

Q4 2023

14 February 2024

Today's presenters



Sverre Gjessing
Chairman of the board



Lisa S. Legallais-Hansen
Chief Operating Officer



Rolf Eek-Johansen
Chief Executive Officer



Steinar Jørgensen
Chief Financial Officer

Agenda

Highlights

Financials

Summary and outlook

Q&A

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
- 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 interim CEO and CFO
- Collection performance in Q4 of 102.8%
- EBITDA of MNOK 26 and EBT of MNOK -127 in Q4, mainly due to high costs
- Weak results for Q4 (and 2023), also when adjusting for NRI and post-merger costs - needs to improve profitability

Cash Revenues YE, MNOK

2 299

*YE 2022: MNOK 2 017

EBITDA YE, MNOK

48

*YE 2022: MNOK 148

Cash EBITDA YE, MNOK

1 158

*YE 2022: MNOK 995

Adjusted EBIT YE, MNOK

274

*YE 2022: MNOK 352

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

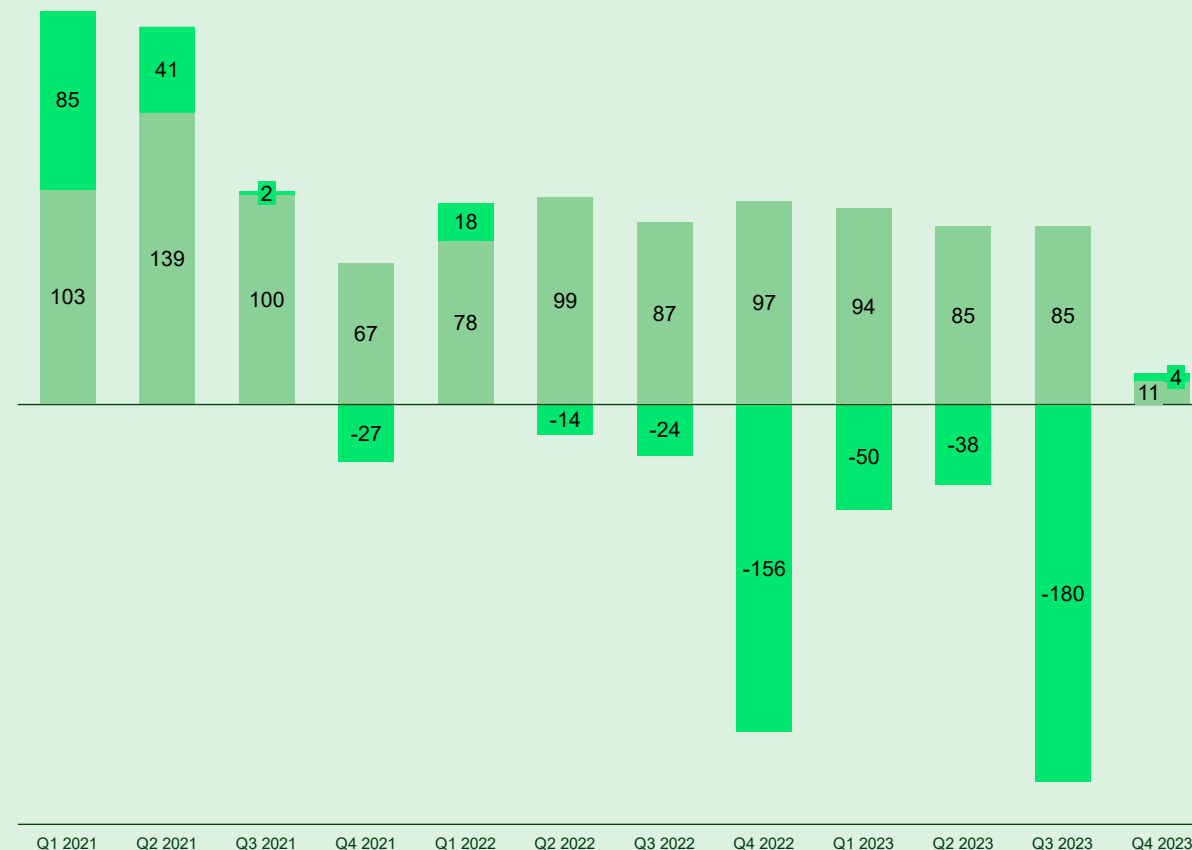


Adjusted EBIT

- Higher revenues than Q3, but operating costs are also higher in Q4
- Q4 is affected by costs that typically come late in the year, in addition to clearing old accounting entries
- After six consecutive quarters of portfolio write-downs, we had a small positive revaluation in Q4

Adjusted EBIT (MNOK)

(Proforma numbers through Q3 2022)



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



Revaluations

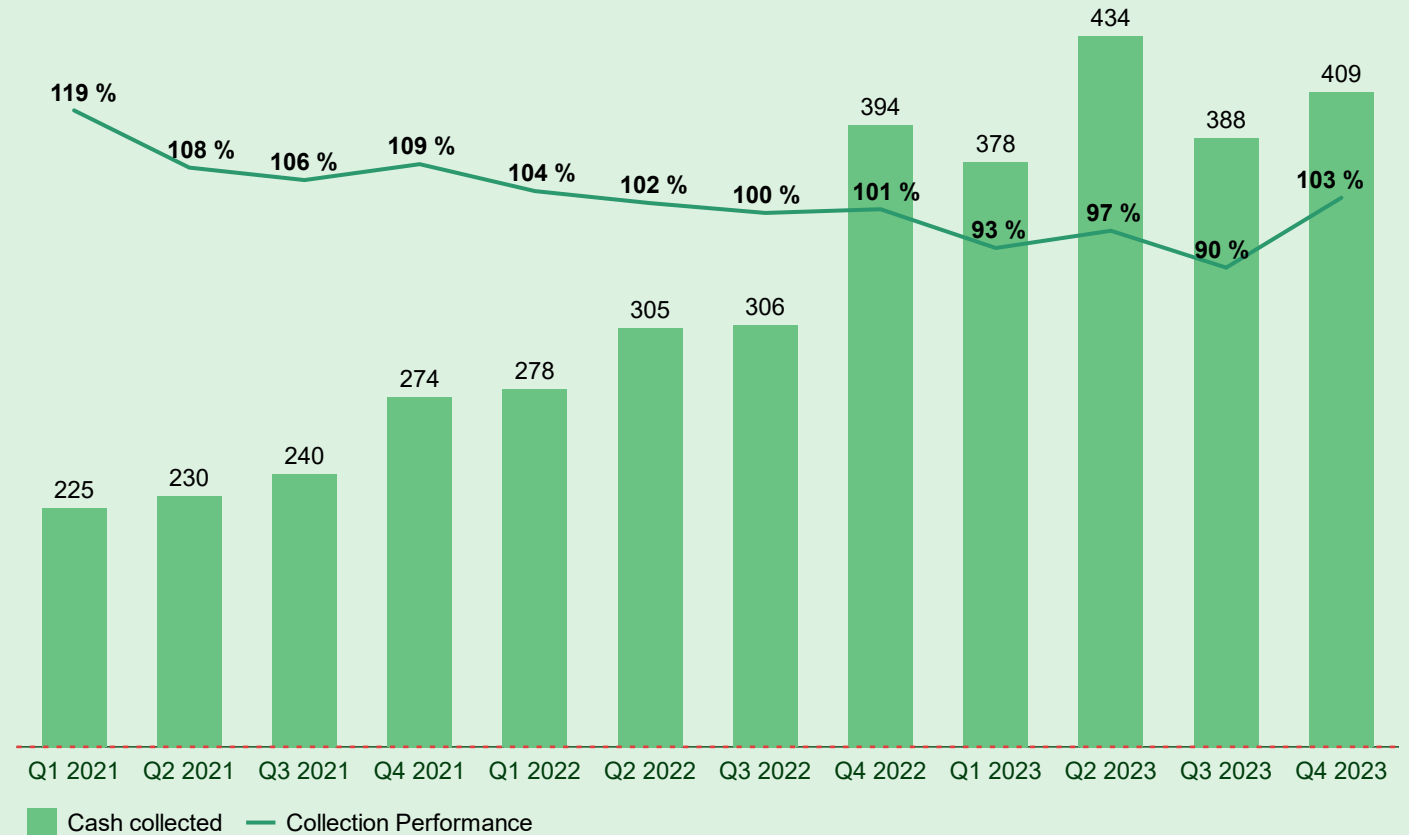


Adjusted EBIT



Collection Performance

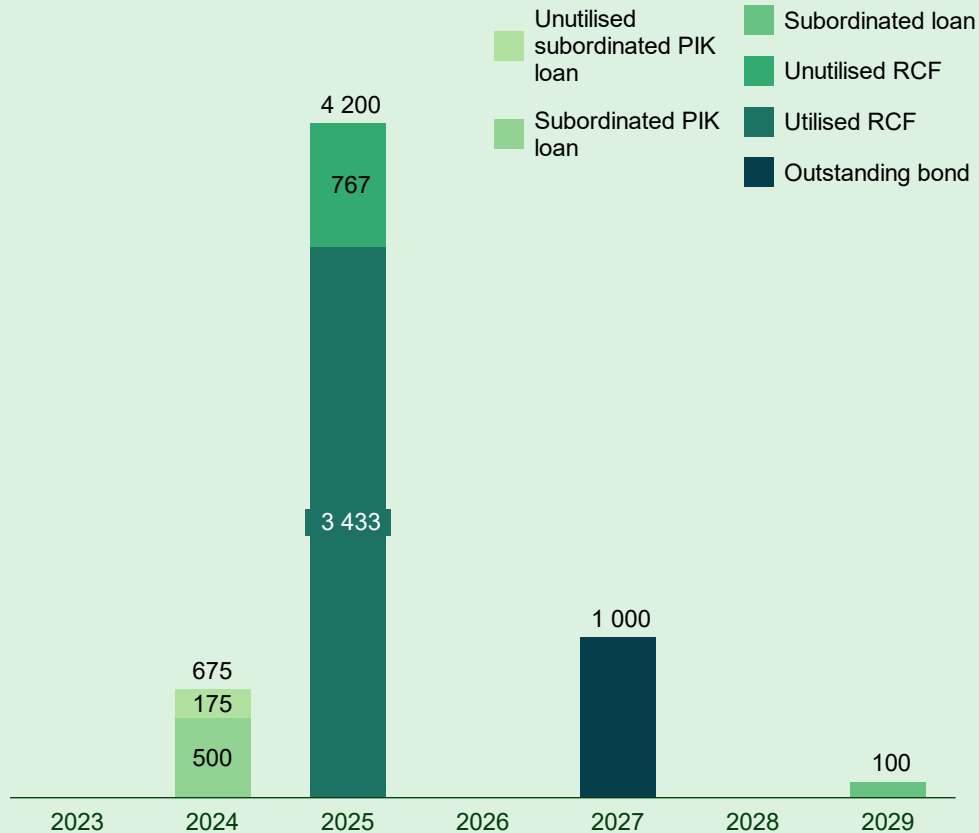
- Q4 performance primarily driven by revalued portfolios in Q3
- Stable cash collection from purchased portfolios in Q4
- Rolling 12 months collection performance at 95.5%





Funding

Capital structure and maturity profile (MNOK)



Key figures

Total interest bearing debt excl. subordinated PIK loan (MNOK)	4 533
Share of fixed interest rate	36%
Average fixed interest rate before margin	2,8%
WAL as per 31.12.2023	1,40

- Constructive dialogue with owners and syndicate banks in Q4 resulted in changes to covenants, extension of RCF to 2025 and a new subordinated loan facility of MNOK 675 with non-payable interest. MNOK 500 has been drawn from this facility as per YE 2023
- Comfortable headroom to all covenants as per YE 2023
- Continue to invest according to commitments in existing forward flow contracts
- Share of fixed interest rate of 36% and plans to increase this further in 2024

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Key figures

Proforma (full year 2022)

- Operational revenues increased by MNOK 5 (+1.4%) compared to Q4 22 mainly driven by increased revenue from PI, as 3PC revenues are lower
- Increased interest expense in line with portfolio growth and changing interest rate environment by MNOK 42.6 compared to Q4 22

Key figures (MNOK)	This period		Full year	
	Q4 2023	Q4 2022	2023	2022*
Operational revenues	363	358	1 453	1 349
Adj. EBIT	11	97	274	352
Adj. EBIT %	3%	27%	19%	26%
EBIT	-8	-154	-104	75
EBT	-127	-206	-501	- 70
Cash Revenue	577	572	2 299	2 017
Cash EBITDA	236	240	1 158	995
Cash margin	41%	42%	50%	49%
ERC	11 106	9 737		
Portfolio Investments	221	1 225	1 493	2 026
Carrying value of Portfolio Investments	6 210	5 714	6 210	5 714

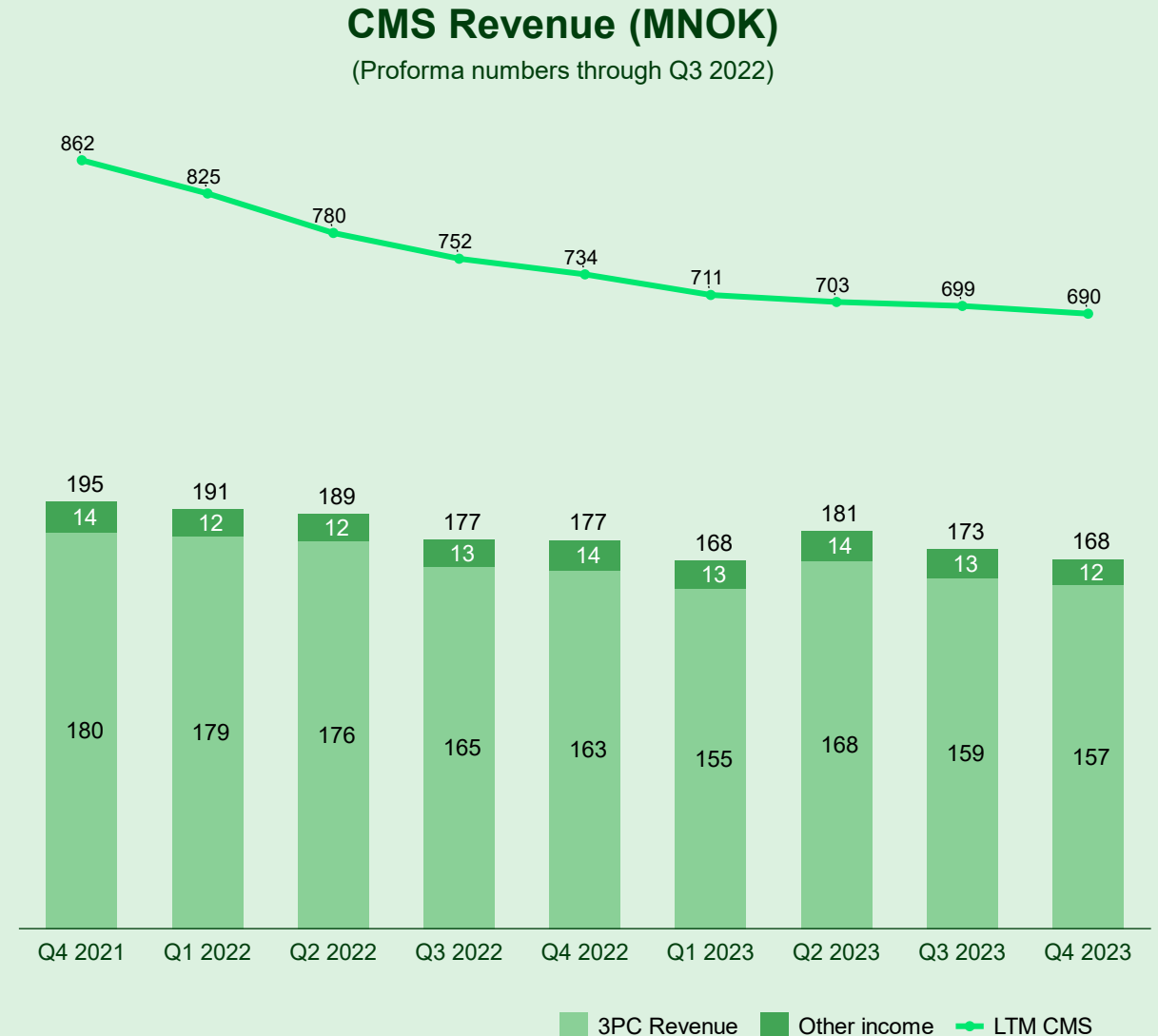
Adjusted EBIT excludes revaluations and NRIs

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



CMS Business Line

- Number of new debt collection cases up 9.4% in 2023 compared to 2022
- Revenue 2.6% down from Q3 as expected from seasonality
- Long-term decline due to:
 - Regulatory change (2020-2021)
 - 3PC portfolios acquired
 - 3PC portfolios lost to competitors
 - Post-pandemic effect of reduced solution rates



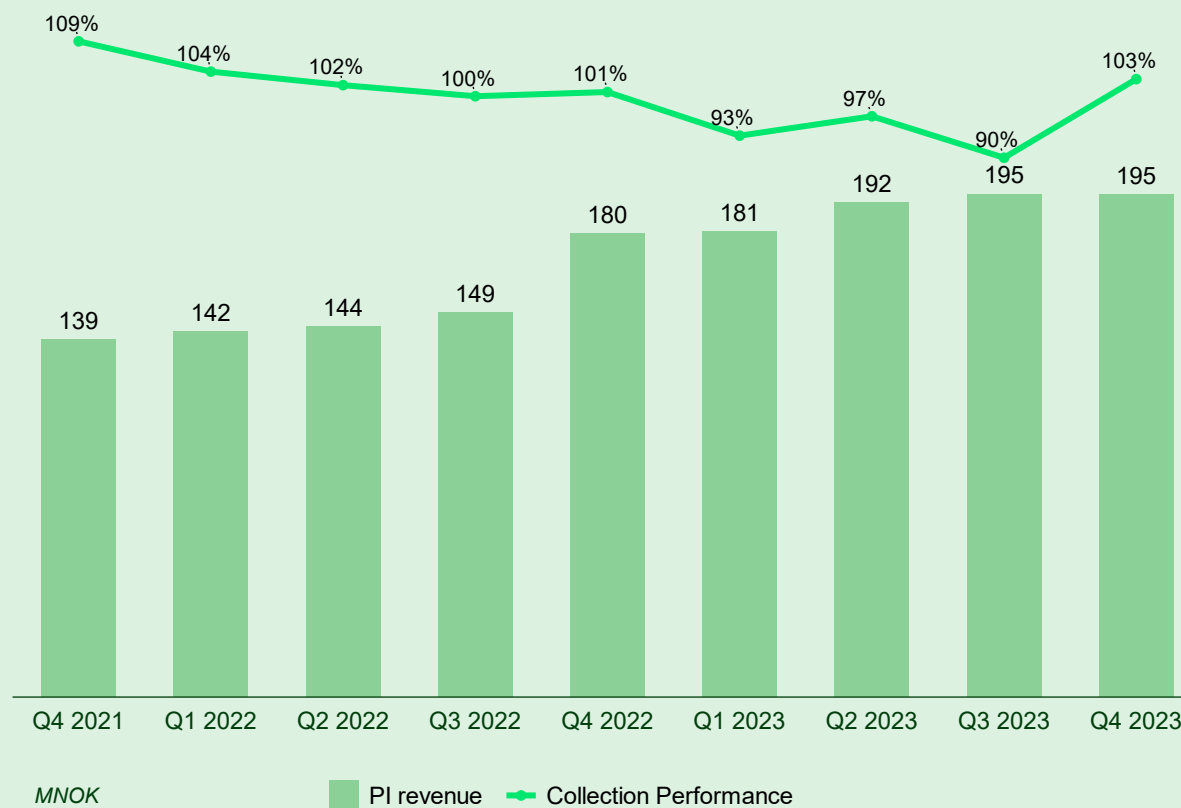


PI Business Line

- Collection performance at 102,8% in Q4 mainly driven by revalued portfolios in Q3
- Collection performance at 95.5% last 12 months
- Steady PI revenues
- Q4 portfolio acquisitions of MNOK 221 (MNOK 1225 Q4 2022)

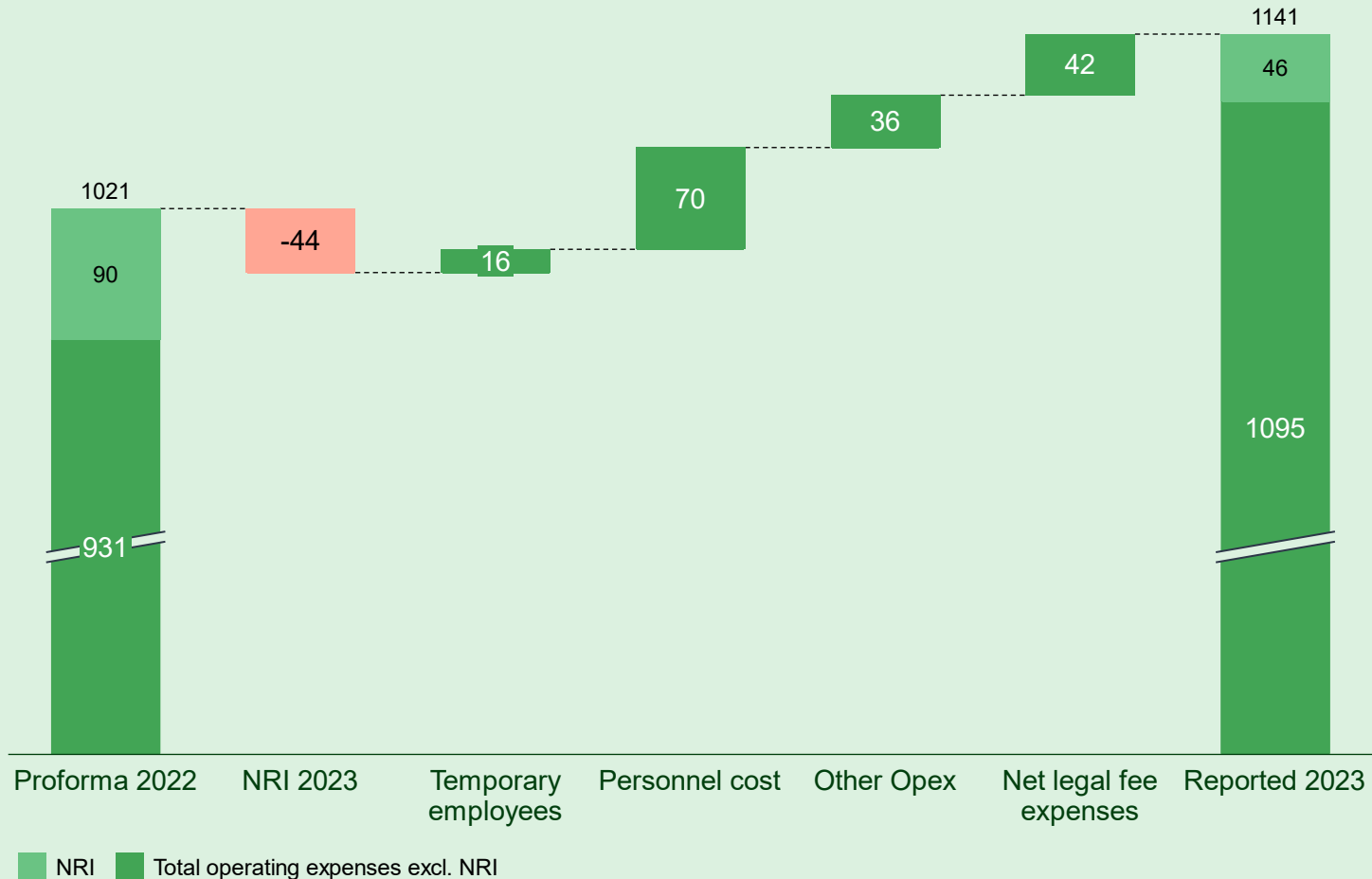
PI Revenues and Collection Performance excluding revaluations

(Proforma numbers through Q3 2022)





Operating costs 2023



- Non-recurring items in 2023 mainly consist of costs related to severance packages, capital light and migration of core systems. MNOK 44 lower in 2023 than previous year
- Higher personnel costs due to increased number of FTEs, harmonization of pension scheme, increase in use of temporary employees and inflation. FTEs increased 13% from Q4 2022, contributing to higher salary costs
- Other opex is higher mainly because of IT support and consulting costs
- Increase in net legal fees mainly due to increased holdings of own portfolios

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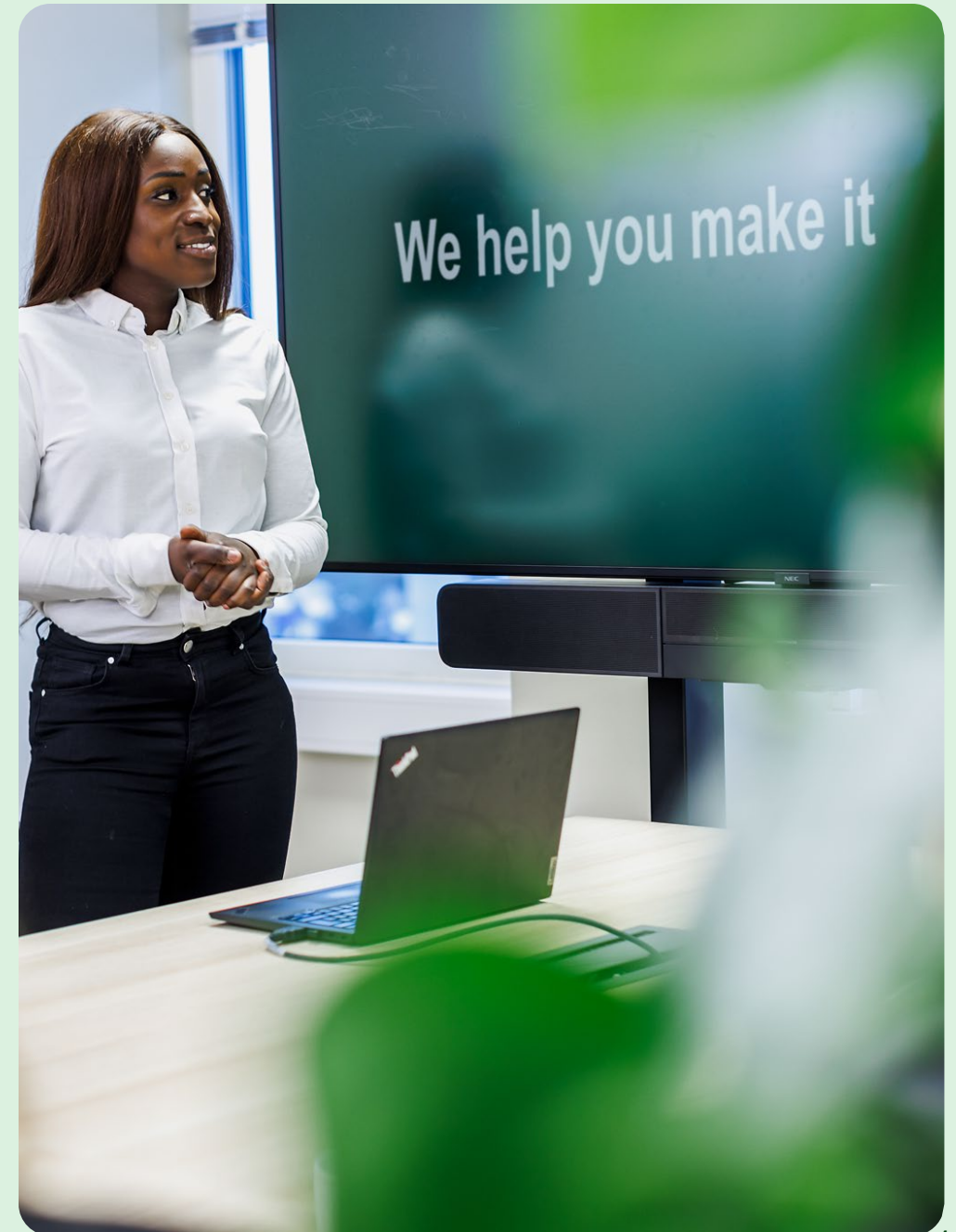
Summary and outlook

Q&A



Summary and outlook

- Challenging macro environment going forward – supporting clients and customers is key
- 2023 and 2024 are important steppingstones for returning to profitability
- Improving collection performance, materialize the benefits from the merger and CMS growth are important parts of the plan we are now following
- Continue to invest according to commitments in existing forward flow contracts
- Latest, but not least: Focus on core business and operational cost



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Profit and Loss

Proforma (full year 2022)

PnL (MNOK)	This period		Full year	
	Q4 2023	Q4 2022	2023	2022*
3PC revenue	157	163	638	683
Revenue from portfolio investments	195	180	763	615
Net gain/(loss) from purchased loan portfolios	4	-156	-264	-180
Other income	12	14	51	51
Total revenue and other income	367	201	1 189	1 170
Salary and personnel costs	170	139	607	522
Other operating expenses	109	89	372	336
Net legal fee expenses	38	16	115	74
Non-recurring items	23	88	46	90
Total operating expenses	341	331	1 141	1 021
EBITDA	26	-130	48	148
Depreciation and amortization	32	16	89	65
Impairment losses	2	8	63	8
EBIT	-8	-154	-104	75
Net financial expenses	119	52	397	145
EBT	-127	-206	-501	-70
Income tax expense	102	-60	19	-18
Net profit or loss for the year	-229	-146	-520	-52

*Full year 2022 are proforma. Provided for improved comparison only and are not audited.



Balance Sheet

Reported

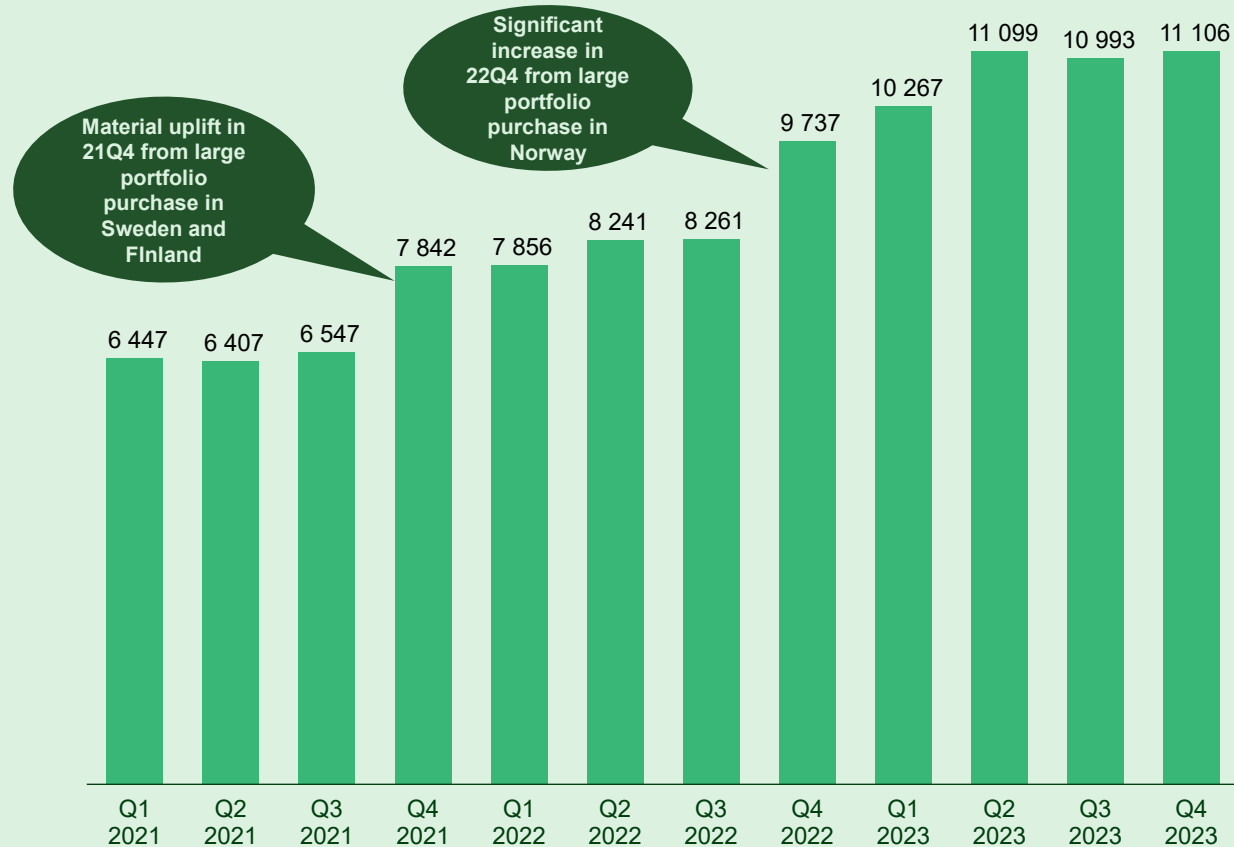
Assets (MNOK)	2023	2022
Goodwill	351	393
Intangible assets	198	214
Deferred tax assets	-	10
Right-of-use assets	190	26
Property, plant and equipment	124	33
Purchased loan portfolio	6 210	5 714
Other non-current financial assets	20	21
Other non-current receivables	-	4
Total non-current assets	7 093	6 416
Trade and other receivables	7	14
Other current assets	79	14
Cash and cash equivalents	705	410
Total current assets	792	438
Total assets	7 885	6 854

Equity and liabilities (MNOK)	2023	2022
Share capital	143	143
Share premium	2 458	2 458
Other equity	-467	40
Total equity	2 134	2 641
Interest-bearing liabilities	5 033	3 715
Deferred tax liabilities	-	-
Lease liabilities	164	19
Other non-current liabilities	1	1
Total non-current liabilities	5 198	3 735
Trade and other payables	47	51
Income tax payable	-1	0
Lease liabilities	33	28
Other current liabilities	474	399
Total current liabilities	553	478
Total liabilities	5 751	4 213
Total equity and liabilities	7 885	6 854

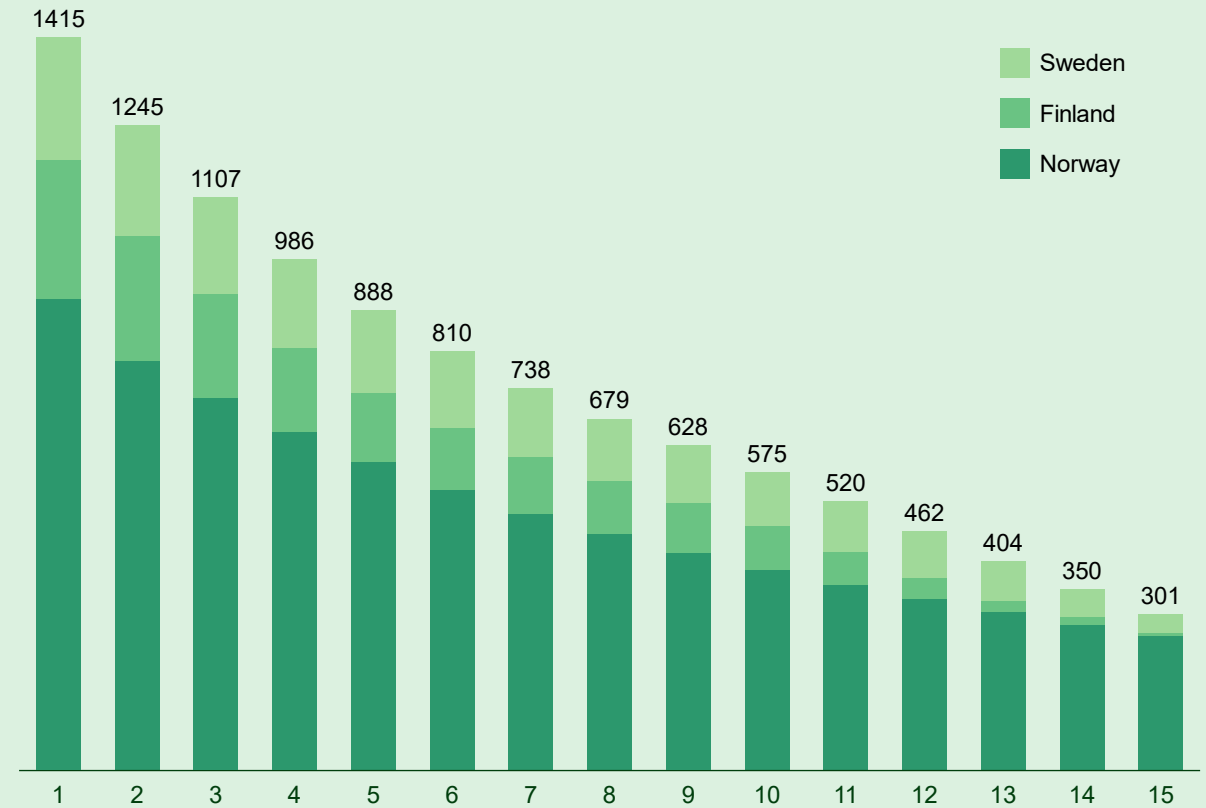


ERC curve higher in Q4 mainly because of interim cashflow now included, in addition to running forward flows

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	72,5 %	n/a
Secured loan to value	60%	65%
Total leverage ratio	3,5	4,0
Secured leverage ratio	3,25	n/a
Collection performance	95%	n/a
Interest coverage ratio	n/a	3,0

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