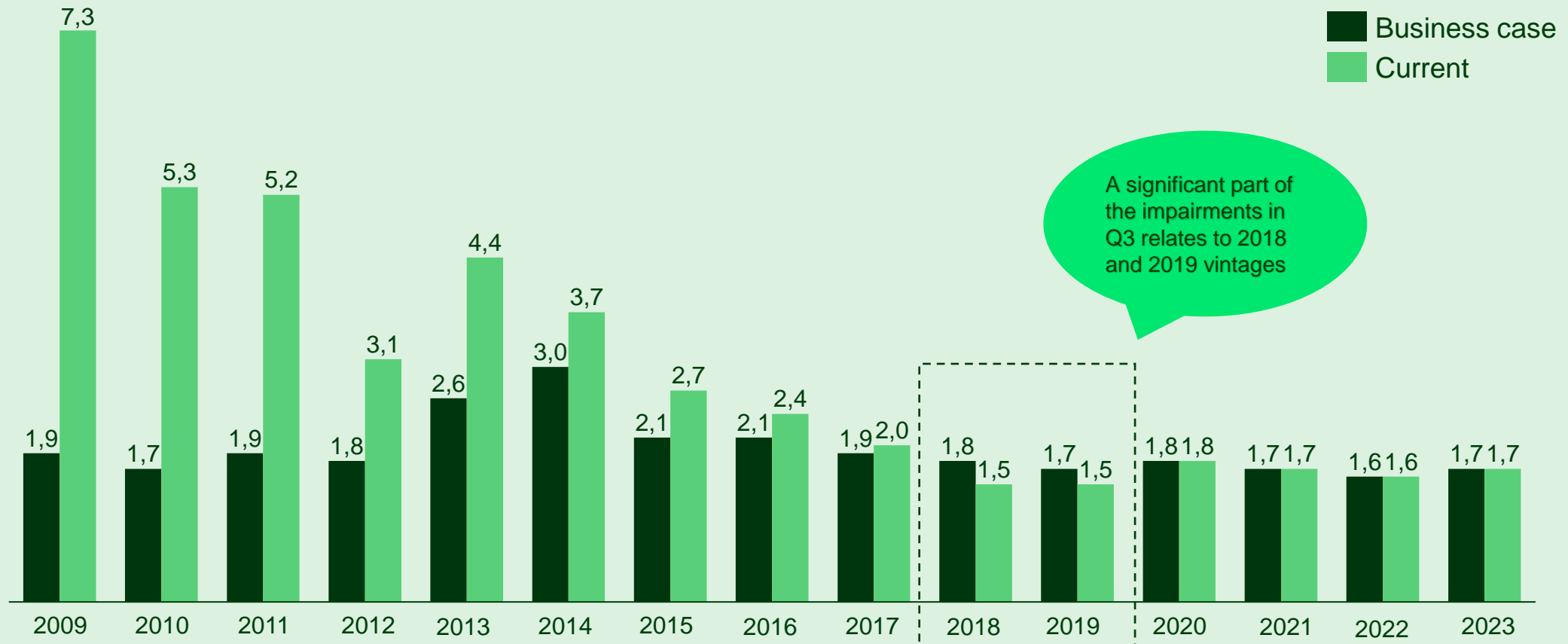
Collection Performance



- Challenging macro conditions for consumers - reduced disposable income
- Backlog at bailiff - increase in response time up 56% (from 83 to 130 days)
- Inefficiencies of working in three core systems in parallel



Business case and current MoM per vintage



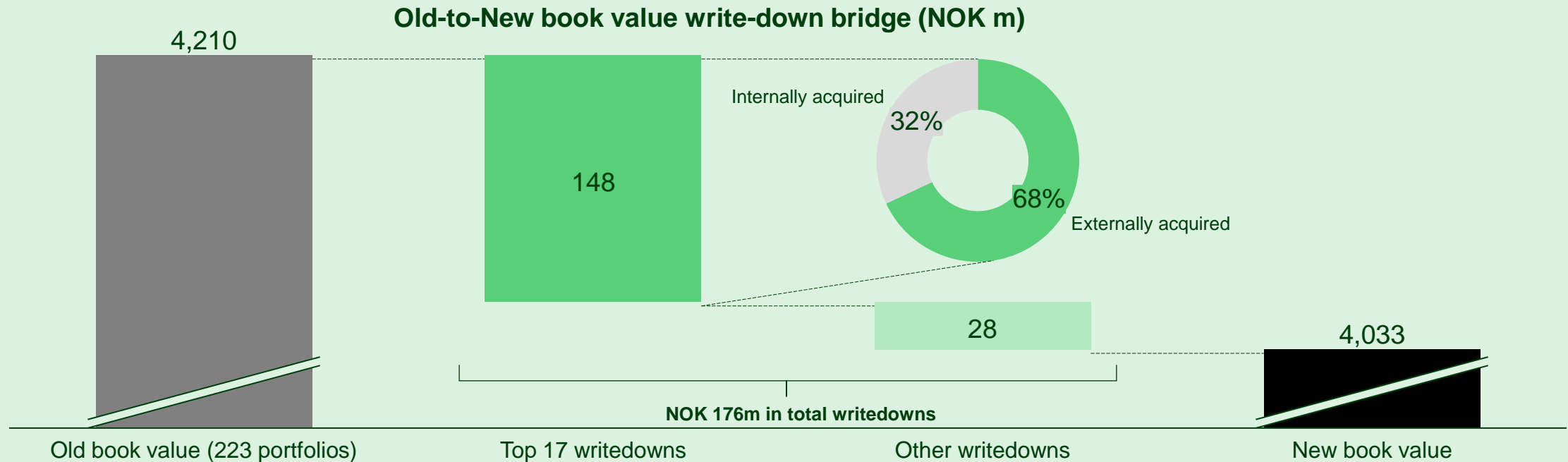
Note:

Business case MoM = initial forecast divided by purchase price

Current MoM = historical collections + current ERC, divided by purchase price



Norwegian portfolios write-downs



- Total write-downs of MNOK 180, Norwegian portfolios MNOK 176
- Of these, MNOK 148 are from 17 portfolios
- Furthermore, MNOK 100 of that comes from externally bought portfolios, where Kreditor did not have an existing 3PC servicing contract prior to acquisition

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Key figures

Proforma

- Operational revenues increased by MNOK 41 (+12.5%) compared to Q3 22 mainly driven by increased revenue from PI.
- Interest expense up in line with portfolio growth and changing interest rate environment

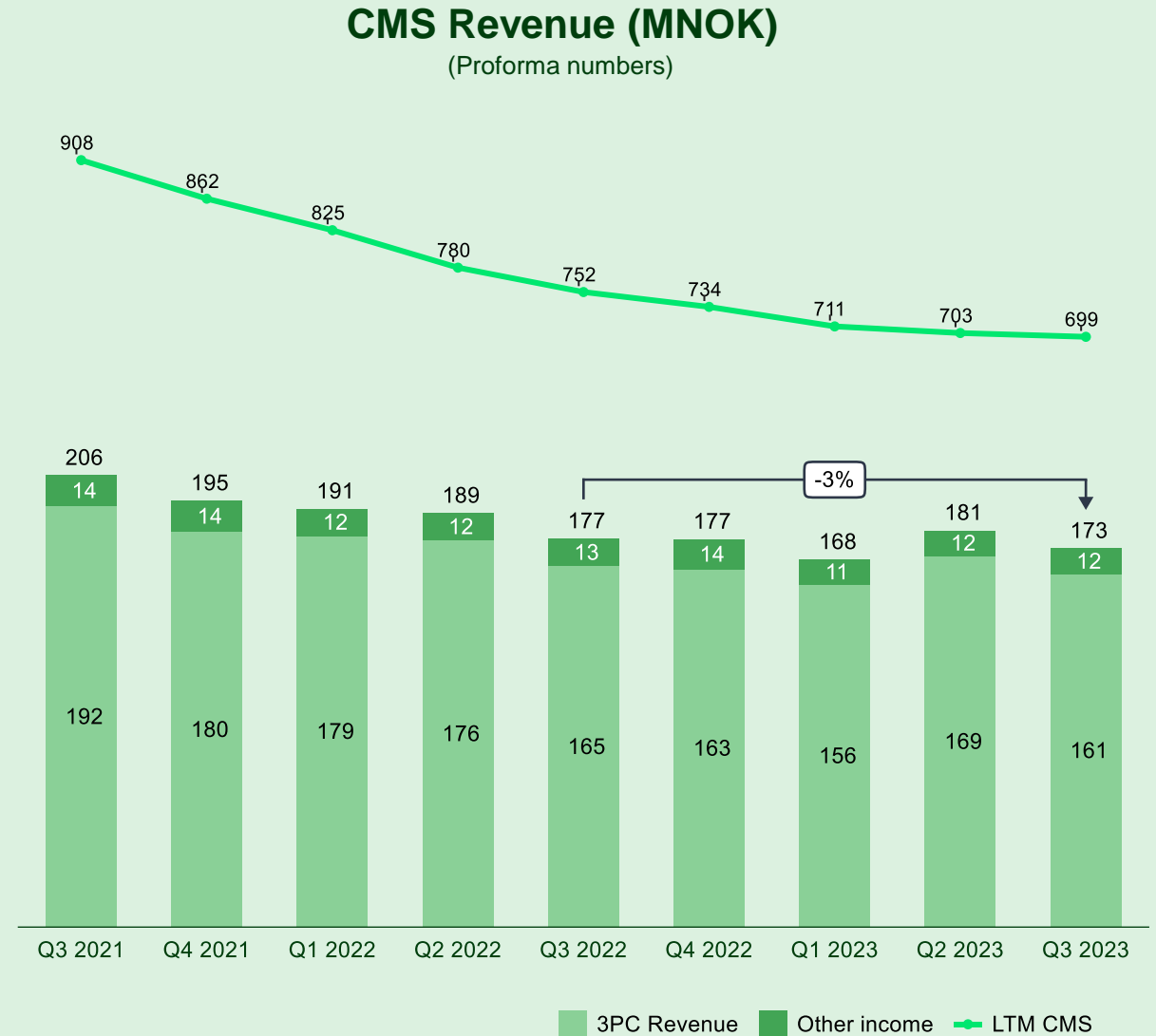
Key figures (MNOK)	This period		Year to date		Full year 2 022
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	
Operational revenues	368	327	1 090	992	1 349
Adj. EBIT	82	87	261	264	352
Adj. EBIT %	22%	27%	24%	27%	26%
EBIT	-171	60	-96	241	75
EBT	-274	20	-373	138	- 70
Cash Revenue	561	483	1 722	1 445	2 017
Cash EBITDA	279	257	922	764	995
Cash margin	50%	53%	54%	53%	49%
ERC	10 993	8 261			9 737
Portfolio Investments	268	251	1 272	801	2 026
Carrying value of Portfolio Investments	6 184	4 887	6 184	4 887	5 714

Adjusted EBIT excludes revaluations and NRIs



CMS Business Line

- Number of new debt collection cases up 8.6% YTD
- Revenue 5% down from Q2 as expected from seasonality
- Long-term decline due to:
 - Regulatory change (2020-2021)
 - 3PC portfolios acquired
 - 3PC portfolios lost to competitors



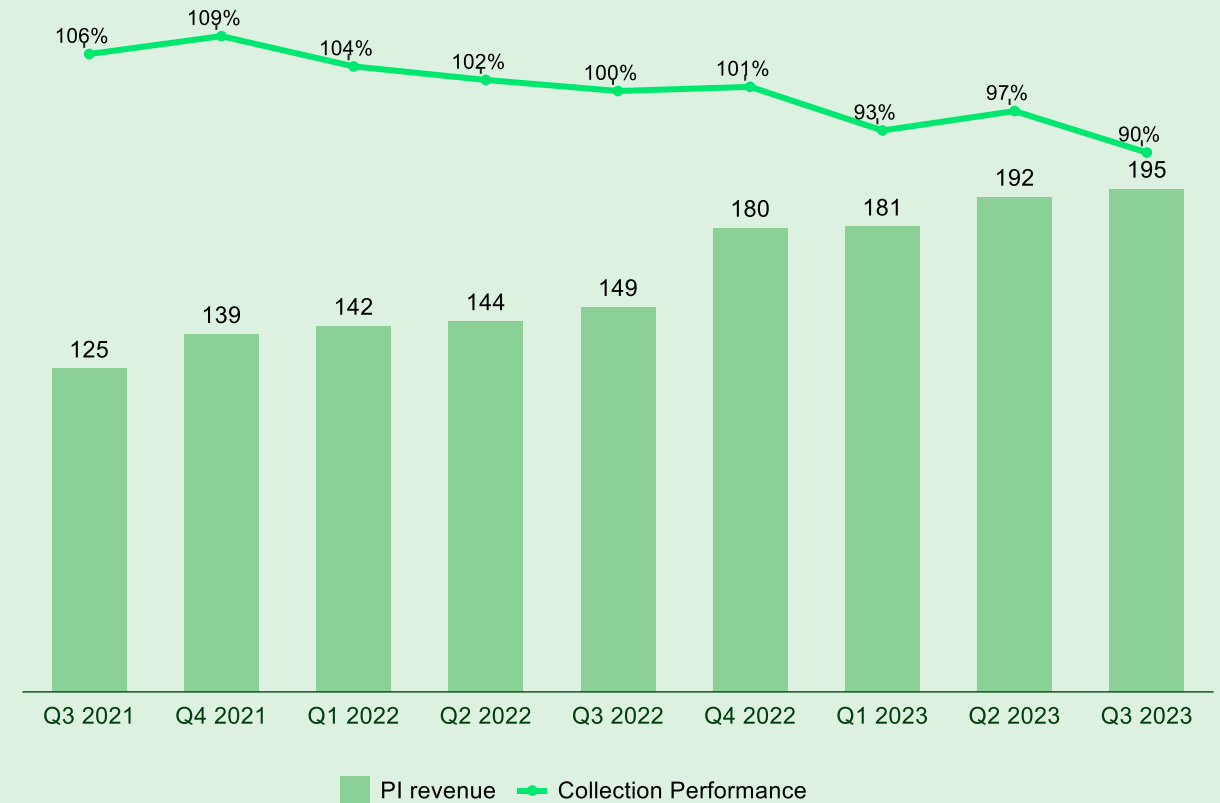


PI Business Line

- Collection performance at 90% in Q3, 95% last 12 months
- Higher PI revenues in line with the growing portfolio
- Q3 portfolio acquisitions of MNOK 268 (MNOK 251 Q3 2022)

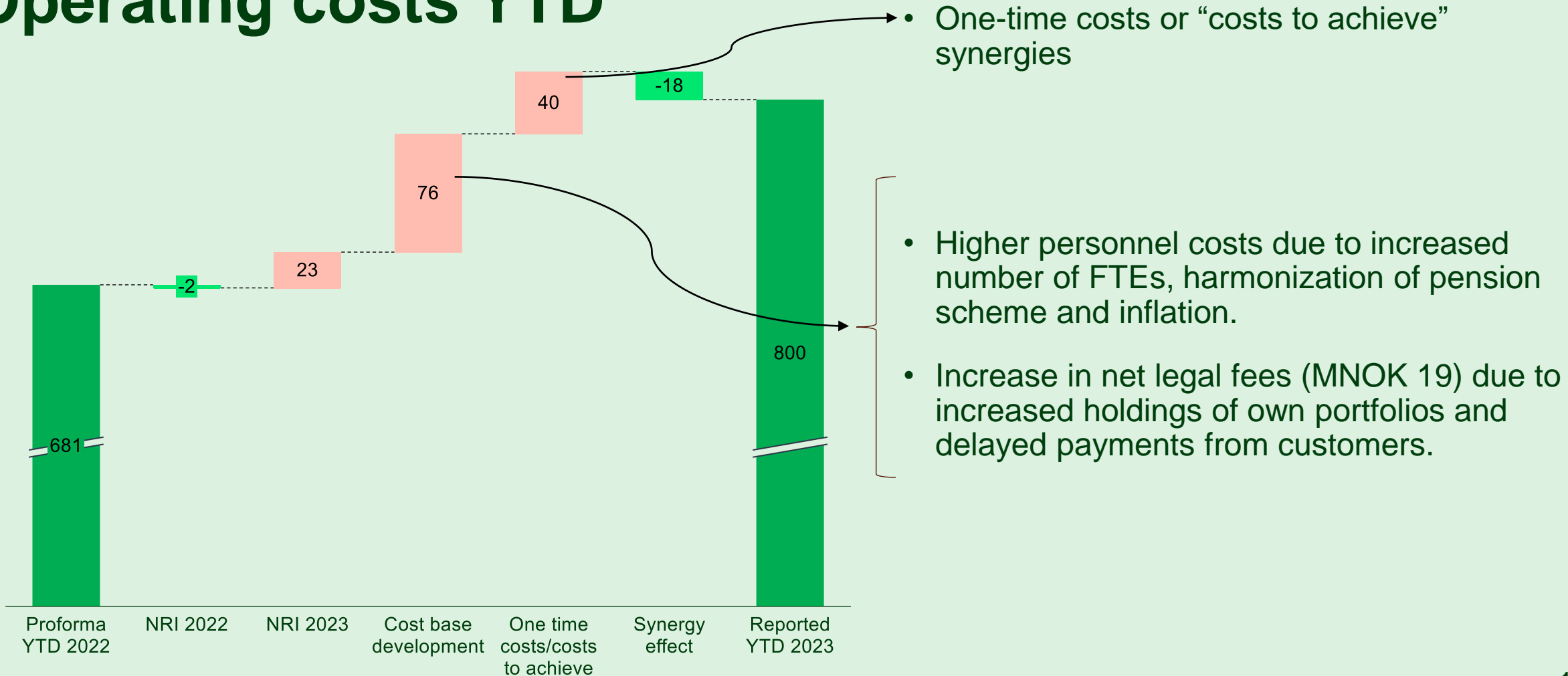
PI Revenues (MNOK) and Collection Performance

(Proforma numbers)





Operating costs YTD

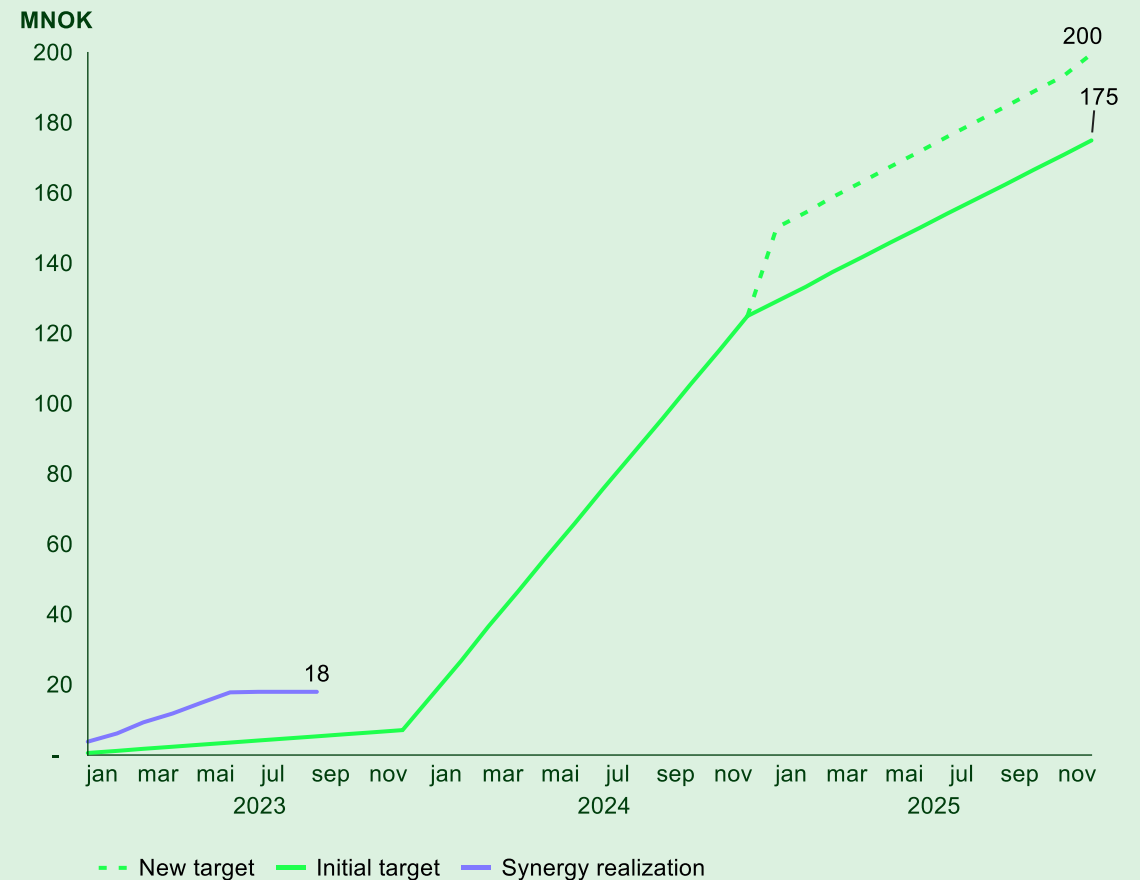




Synergies

- YTD Sep 2023, synergies has a net positive impact of MNOK 18
- Major part of synergy realization will take place after migration to one core system in first half of 2024
- Focus going forward is to realize the identified synergies within:
 - Digitalization and automation
 - IT migration from two core systems to one
 - Cross-sell, upsell and new revenues

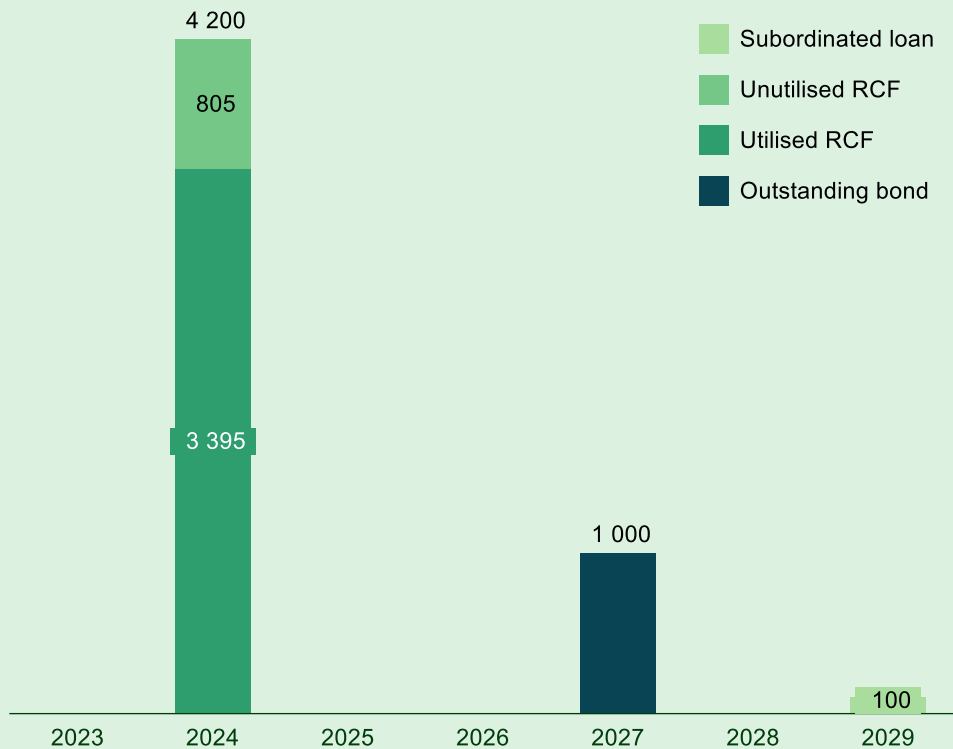
Synergy realization EBIT (MNOK)





Funding

Capital structure and maturity profile (MNOK)



Key figures

Total interest bearing debt, MNOK	4495
Share of fixed interest rate	36%
Average fixed interest rate before margin	2,8%

- There is a risk that Kreditor in the next quarter will be in breach with some of the covenants related to the revolving credit facility (RCF).
- Ongoing constructive dialogue with RCF banks for waiver from collection performance covenant and increase of total LTV covenant.
- No further portfolio investments on top of existing forward flow commitments for the next two quarters
- Share of fixed interest rate at 36%. Plan for securitization of Swedish and Finnish back-book in 2024 will increase the share of fixed interest rate.

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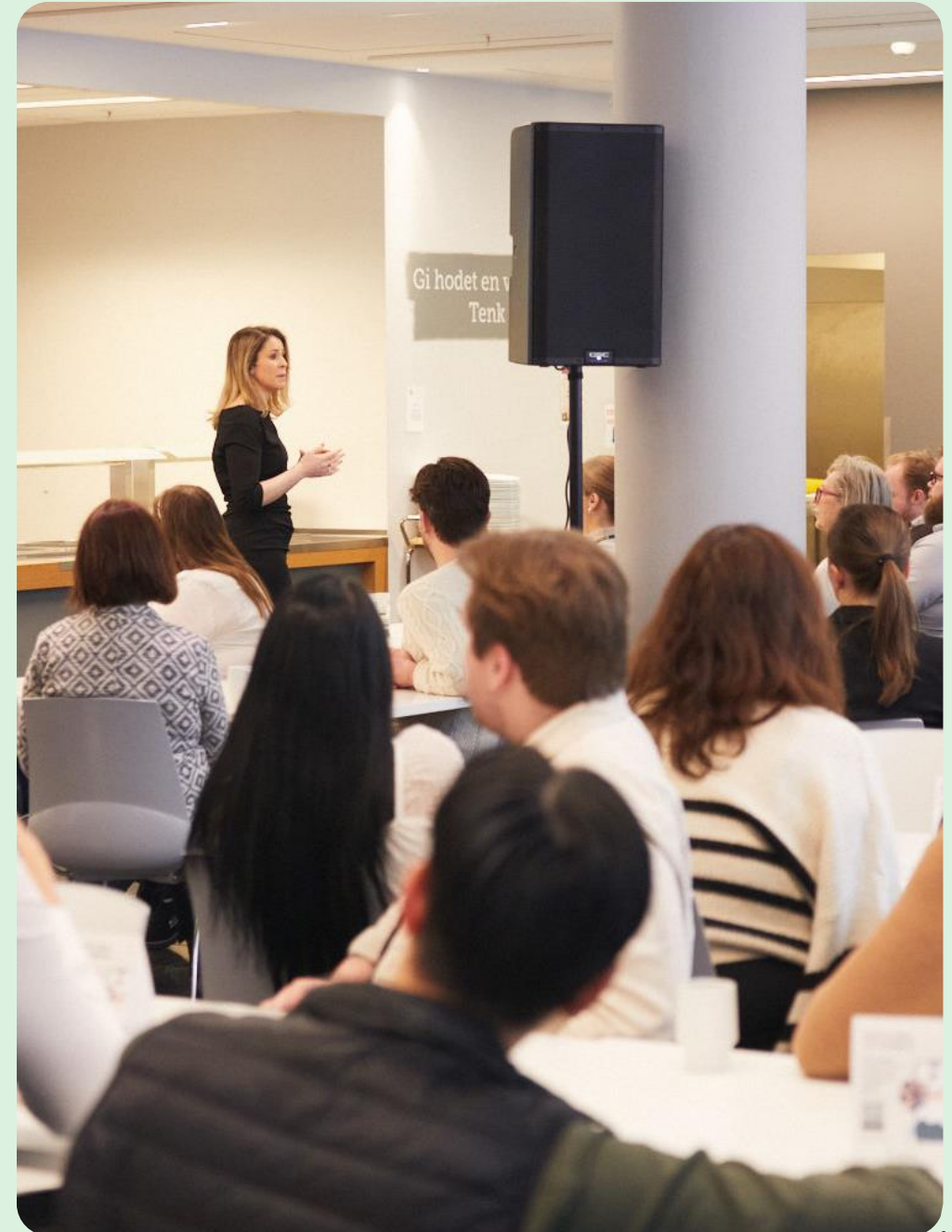
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Summary and outlook

- Challenging macro – supporting customers and clients is key focus
- 2023 and 2024 are important steppingstones for improved profitability
- Improving collection performance, materialize the benefits from the merger and CMS growth are main priorities
- Constructive dialogue with core banks to increase headroom to RCF covenants
- No further portfolio investments on top of existing forward flow commitments for the next two quarters



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Profit and Loss

Proforma

PnL (MNOK)	This period		Year to date		Full year 2022
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	
3PC revenue	161	165	487	520	683
Revenue from portfolio investments	195	149	568	435	615
Net gain/(loss) from purchased loan portfolios	-180	-24	-268	-21	-180
Other income	12	13	35	37	51
Total revenue and other income	188	302	822	972	1 170
Salary and personnel costs	156	133	441	383	523
Other operating expenses	88	74	259	238	334
Net legal fee expenses	26	17	77	58	74
Non-recurring items	12	3	23	2	90
Total operating expenses	282	226	800	681	1 021
EBITDA	-94	76	22	291	148
Depreciation and amortization	77	16	118	50	73
Impairment losses	62		62		8
EBIT	-171	60	-96	241	75
Net financial expenses	103	40	277	103	145
EBT	-274	20	-373	138	-70
Income tax expense	-57	2	-82	24	-18
Net profit or loss for the year	-216	17	-291	114	-52



Balance Sheet

Proforma

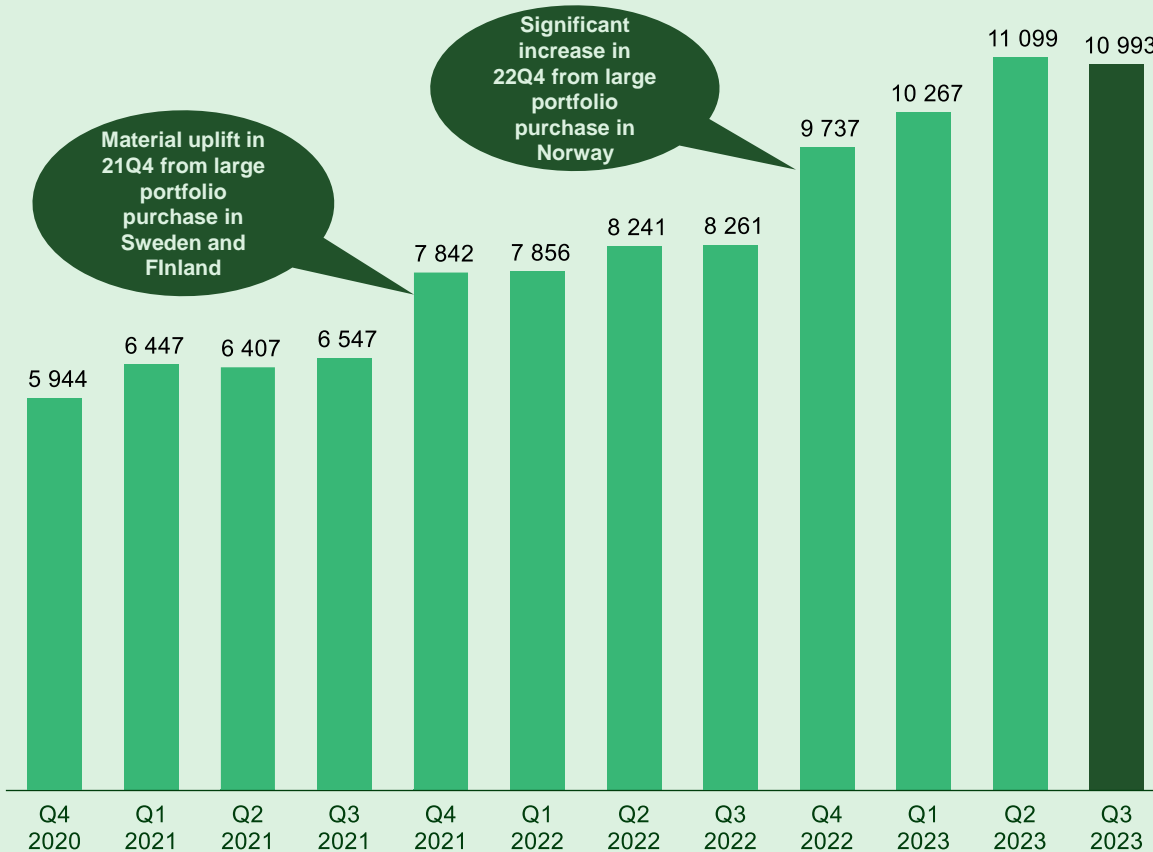
Assets (MNOK)	Q3 2023	Q3 2022	2022
Goodwill	351	7	393
Intangible assets	197	87	214
Deferred tax assets	90	5	10
Right-of-use assets	182	138	26
Property, plant and equipment	98	14	33
Purchased loan portfolio	6 184	4 887	5 714
Other non-current financial assets	79	7	21
Other non-current receivables	5	1	4
Total non-current assets	7 186	5 144	6 416
Trade and other receivables	26	21	14
Other current assets	18	4	14
Cash and cash equivalents	318	584	410
Total current assets	361	609	438
Total assets	7 547	5 754	6 854

Equity and liabilities (MNOK)	Q3 2023	Q3 2022	2022
Share capital	143	325	143
Share premium	2 458	-	2 458
Other equity	(195)	1 881	41
Total equity	2 406	2 206	2 642
Interest-bearing liabilities	4 495	3 006	3 715
Deferred tax liabilities	-	-	-
Lease liabilities	154	146	47
Other non-current liabilities	1	(3)	1
Total non-current liabilities	4 649	3 149	3 763
Trade and other payables	63	29	51
Income tax payable	8	90	(0)
Lease liabilities	39	6	-
Other current liabilities	382	274	399
Total current liabilities	492	399	450
Total liabilities	5 141	3 548	4 213
Total equity and liabilities	7 547	5 754	6 854

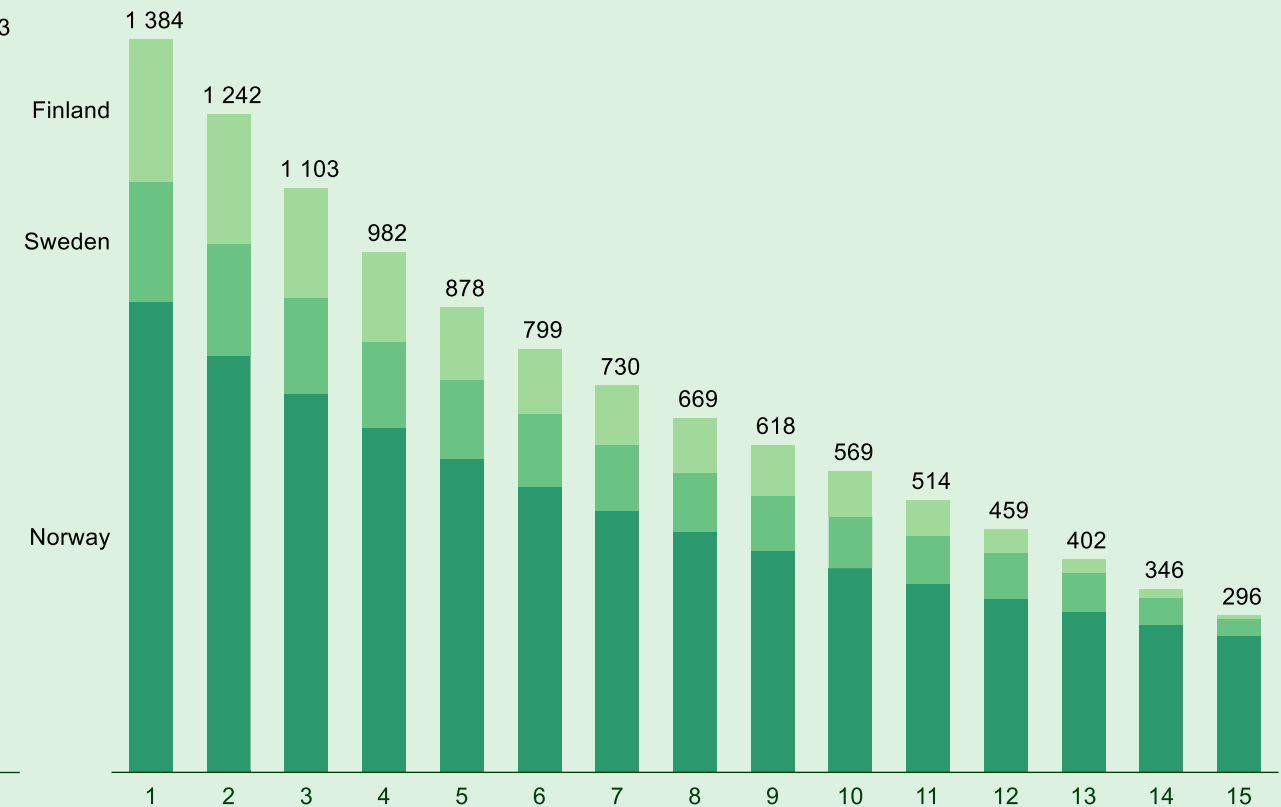


ERC reduced in quarter due to amortization and lower purchases

Development in total ERC per quarter (NOKm)



Forward 15-year ERC profile by country (NOKm)





Overview of existing covenants

Covenant	RCF	Bond
Total loan to value	70 %	n/a
Secured loan to value	65 %	65 %
Total leverage ratio	3,5	4,0
Secured leverage ratio	3,5	n/a
Collection performance	95 %	n/a
Interest coverage ratio	n/a	3,0

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