Kredinor

Annual and sustainability report 2023

Kredinor.no

23

Key Figures

01

6 210 million

Carrying value of Portfolio Investments

1 493 million

Portfolio Investments

1 453 million

Operational revenues

-501 million

Net profit before tax

1 million

Visits to My Page at Kredinor.no

4.4 / 6

Customer satisfaction

687

Number of employees

4 300

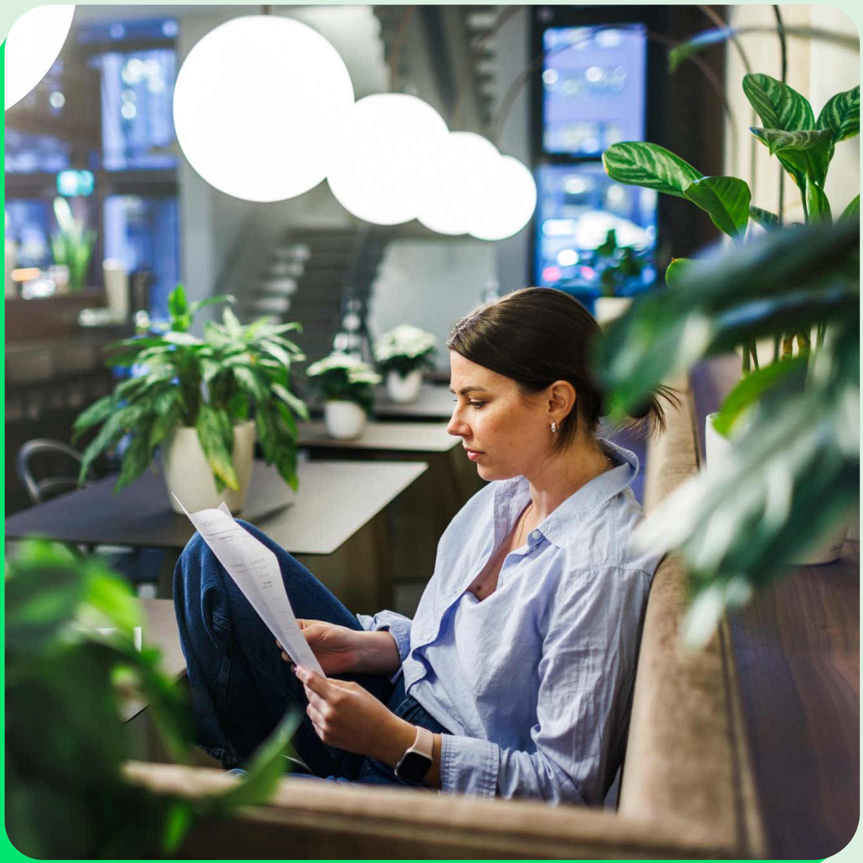
Active client relationships

Annual and Sustainability Report

Kredinor's market share in Norway in 2023 continued to remain high, with a volume of 30 percent of the total outstanding debt collection amount and 15 percent of new cases for collection. The market share can also be measured by 22 percent of the collected funds.*

Kredinor maintains a very active customer dialogue, with around 1 million active cases at any given time. In 2023, we concluded and resolved 2.1 million cases, including pre-collection. A major share of these cases was handled through digital channels.

Kredinor seek to have the best informed and most competent employees. In 2023, we have carried out an extensive leadership program and systematic training for all employees.



* Official statistics from The Financial Supervisory Authority of Norway.

Kredinor at a glance

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Kredinor is Norway's leading debt collection agency. We have industry-leading and effective solutions that ensure our clients get paid for their claims. Kredinor is a full-service collection agency offering services in two main categories: Credit Management Services (CMS) and Portfolio Investments (PI). We have offices in Norway, Sweden, Denmark, and Finland. Our ambition is to become a leading debt collection agency in the Nordic countries.

Kredinor has an important societal role as part of the economic cycle. When you incur debt or purchase a product, it must be paid for. This is a fundamental part of our societal model, and the economy would suffer if we could not rely on this. At the same time, many people find themselves in challenging financial situations, or simply forget to pay. Kredinor aims to contribute to healthy economic conditions in the business community, ensure that our clients get paid, and always keep the customer's best interest in mind.

At Kredinor, we operate according to ESG criteria (Environmental, Social, and Governance), like many other large enterprises. Our clear growth ambition is based on a sustainable strategy.

"We help you make it" is our vision. Kredinor's goal is to become the most sustainable actor in the industry. We have a particularly large social responsibility through our contact with one million customers each year. We continuously update our employee knowledge so that they are as well-equipped as possible to help customers towards a sustainable, economic everyday life.

It may seem like an insignificant change, but at Kredinor we have customers, not debtors. It is our responsibility to see each customer as a whole person whom we must help.

Kredinor is jointly owned by SpareBank 1 Gruppen and the Kredinor Foundation, and we have roots dating back to 1905. Kredinor will continue to be the market leader in the industry in the years ahead, and we shall have the most satisfied clients. We are at the forefront of developing new digital solutions that make it easier for customers to pay and faster for clients to receive payment. Our task is to ensure that debts are collected in a cost-effective and considerate manner for all involved.

In 2023, Kredinor re-entered the Danish market, further solidifying our ambition to be a leading player in the Nordics, now with a presence in Norway, Sweden, Finland, and Denmark.

While 2022 was the year for the merger between Kredinor and Modhi, 2023 has been a year of adapting and building One Kredinor. We have made important decisions for further growth, profitability, and not least for satisfied customers and clients. All employees in Norway are now gathered in new premises at Skøyen, designed for good collaboration and efficient operation.

Our vision and values

Our vision “We help you make it” reflects both our commitment to our clients and having the best interest of our customers in mind in everything we do. We recognise that falling into debt can happen to everyone and can have serious consequences. Finding sustainable solutions tailored to the customers’ needs, financial position, and individual circumstances, improves the likelihood for repaying our clients.

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The Executive Management Team of Kredinor. From left: Anmol Juneja (CIO and CEO Kredinor Finans), Lisa S. Legallais-Hansen (COO and deputy CEO), Barbro Hagen (CDTO), Rolf Eek-Johansen (CEO), Karianne Dovland (CPO), Stefan Langva (CCO), Børre Bratsberg (CLO) and Steinar Jørgensen (CFO).

Our values; Curious, Compassionate, Courageous, and Committed are chosen in a process involving all employees at Kredinor. The values express how we want Kredinor to be perceived, and they define our behavior. They are our inner compass guiding us in our daily work, when difficult decisions are to be taken, and when we are faced with complicated and challenging situations.

We have chosen values which are demanding to most of us. Values are especially important in difficult situations and when facing dilemmas. Teaming up with other colleagues is a way to make sure that we are sufficiently curious, compassionate, courageous, and committed.

Curious
Markets and expectations are changing fast, and we want to be the driving force of change and innovation in our industry.

Compassionate
We are aware of our role in society and believe that compassion and care are important virtues vis à vis customers, clients, and colleagues. We have taken a new perspective on people with financial problems, they are our customers. We have our clients' perspective in mind and are aware that we handle their reputation on their behalf.

Courageous
Courage is another driving force for us to deliver on our vision and strategy. We will challenge our customers, clients, and colleagues if it is necessary, but we will do so with curiosity and compassion. We are courageous, but we balance risk.

Committed
We want to be in the forefront of our industry. Our customers, clients, colleagues, and society have the right to expect the very best from us.

Highlights of the year

Kredinor has its roots tracing back to 1905. In Kredinor's more than 100 years of history, 2023 was a year of change and consolidation.

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From merger to normal operations. Throughout 2023, we transitioned from merger mode to more normal operations. While numerous tasks remain before fully integrating into one new company, through culture-building and continuous process improvement, we can now say we are united as One Kredinor.

Expansion to four countries: In the third quarter of 2023, Kredinor re-established in Denmark through the acquisition of Intellecto A/S, now Kredinor A/S. This move further solidifies our ambition to be a leading CMS player in the Nordics, with presence in Norway, Sweden, Finland, and Denmark.

Sustainability. Kredinor boasts a robust sustainability strategy, integrating ESG as a strategic tool for ongoing improvement and business stability. With a significant social responsibility through contact with one million customers annually, we continuously update our employees knowledge to better assist customers towards a sustainable financial lifestyle.

New office. In 2023, all Norwegian employees were finally consolidated under one roof at Skøyen, where about 600 individuals work on all aspects of debt collection. As planned during the merger, all Norwegian district offices were closed in 2023. By year-end, Kredinor employs 687 people across all four countries.

Leadership team additions. Stefan Langva joined as the new CCO on 1 November. In December, Rolf Eek-Johansen took over as CEO, soon followed by Steinar Jørgensen as CFO. Just before the year-end, it was announced that Malin Gustavi would return to Kredinor as CTSO in April, after a year away from the company.

Secured financing. Constructive dialogue with banking syndicate and owners resulted in covenant amendments, extension of RCF to November 2025 and a new subordinated loan of NOK 675 million which secured the foundation for continued operation for the company.

Shift in focus. Kredinor is actively pursuing debt management initiatives, such as the fully digital advisory service Kan. This work continues, but to ensure profitability after two challenging years, the focus has shifted towards core operations and essential follow-up with our clients.

Public engagement. Kredinor views engaging in public debates within our areas of expertise and sharing our knowledge as crucial. For instance, we quarterly publish the “Kredinor Insight” report, highlighting significant trends, which receives widespread media coverage upon release.

Strategy

Kredinor has a strategy with seven key elements. Our strategy is firmly based on our vision and values and is our way forward to deliver value to all our stakeholders. At Kredinor it is important that we all understand our vision (Why), our strategy (What), as well as our behavior and culture (How). Performance at Kredinor is measured against Why, what, and how.

Our strategy can be summarised as follows.

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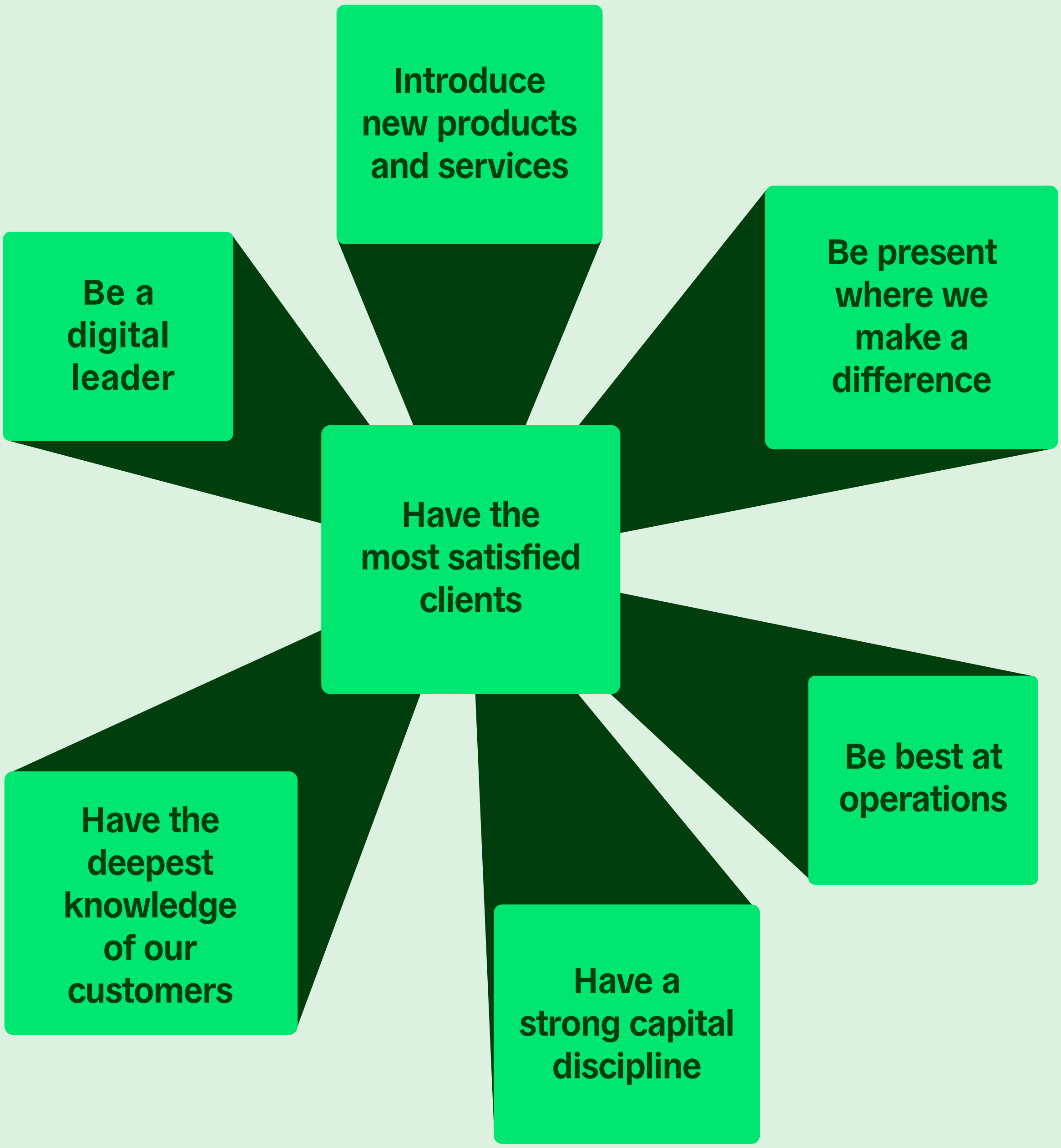
We will


Introduce new products and services
Be a digital leader
Be present where we make a difference
Have the most satisfied clients
Be best at operations
Have the deepest knowledge of our customers
Have a strong capital discipline

Letter from the CEO

2023 was a year of change for Kredinor. It was the first full year following the merger in 2022, and throughout this year, we have built a solid foundation for the right course moving forward.

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Core business at the center of attention

The end of 2023 turned out differently than we had planned at Kredinor as we entered the year. I believe many can relate to this, both as business leaders and as individuals. The unforeseen became part of the norm. Therefore, there is a need for a steady course as we work with the future Kredinor into 2024.

2023 was a year of change for Kredinor. But it was also a year that laid the foundation for the right course ahead. In a turbulent world, I believe there is more need for Kredinor's services than ever. Yet, the questions we must ask ourselves are: What Kredinor is needed? How can we best help individuals to pay and businesses to get paid?

Our strategy, drawn up during the merger with Modhi, remains firm. We aim to contribute to healthy economic conditions in the business community, ensure that our clients get paid, and always keep the customer's best interests in mind in everything we do. Simply reformulating "debtor" to "customer" is an important signal in itself. It's about the importance of respect in everything we do.

Throughout 2023, we launched several initiatives and services aimed at the customer. These initiatives will continue, but we made a tempo shift towards the end of 2023 to ensure that our clients receive good follow-up and to bring Kredinor back to profitable operations. The best way to do this is to focus on core business and be the best at debt collection in the industry. Only this way can we add value to our clients.

Kredinor has always adapted to the times we have operated in. This has secured our position as Norway's largest player in debt servicing. We will continue to develop this role in combination with our commitments in Norway, Sweden, Finland, and Denmark. All our future measures will support the company's core businesses. This also ensures that we can stand by our long-term commitments to clients, customers, partners, society, and owners.

And speaking of owners: I am pleased to see that our owners stand by our side. It is in challenging times that having good and solid owners is truly important. Kredinor has a history dating back to 1905, and we intend to add many more years.

The sum of all the measures we have now taken makes me confident that we will quickly return to profitable operations. This also strengthens our position to work on more necessary initiatives to meet the future needs.

Our focus on sustainability continued in 2023. Kredinor has a robust strategy with sustainability as an integral part. We will continue to build competence and ownership of ESG and use it as a strategic tool to drive improvements and business stability going forward. At the same time, we have a great social responsibility through our contact with one million customers each year. We continuously update the knowledge of our employees so that they are as well-equipped as possible to help customers towards a sustainable, economic daily life.

It is important to mention that the vast majority of cases we handle for our clients and customers are completely ordinary transactions. It may be an oversight, or that we may need to assist in setting up a simple payment plan. To further address that more people are struggling to gain control of their finances, we launched Kan in 2023. Kan is a fully digital service that provides financial overview and offers counseling. It is an employee benefit, where the service is paid for by the employer and offered to the employees.

Costs and activities following the merger in 2022 have heavily burdened us throughout the year, and the result for 2023 was too weak. Towards the end of 2023, there was a leadership change at Kredinor, where I took on the task of CEO with great motivation. Before we exited 2023, we initiated comprehensive work to identify weaknesses and improvement points in the company.

At the beginning of 2024, we have left behind the significant cost growth, and going forward, the focus is on profitability in the company.

I look forward to the work through 2024. We have highly competent and motivated employees in all our teams who are in full swing creating the future Kredinor, where the needs of our growing group of clients are the guiding principle.

Best regards,

Rolf Eek-Johansen, CEO

Sustainability report

Society depends upon a basic trust that agreed financial obligations will be fulfilled. It's a fundamental part of a trust-based society and crucial for businesses and individuals' ability to deliver products and services.

The nature of how Kredinor conducts our business with care for our customers, employees, clients, environment, and society is a balancing act, but when we succeed with integrating sustainability into all aspects of our business, we create long-term values.

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Our Sustainability commitment and overall targets

Kredinor has held an important role in society since 1905. Even though we have a long history of trust from our clients, we know that we cannot take their trust for granted as we move into new challenging times with both financial as well as climatic instability.

Therefore, we will continue digitalising our services and integrate risk control and sustainability into our core processes. We acknowledge that this will require continous change and transformation.

Objectives	Targets
Sustainable and responsible business We believe that good governance ultimately fosters sustainability. We will drive accountability, transparency, efficiency, and ESG compliance at all levels of the organisation. We require documentation for transparency, anti-corruption and sustainability from partners and suppliers.	• All our main suppliers (100%) must document their ESG practice and risks. • All permanent employees (100%) shall understand and abide by our internal Code of Conduct. • Reduce climate impact Net Zero by 2025.
Sustainable employer Kredinor aims to be the most attractive employer in debt collection and payment servicing, offering competitive benefits in a good working environment. We focus on keeping and developing our employees and recruiting new talents. In Kredinor we have equal opportunities for growth, leadership, and diversity.	• Gender equality and even balance in all management teams. • High employee satisfaction. • Zero tolerance for discrimination.
Sustainable customer relations Our overall ambition is to promote financial health, and our goal is to help customers resolve their financial difficulties, not limited to the individual case. By treating our clients' customers with respect and providing financial advice, we solve cases without adding unnecessary to the burden. We will collect in an appropriate and sustainable manner. We are accessible on the customers' preferred platforms and offer expedient payment solutions. By sharing data with Inkassoregisteret and others, we help customers get better insight.	• We solve the core of the customers' financial problem and not limit our engagement to the individual case. • We strive to always try to reach the customer before collection fees are increased. • We have high customer satisfaction at 4.4 on a scale from 1-6. Our target level is 4.5 or above.
Sustainable client relations Helping clients get paid while ensuring customer satisfaction is Kredinors' core business. We offer training, guidance, and support to our clients. We provide dedicated personal assistance when needed, self-service, and automated solutions for payment and communication, leading to long-term relationships for all parties.	• Industry leading service solutions and client satisfaction. • High client satisfaction among all clients.

Our sustainability memberships and commitments

The collection industry has an important role to play in addressing healthy financial conditions and payment habits. Kredinor wants to learn from our partners and peers and share our experiences to collaborate and find new solutions.

We are members of UN Global Compact and Greenwashing Poster to support our sustainability. We are also collaborating with EcoVadis to improve our sustainability rating to become a preferred business partner. We are humble to take the actions that are needed to create a sustainable future for all. By participating in these global and regional commitments and partnerships we ensure that we develop ourselves and collect new ideas on how to create positive change.

Greenwashing Poster
Kredinor is a proud signatory of the Greenwashing Poster. We will never attempt to present Kredinor as "better" in respect to climate change, the environment or animal and human rights issues, without proper documentation to back this claim. With our signature on the Greenwashing poster, Kredinor is officially committing to be specific and clear about our measures in sustainability, and open about our own influence in all marketing and communication.

UN Global Compact
Kredinor AS is member of the UN Global Compact, which is the world's largest sustainability network within business. Kredinor operates responsibly in line with the ten principles of the UN Global Compact and reports annually according to Global Compacts requirements.

EcoVadis sustainability rating
EcoVadis is one of the world's largest providers of supply chain sustainability ratings. Over the years Kredinor has significantly improved our rating from 54/100 in 2019, via 63/100 in 2022, to 71/100 in October 2023.

This overall score places Kredinor AS in the top 3% of companies rated by EcoVadis in the Activities of collection agencies and credit bureaus industry.

Sustainable supply chain and sustainable sourcing

Sustainable supply chain management and responsible business conduct is important for Kredinor.

We experience a growing interest from our partners and clients to sustainable supply chain management and our ability to document low risk in this respect is crucial. This is documented in our Code of Conduct as well policies for procurement and outsourcing. Kredinor has invested time and resources the last year into securing our value chain because we believe a business conduct that cares for workers' rights, environmental footprint and resource efficiency not only helps us cut costs and reduce risks, but makes us a more attractive business partner.

We have implemented a supply chain assessment tool that enables us to assess ESG information and risks in our supply chain. After a thorough assessment process throughout 2023, we have now assessed the majority of our suppliers and ensured that almost all suppliers are low risk when it comes to environmental, social and governance issues. Further assessments towards High risk suppliers are ongoing. Our expectations towards suppliers and sub-suppliers are also confirmed in our Code of Conduct for suppliers. The updated code can be found on our website.

To prepare for the Corporate Social Due Diligence Directive (CSDDD) directive and comply with the Norwegian Transparency Act we have continued our due diligence process to assess ESG. Kredinor has an active relationship with 200 suppliers. During 2023 we reduced the number of suppliers from 300 to have better control of our supply chain. Going forward, we will strengthen our procurement collaboration with our owner SpareBank 1 Gruppen to improve our procurement processes even more when it comes to cost efficiency as well as sustainability.

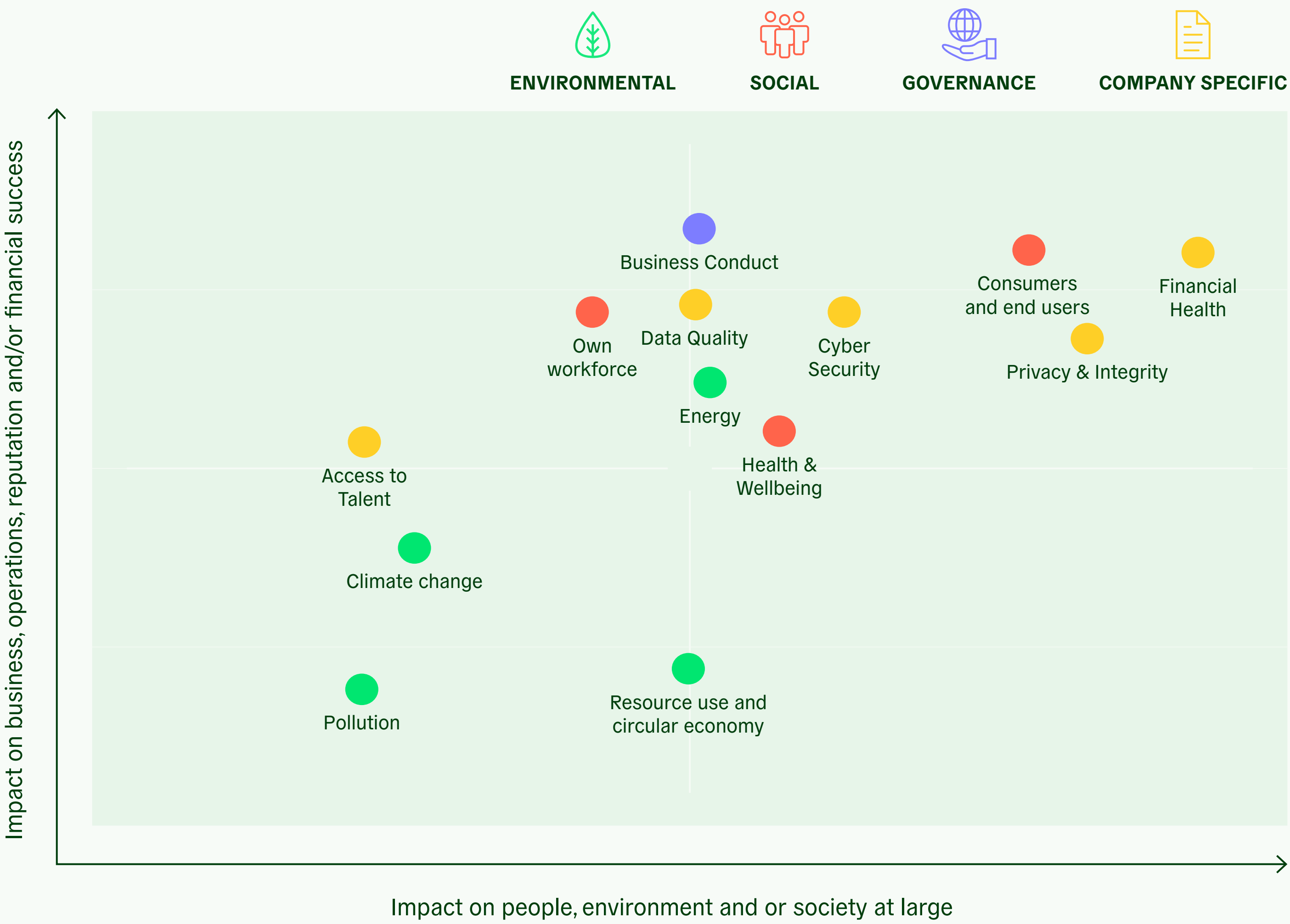
We published our inaugural statement under the Transparency Act on 30.6 on 2023. No specific incidents or actual negative impacts on human rights and working conditions have been detected and there were no inquiries to aktsom@kredinor.no in 2023.

During 2023, Kredinor strengthened our capacity and competence within procurement and established a dedicated procurement team led by the Head of Procurement and vendor management.

Which issues are material for Kredinor to focus on?

Analysing double materiality

At the end of 2023 we started our process of gaining a deeper understanding of what is material seen both from an inside out perspective as well as an outside in (how are we affected by changes in external drivers and macro environment). We are working on our full double materiality analysis to prepare for the upcoming reporting requirements in the European Sustainability Reporting Standards (ESRS). During autumn 2023 we engaged internal and external stakeholders in the value chain and used a double materiality matrix to analyse and capture feedback. As a result of this we have concluded with the issues that are illustrated in the matrix below.



Smartbetaler

Smartbetaler is an initiative by Kredinor to promote better insights in personal finances among young adults.

Simen and Ingrid Filippa have met many young people on behalf of Kredinor and taught them how to take control of the personal finances, and be "smart payers".

We have for many years taught young people in upper secondary school and other groups of young basic economy. During a two hour session we go through income, budget, credit, interest and consequences of late and non-payment.

Our experience is that the young people we meet get several a-ha moments around personal finances and increase their knowledge significantly. By following the timeline of important events in a young economy, it becomes easier to learn. Examples of events are, moving away from home, rent an apartment, get an extra job, start studies and move into their first job. We give concrete advice and tips and come up with some food for taught about unsustainable consumption and bad payment habits – and stories they may not forget so easily.

In 2023, we gave Smartbetaler a boost by renewing the learning material and dedicating two young advisers to the task. The ambition is to offer the teaching to more people. In February 2024, we have produced the first lecture to other parts of the country, from our new multi-camera studio, via Teams. This enables us to scale the program and offer it to more groups and removes travel costs and emissions. Different kinds of groups have asked to have access to "Smartbetaler" and we consider adapting the content to different target groups including more vulnerable groups with special needs.

Looking ahead: Preparing for future ESG legislation

As new rules for sustainability are implemented in the EU and Norway, we want to integrate sustainability into the routines and management of our business so that the company takes sustainability into account in decisions and strategies and treats it as an integral part of the company. We are building internal competence to prepare for these future requirements make sure that our growth is robust and sustainable.

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 as described above we started our preparations to ensure a robust process with engagement from the required stakeholders internally and externally in a double materiality analysis. We have started the process on understanding our gaps when it comes to (European Sustainability Reporting Standards, ESRS) that follows as a result of CSRD. 2023 was the first reporting year where Kredinor reported on the EU Taxonomy. We realize that our future taxonomy reporting which will have to be integrated together with the ESRS reporting and will require a detailed process that requires both time and resources.

These days we are working thoroughly with risk evaluation across our value chain. We are currently closing gaps in dialogue with our suppliers to ensure low ESG risk. Even though the European Commission's proposal for a Directive on Corporate Sustainability Due Diligence, also known as the CSDDD or CSDD Directive has not been implemented yet, we want to be prepared for this directive as well as complying with the Norwegian Transparency Act (Åpenhetsloven) that is already in effect. We will publish our inaugural statement under the Transparency Act as a separate statement before 30.6 2024.

EU Taxonomy

To comply with the Taxonomy Regulation (EU) 2020/852 which was adopted in 2023 by the Norwegian Parliament, Kredinor has analysed the criteria for determining whether our economic activity qualifies as environmentally sustainable.

This is part of our obligation as a company's subject to the Non-Financial Reporting Directive (NFRD). Since we have more than 500 employees and a total balance above 20 million Euro Kredinor follow the reporting requirements and templates for companies in line with the Commission Regulation (EU) 2021/2178, cf. annex KPIs for non-financial companies, as well as template for KPIs for non-financial companies. Our activities are reported in the Norwegian template for taxonomy reporting.

Method and approach
We have screened our economic activities against the EU Taxonomy Compass for the two objectives of climate mitigation and climate adaption.

Our screening showed that Kredinor's core business is not in the scope of the activities included in the EU Taxonomy. We have however had costs related to activity 6.5 transport by motorbikes, passenger cars and light commercial vehicles that are taxonomy-eligible. The activity includes our company vehicles, classified as category M1 and N1 falling under the Regulation (EC) No 715/2007. Across the group we have leased six vehicles, two electric, two diesel and two hybrids. The leasing agreements for these cars will not be prolonged when the contracts cease. We have not assessed the technical environmental criteria, neither has our compliance with the minimum safeguards been assessed. We consider the size and impact of this activity to be minimal.

This implies that Kredinor is 0% aligned with the EU Taxonomy, please see following tables for more information. The numbers in the tables have been disclosed in alignment with our internal accounting policy and the IFRS Accounting principles.

Turnover

Economic activites	Code(s)	Absolute turnover, NOK million	Proportion of turnover, %	Substantial contribution criteria		DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy aligned proportion of turnover 2023, %	Taxonomy aligned proportion of turnover 2022, %	Category (enabling activity or)	Category (transitional activity)
				Climate change mitigation, %	Climate change adaption, %	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmental sustainable activities (Taxonomy-aligned)																
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1)	-	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.000%	0.000%	N/A	N/A
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-alig-ned activities)																
Turnover of Taxonomyeligi-ble but not environmentally sustainable activities (not Taxonomyaligned activities) (A.2)	-	0%														
Total (A.1 + A.2)		0%														
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		0%														
Turnover of Taxonomynon-eligible activities (B)		1 219	100%													
Total (A + B)		1 219	100%													

Capital expenditures (CAPEX)

				Substantial contribution criteria												
						DNSH criteria (Does Not Significantly Harm)										
Economic activites	Code(s)	Absolute CAPEX, NOK million	Proportion of CAPEX, %	Climate change mitigation, %	Climate change adaption, %	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CAPEX 2023, %	Taxonomy aligned proportion of CAPEX 2022, %	Category (enabling activity or)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmental sustainable activities (Taxonomy-aligned)																
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1)	-	0.000%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.000%	0.000%	N/A	N/A
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																
Transport by motorbikes, passenger cars and light commercial vehicles																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0%	100%													
Total (A.1 + A.2)		150	100%													
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		150	100%													
CapEx of Taxonomy-non-eligible activities (B)		150	100%													
Total (A + B)		150	100%													

Operating expenditures (OPEX)

				Substantial contribution criteria												
						DNSH criteria (Does Not Significantly Harm)										
Economic activites	Code(s)	Absolute OPEX , NOK million	Proportion of OPEX, %	Climate change mitigation, %	Climate change adaption, %	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OPEX 2023, %	Taxonomy aligned proportion of OPEX 2022, %	Category (enabling activity or)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1 Environmental sustainable activities (Taxonomy-aligned)																
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1)		-	0.000%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.000%	0.000%	N/A	N/A
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.8	0.1623%													
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.8	0.1623%													
Total (A.1 + A.2)																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		0.8	0.1623%													
OpEx of Taxonomynon-eligible activities (B)		492.20	99.84%													
Total (A + B)		493.00	100%													

Our environmental, social and governance performance in 2023

Environmental
Emissions Report 2023

In line with our zero emissions ambition, Kredinor will gradually switch to using renewable energy in all locations and climate compensation for all travels.

Scope 1:
Emissions from cars that we have control over.

Scope 2:
Emissions from energy consumption at our offices including consumption of electricity, heating and cooling (Electricity used x country emissions factor = CO^2e emissions) *We have used 2020 country emission factors based on IPCC approach accounting for CO2 (tCO2/MWh) emissions from www.data.europa.eu. For Norway we used emission factor received from Eco-lighthouse.

Scope 3:
Data supplied from our travel agency.

Emissions Report 2023

		Norway	Sweden	Denmark	Finland
Scope 1	Company cars	1 Electric: 0 1 Hybrid: 1.2 tonnes	1 Electric: 0	1 Hybrid: 0.22 tonnes	2 Diesel: 8.65 tonnes
Scope 2	Energy use, kWh	448.763[3]	22.251	[1]	34.569[2]
Here of renewable energy		100%	100%	n/a	83.55%
Scope 3	Emissions (CO2) from Energy use (Location based method)[1]	0 kg Climate compensated for 42.43 tonnes	0 k Climate compensated for 4.25 tonnes	n/a	0 kg Climate compensated for 15.7 tonnes

[1] Denmark: In 2023, Kredinor Denmark consists of 2 employees.
We rent an office space in an office community and have electricity included in the rent.
[2] Finland: Turku: 11 554.34 kWh (49.2% renewal, 10.4% fossil, 40.4% nuclear). From 1.3.2024: 100% renewable energy.
Helsinki: 100% renewable energy.
[3] Norway: Not incl. use of district heating which has low emissions (11g/kWh compared to 502g/kWh for electricity).

Production: Print vs. Digital distribution

	2023				2022		
	Norway	Sweden[1)]	Finland[2)]	Denmark[3)]	Norway	Sweden[1)]	Finland[2)]
Digital	10 659 579	n/a	n/a	n/a	9 991 530		
Print	2 063 135	n/a	n/a	n/a	1 979 557		
Total	12 772 714	n/a	n/a	n/a	11 971 087		
Digital share	84%	65%	0%	38%	84%[4)]	0%	0%
Print share	16%	35%	100%	62%	16%	100%	100%

1) Sweden started digitalised distribution from November 2023. % digitals represent november and december. Before that all distribution was printed.

2) Finnish legislation restricts access to digital distribution. Consequently, the production is mainly on print.

3) Denmark joined Kredinor Group with 2 employees in August 2023 and represent low production volume in 2023. % digitals represent august to december.

4) Recalculated from annual report 2022.

Social
Our clients and customers

Kredinor AS (NO) had an average portfolio of more than 1 million debt collection cases for collection at any given time in 2023. We always strive to improve the quality of our work. To raise awareness and make sure we learn from our mistakes, any case resolved in favour of the complainant is thoroughly reviewed and we all try to learn from this. Therefore, these cases are also published on our Intranet.

Complaints Norway

	2022	2023
Number of complaints against Kredinor AS, submitted to The Norwegian Financial Services Complaints Board (FinKN)	108	106
Denied consideration, or case dismissed, by the Inkassoklagenemda board's secretariat or by the board	58	71
Withdrawn by the complainant	1	6
Resolved in favour of the complainant	11	2
Resolved in favour of Kredinor AS	16	5
Case not handled because Kredinor waived fees in beforehand	20	22
Open cases / on going	2	0

Complaints Sweden, Denmark and Finland

	2022	2023
Number of complaints against Kredinor AB, submitted to Allmänna reklamationsnämnden or Inkassonämnden	-	0
Number of complaints against Kredinor A/S, submitted to Forbrugerombudsmanden or Rigspolitiet	-	0
Number of complaints against Kredinor Oy, resulting in listing or comment at Finish DCA Authority website	-	0

Client satisfaction

Our ambition is to give our clients our outmost service. Therefore, we seek to have good and regular dialogue with all of our various clients. We prioritised stakeholder management and conducted a client satisfaction survey in 2023. The overall results show that the majority of our clients are satisfied. However, we got many concrete action points to follow up, especially from our small and medium sized enterprises. This will be a high priority going forward.

The Kredinor client satisfaction survey contains several good results. The three statements with which the clients agree the most are:

- Kredinor provides good self service solutions for my clients
- I am satisfied with Kredinor's web solution for me as a client
- I think that Kredinor treats my clients in a solution oriented and helpful manner

These statements all have average scores of more than 70, when 0 = strongly disagree and 100 = strongly agree.

The sample consists of 30 banking clients, 53 energy clients and 250 clients in commerce. When the results are broken down by client type, however, they often present a different picture. Banking clients are the most positive, followed by the energy clients and the clients in commerce. Small clients agree less with all the statements when compared to the medium and large clients.

Kredinor offers educational webinars to our clients on a list of different subjects relating to collections

Training & learning 2023 – Clients	Norway	Sweden	Denmark	Finland	Total
# webinars and events in 2023	29	0	0	1	30
# client employees (not unique) participating	2.932	0	0	11	2.943

Customer Service

In 2023, Customer Service handled 600 000 calls with our customers.

Customer Service is staffed with more than 100 advisers and is Kredinor's first line for incoming and outgoing telephone enquiries. They help our customers with a number of tasks, including, among other things, getting an overview of what they owe, provide invoice copies for those who need it, arrange payment agreements, and guide the use of our self-service solutions.

The advisers work in shifts to provide long opening hours, short response time and ultimately good results. Customer Service is also a multilingual department.

Our advisers speak a total of 21 languages: Norwegian, Swedish, Finnish, English, German, Spanish, French, Polish, Ukrainian, Albanian, Berber, Lithuanian, Arabic, Urdu, Punjabi, Hindi, Urdu, Memoni, Bulgarian, Turkish and Romanian.

Live Customer service is available between 08:00 and 21:00 on weekdays and on Saturdays until 15:00. Outside opening hours our self-service solutions are always available on kredinor.no

Zeliha, adviser at customer center.

Establishing sustainable customer relations is important for us. Given our business and our skills we can impact people's lives and society at large and our strategy is helping our customers by not adding to their burden

Customer Satisfaction

Norway 2022	Norway 2023	Nordics ex NO
4.80	4.44	n/a

Our people

It is our people who deliver the difference and who are our primary asset and best ambassadors. The joint abilities, knowledge and experience of all people working in Kredinor is the platform for quality in operations, development, innovation and profitable and sustainable growth. Kredinor shall offer an attractive working environment where highly motivated, skillful and engaged people of different backgrounds thrive and have the opportunity to grow and develop prosperous careers.

Employee Engagement and Satisfaction	Norway 2022	Norway 2023
Employee engagement score (on a scale from 1-10)	7.8	7.6
Employee satisfaction score (on a scale from 1-10)	7.4	7.3
Employee Net Promoter Score (eNPS)[1)]	-2	-15

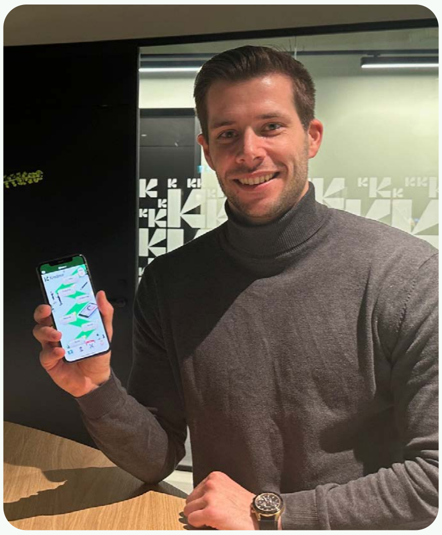
1) eNPS is taken from Winningtemp, which measures employee feedback throughout the year. Former Modhi employees were included in Winningtemp from 15.02.2023 and Kredinor Sweden, Denmark and Finland will follow. Throughout 2022 and 2023, Kredinor has undergone major changes in the form of new management, merger, co-location and the winding down of branch offices in Norway. It is reasonable to assume that this has had a negative effect on eNPS.

How is eNPS calculated?

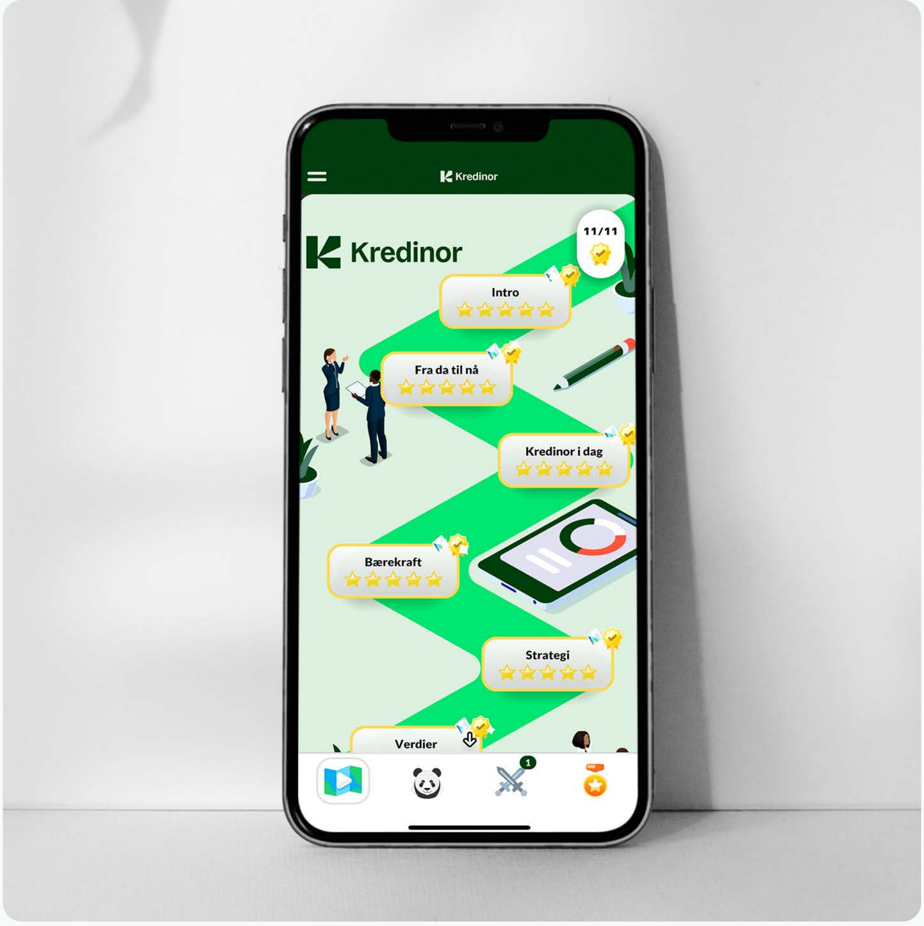
The percentual number of Ambassadors minus the percentual number of Critics equals the eNPS score, which can vary between -100 and +100. This means 0 is neutral and is usually seen as a positive score. 20 is considered a good score, and 50 is very good. You can even compare your score to the Winningtemp index or your industry index to make it more relevant.

Internal competence development

In March 2023, Kredinor Competence launched a new learning platform in collaboration with Attensi, by using their product, Attensi SKILLS.



Are from Kredinor's Competence in the People department has developed a successful training module for Kredinor staff based on gaming principles.



The purpose behind this initiative was to make e-learning and digital training engaging and enjoyable through gamification and realistic simulations. The trainings also incorporate a competitive element with a highscore system and a leaderboard with prizes to the best team and colleague/ player during the mandatory training periods. Many employees are eager to participate and repeat the training to get more points and achieve a better high score. It's important to mention that the trainings are designed to make the employee conduct active problem solving as an effective way to retain new information and knowledge. Repetition also makes the new information more memorable.

The first training in the app was The Kredinor Game, focusing on active learning about our vision, strategy, values, and Kredinor's new identity following the merger of two major companies. Furthermore, the platform has been developed with two new trainings/games on AML & AML Check and IT-Security.

Kredinor Competence started 2024 by launching The Invoice Game as a mandatory training for every employee in Operations, currently achieving an 83% completion rate. New trainings are developed and designed by Competence in the People department in collaboration with subject matter experts from various departments and teams. As a result, the trainings can be tailored and customised to meet our specific needs and learning objectives.

Internal Competence development	Group	Norway	Sweden[1]	Denmark[1]	Finland[1]
10 days leadership program for all leaders on level 2, 3 and 4	70	60	6	n/a	4
Kredinorspillet, Group level - % of employees to complete the game	73	71	73		75
3-step AML-training, # of employees completed		385			
AML & AML-Check - % of employees to complete the training session		61			
IT security - % of employees to complete the training session		67			
Kredinorpakken: Kredinor Basic training program, % of new employees to complete		87			
Code of Conduct, % of employees who has read and understood		87.5			
Code of Ethics, % of employees who has read and understood		85.83			

[1] A project is established in Q1/2024 to give Sweden and Finland access to the Kredinor training database. In addition, Denmark is new in Kredinor Group in 2023.

Governance

Whistleblowing
As a responsible employer and company, Kredinor has established IntegrityLog, which is provided by Euronext, for registering notifications of objectionable conditions as described in our Code of Ethics. Employees can report with their full name, or anonymously. Kredinor has entered into an agreement with the law firm Simonsen Vogt Wiig for processing anonymous notifications. During 2023, we did not receive any incidents through our whistleblowing function.

Informal notifications
During 2023, we received 70 informal notifications regarding harassment and/or discrimination through our pulse survey system. The large increase in notifications from 2022 (31) to 2023 (70) may be related to the fact that Kredinor has merged, which has led to major organisational changes and branch office closures. In addition, the increase may also be due to more awareness of the system itself and employees reporting to a greater extent.

The routine is that all notifications/comments received via this channel should be immediately responded to by the leader or the People team. Most cases are handled by anonymous dialog, but the employee is also informed that he/she can contact the leader, the People team, or the employees' representatives for an anonymised meeting/conversation. However, in most cases during 2023, the employee has not responded back, or said that they have misunderstood the question, hence resulting in no follow up.

In total, there were 7 notifications that were resolved by an anonymous dialogue in the system. We had 4 cases regarding harassment and/or discrimination that was raised to be investigated by the People team. All 4 cases were resolved and closed.

Notifications regarding Privacy and Customer Data

2023	Norway	Sweden	Denmark	Finland
Notification regarding breaches of customer privacy and loss of customer Data	104	4	1	5
Notifications received from external parties	40	0	0	0
Identified incidents of data leaks, thefts, or loss of customer data	64	0	1	5

2022	Norway	Sweden	Denmark	Finland
Notification regarding breaches of customer privacy and loss of customer Data	104	2	n/a	6
Notifications received from external parties	12	2	n/a	
Identified incidents of data leaks, thefts, or loss of customer data	92	0	n/a	6

For Kredinor AS in Norway, a total of 104 substantiated notifications were recorded in 2023. 40 notifications were received from external parties, substantiated by the organisation, and 64 incidents involved identified leaks, thefts, or losses of customer data. Kredinor AB in Sweden reported four single incidents of leaks or losses of customer data in 2023, Kredinor Oy in Finland encountered five incidents, while Kredinor AS in Denmark reported one notification.

The majority of these incidents represent a low risk to the rights and freedoms of the data subjects. However, four incidents were deemed significant enough to necessitate reporting to the Data Protection Authority.

Seniorpoolen – utilising senior competence

In 2023, Kredinor Sweden launched the initiative Seniorpoolen where retired individuals work part-time with us according to joint needs and wishes.

Anne from Seniorpoolen in Kredinor Sweden.

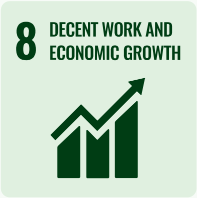
Ageism have socio-economic consequences because we are living longer and longer. Furthermore, the UN says that ageism is associated with poorer physical and mental health, reduced quality of life and greater economic insecurity. Therefore, Kredinor prioritises inclusion of senior competence.

We see great value in the experience and competence possessed by people who have an entire professional life behind them. Ageism creeps ever further down the ages, but the very fact that you can retire at the age of 65 is a problem. This is a group that is financially strong, has high digital competence and is socially active.

In addition, it is the fastest growing age group in the Western world and their point of view and competence is important for us.

Sustainable development goals 2030

Kredinor is committed to contribute to SDG 8, 10 and 12 in the following way:



- We will ensure that our payment solutions, services, and financial advice are accessible for all.
- We will be compliant with laws and regulations, adopt sustainable practices, and integrate sustainability information into our reporting cycle.
- We will not have suppliers, partners, and clients, that are not transparent and work on fundamental human rights and decent working conditions.
- We will include environmental risk factors when pricing and purchasing debt portfolios.

- We will treat our customers fairly and equally.
- We will ensure equal access to our financial training programs for all.
- We will not add unnecessarily to our customers' burden.
- We will promote the social, economic, and political inclusion of all, irrespective of age, sex, disa-bility, race, ethnicity, origin, religion, or economic or other status.
- We will ensure equal opportunity for all our employees. This includes ensuring women's full and effective participation, and equal opportunities for leadership at all levels.

- We will reduce waste generation through prevention, reduction, recycling, and reuse.
- We will work towards higher levels of economic productivity through technological upgrading and innovation.
- We will provide full and productive employment and decent work for all our employees. This includes equal pay for work of equal value.
- We will deliver our services as efficiently as possible to ensure our clients' economic growth.
- We will provide full and productive employment and decent work for all our employees.
- This includes equal pay for work of equal value.
- We will protect labor rights and promote safe and secure work environments for all our employees.

Corporate governance report

Kredinor exercises governance and control to ensure that strategies and goals set for the business are realised without compromising vision and values, or obligations set forth in corporate licenses, laws, and regulations. Kredinor has listed bonds with ISIN Code NO 0012839572 on the Oslo Stock Exchange.

During 2023 a new governing structure for Kredinor AS and the Kredinor Group has been established.

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Governing bodies in Kredinor

Kredinor is a Nordic group headquartered in Oslo with presence in Norway, Sweden, Finland, and Denmark.

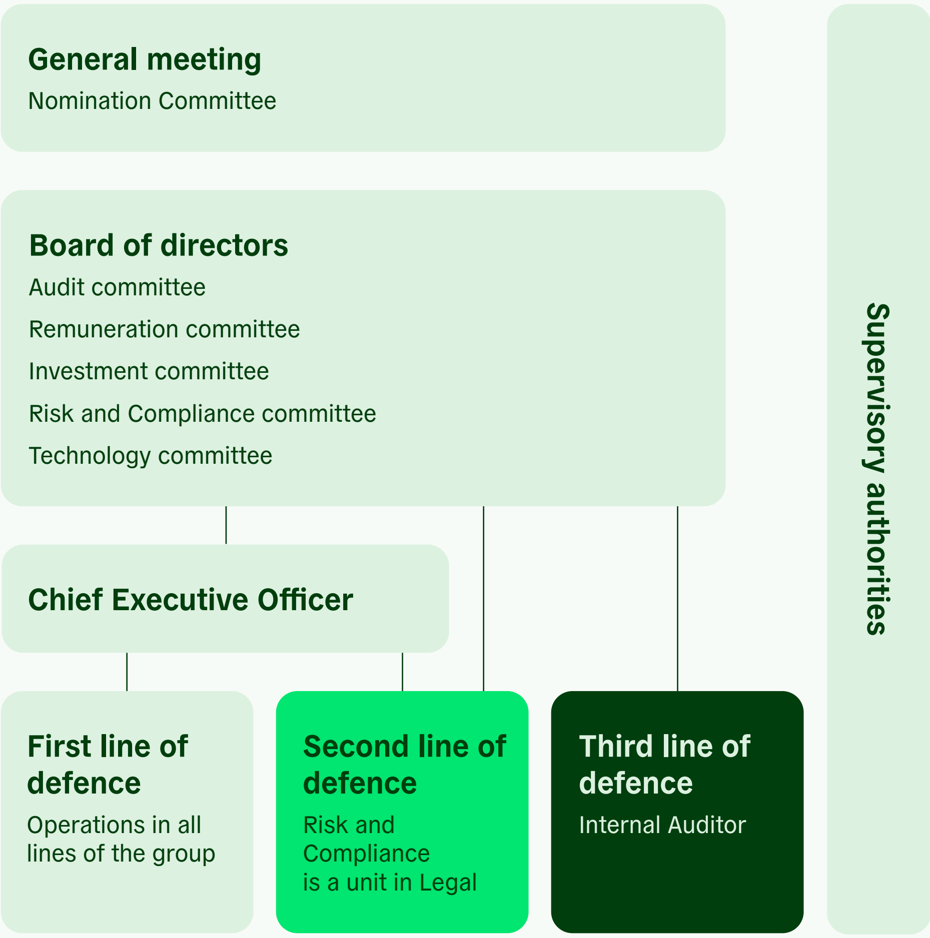
Kredinor delivers relevant products and services ranging from invoicing, credit management services, and portfolio investments. Kredinor has licenses and permits in Norway, Sweden, Finland, and Denmark and is obliged to comply with regulations in these countries.

General Meeting and the Nomination Committee
The General Meeting is the highest governing body in Kredinor AS. The company has one class of shares, and every share carries one vote in the General Meeting. The company has two equally large shareholders, Kredinorstiftelsen and SpareBank 1 Gruppen AS. The annual General Meeting is held no later than 30 June.

The Articles of associations state the existence and purpose of a nomination committee. The committee forwards its recommendation to the General Meeting regarding election of members, deputies, and chair of the board to be elected by the shareholders. The committee recommend remuneration for the Board, and the Nomination committee, as well as members and chair of the committee.

The General Meeting appoints the person who shall chair the meeting. The chair of the board and the CEO may speak at the General Meeting, while other board members may meet. The company's external auditor shall meet. The chair of the Nomination Committee shall present the committee's recommendation on the election of board members.

The Nomination Committee consists of a Chair and three members. Both owners have appointed two members each. The members are elected for a period of up to 2 years. The Instruction for the Committee was adopted by the General Meeting in 2023.



Board of Directors

The Board of Directors is responsible for adopting the strategy, ensuring a relevant and efficient organisation, financial framework, governance, risk and compliance, and measures and controls in line with the risks identified.

According to the Articles of associations the Board of Directors consists of 5-9 representatives, the Chair included, elected by the shareholders in the General Meeting. The employees elect members to the Board according to law at any time. The Chair is elected for one year at a time, while members elected by the shareholders are elected for 2 year at a time. The Board of Directors of Kredinor consists of five members elected by the shareholders and three members elected by the employees.

The Board of Directors appoints the CEO to ensure that daily business is organised, developed and followed-up in accordance with the expectations of the Board of Directors. The Board of Directors has organised parts of its work in five subcommittees where matters are prepared and advised for further discussion and approval by the Board of Directors. The Committees consider matters for Kredinor AS and for the Group in whole.

The Audit Committee shall prepare matters for the Board of Directors follow-up of processes for financial and sustainability reporting, monitor the systems used for internal control, risk management and internal audit over the said reporting.

The Risk and Compliance Committee shall prepare and advice the Board of Directors on matters concerning risk management, internal control and compliance and thereby help to strengthen the board's monitoring in these areas.

The Remuneration Committee shall prepare and advice the Board of Directors in fulfilling its responsibilities relating to the remuneration of the company's CEO, senior executives (EMT members) and directors. The Committee shall ensure that the remuneration practices are aligned with the company's strategic objectives, promote long-term shareholder value and adhere to best practices of corporate governance.

The Investment Committee shall help to strengthen and streamline the investment strategy and mandates, review particularly large and important investments, and evaluate results from investments.

The Technology Committee shall contribute to thorough and independent discussions on matters related to strategy for and investments in technology, associated business cases and plans, review on major operations, technological risk exposure including information security of all kinds, and preventive measures to monitor and control such exposures.

A presentation of the Board of Directors is included in the Report of the Board of Directors.

Operating model

The CEO is reporting to the Board of Directors and is responsible for daily operations in Kredinor AS and the Kredinor Group. The CEO appoints the Executive Management Team (EMT). Business is operated across countries and legal companies. It is a combination of management in own line, and management in the matrix. This enables coordinated development and response to changes and opportunities in the industry as well as demands from clients and customers.

The Board of Directors of Kredinor AS' subsidiaries are chaired by a member of the EMT.

The operational organisation is structured in lines headed by an EMT director. The organisational structure is explained below:

Commercial negotiates contracts with clients and coordinates relations with existing and potential clients. Depending on clients' needs, Kredinor offers services for invoicing, ledger control, reminder services, and collection of overdue payments and debt.

Operations produce all services rendered by Kredinor in the respective national markets. In daily work, Operations have dialogue with the customers helping them find solutions to fulfil their payments obligations. The daily follow up of the non-Norwegian subsidiaries are conducted by the Chief Operating Officer.

Investments purchases debt from financial institutions and companies selling on arrears invoicing. Investments are done by Kredinor Finans AS, Kredinor AB and Kredinor OY for the relevant market.

Digital and Technology manages a portfolio of systems and solutions partly developed and operated by Kredinor, partly outsourced. Kredinor's digital platform "Min side" interacts with over one million individual customers annually. A digital platform to interact with the clients are in place ensuring prompt and secure communication with clients.

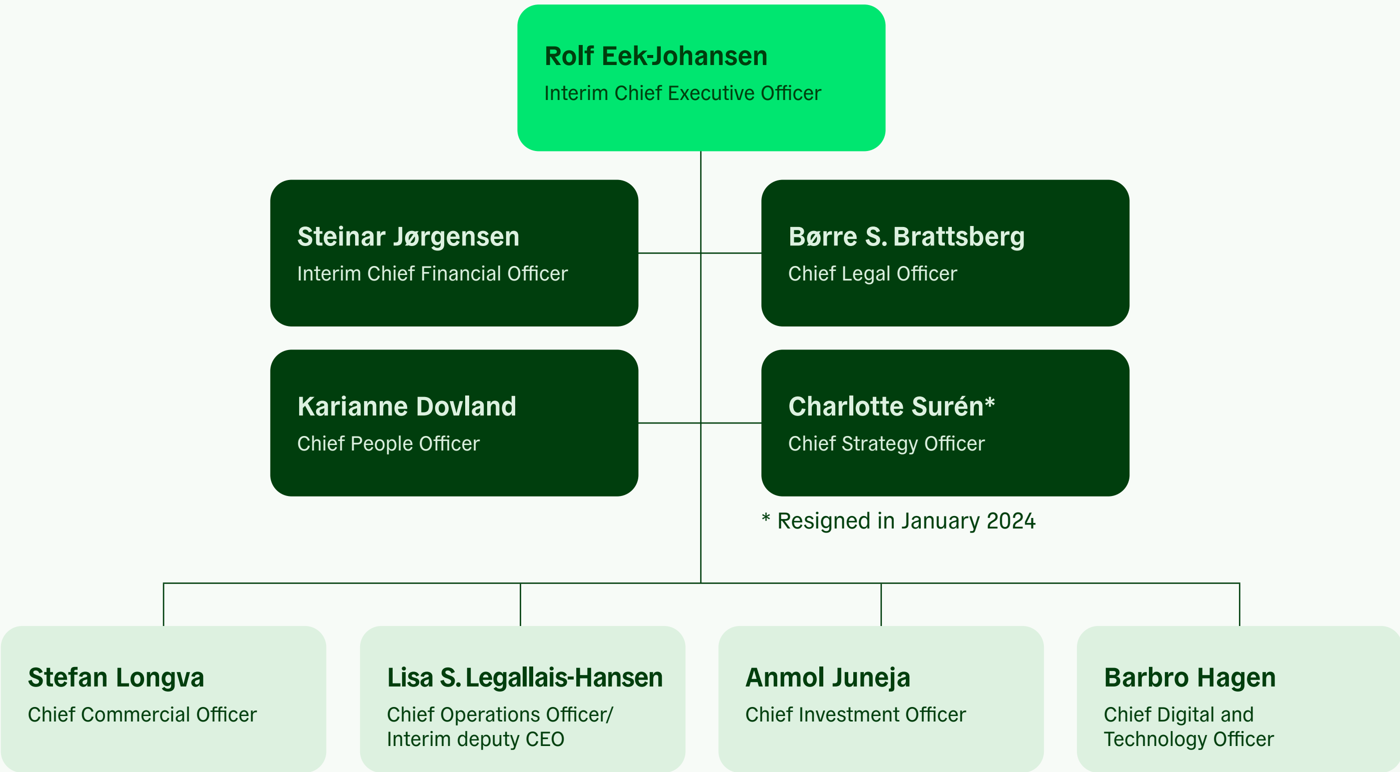
People provides administrative, operational and strategic HR services to ensure that Kredinor attract, develop and utilise employees in an optimal way to achieve the company's goals. A comprehensive internal training program is managed by People. This provides both developing the Kredinor culture and specific sessions on different lines of expertise.

Finance is responsible for financial planning, management, control, and reporting for the company and the group. Funding, management of financial exposure, and relations to financial institutions, and securitisation of purchased debt is handled by Finance.

Legal has a team of lawyers handling legal issues for the company and the group. Risk and Compliance is an independent control function within Legal.

Strategy coordinated major initiatives of strategic importance to the company. Sustainability, communication, brand building and marketing were also part of this organisational unit. The unit was dissolved at the beginning of 2024.

Executive Management Team as of 31 December 2023:



First line
The management at Kredinor are responsible for good governance in accordance with the established governance structures. It is a leader's responsibility to understand and implement the requirements set by governing documentation, secure compliance, and training of own personnel, and conduct internal control activities in own operations.

Second line functions
Second line functions for risk and compliance are organised as an independent unit in Legal. The function is led by Head of Risk and Compliance and reports directly to the board. The objective is to secure governance and control for the company and the group, assisting the business, but also conducting controls and reporting status to the CEO and the Board of Directors on a regular basis. The Head of Risk and Compliance also has the role as Data Protection Officer and Compliance Officer according to the Anti-Money Laundering Act.

Third line
In Q3 2023, Deloitte was appointed internal auditor for Kredinor AS and the Group. The internal auditor shall conduct its audits based on a plan approved by the Board of Directors and shall report to the Board.

External auditor
EY is the external auditor for Kredinor AS and the Group.

Supervisory authorities

The Norwegian Financial Supervisory Authority (Finanstilsynet) is supervising authority for Kredinor AS (debt collection license), Kredinor Finans AS (financial institution license), and ICT regulations for both companies. Kredinor Finans AS is subject to the Anti-Money Laundering Act which is supervised by the Financial Police (Økokrim). GDPR regulations impacts all Norwegian companies and are supervised by the Norwegian Data Protection Authority (Datatilsynet). Kredinor AS has listed bonds on the Oslo Stock Exchange and is subject to regulations following this listing.

In Sweden, Kredinor AB has as debt collector been subject to supervision from The Swedish Authority for Privacy Protection's (IMY). From 1 January 2024 Swedish Financial Supervisory Authority (Finansinspektionen) will be supervisory authority for the debt collection business. Anti-Money Laundering is also supervised by the Swedish Financial Supervisory Authority.

In Finland, Kredinor OY has a debt collection permit and is subject to the Anti-Money Laundering Act. The Regional State Administrative Authority supervise these regulations. The Data Protection Ombudsman is supervising authority for GDPR. The Finish Competition and Consumer Authority issues "Good practice in consumer debt collection" and supervises this.

In Denmark, Kredinor A/S has a debt collection license from the National Police (Rigspolitiets Administrative Center). The company is also subject to the Danish Data Protection Agency (Datatilsynet).

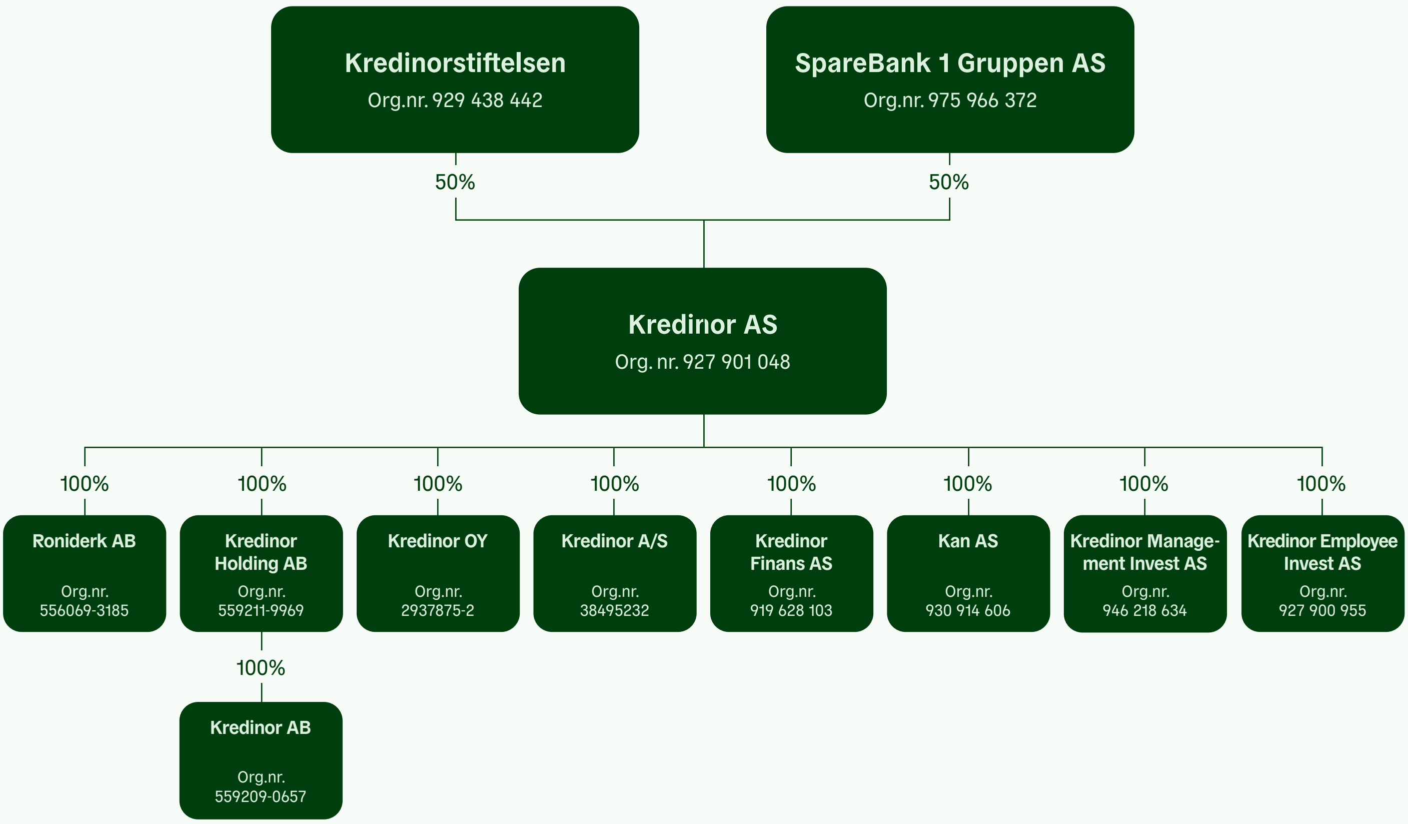
Legal structure

SpareBank 1 Gruppen AS and Kredinorstiftelsen agreed in 2022 to form the Kredinor Group with Kredinor AS being mother company. 1 October 2022 the two partners became 50-50 owners of Kredinor AS.

SpareBank 1 Gruppen acquired 50% of the shares in Kredinor AS through a capital increase and new subscription. The capital increase was carried out partly as a contribution in kind with SpareBank 1 Gruppen's shares in the company Modhi Finance AS (with subsidiaries in Norway, Sweden, and Finland) and partly as a cash contribution.

The legal structure was settled 3 January 2023 when Modhi Finance AS and Kredinor Finans AS merged. During 2023, Kan AS was established and the shares in Kredinor A/S in Denmark were acquired.

As of 31 December 2023, the legal structure was as follows:



Governance in Kredinor

Kredinor shall have a risk-based approach to governance, management, and daily work. Regular risk assessment of running business, and risk assessment of new initiatives are required. Risk shall be an integral part of the decision-making process.

Below is an overview of how Kredinor has structured governing documentation for the company and the Group. The documentation reflects requirements set by external regulations, but also requirements set by Kredinor's vision, values, goals, and strategies. A digital platform at the intranet is established where all managers and employees in the Kredinor Group have access to governing documentation from policies to routines.

The framework for governing and controlling documentation is as follows:

Internally developed

Level	Type of documentation	Responsible	Main content
Overarching governing	Codes, Policies, Instructions etc.	Board of Directors through the CEO	What we want to achieve. Responsibilities
	Standards	CEO through EMT	
Operational governing	Processes, Routines, Templates, Methods, Tools, Documentation of other measures	Managers on different levels within areas of responsibility	How and when shall something be done by whom
Controlling	Logs, Minutes, Reports, Notes on Executed tasks, Risk assessments, Other evaluations, Revisions, Desicions etc.	Executors (All personnel dependent on responsibiliy)	What has been done or decided according to Governing structure

Training programs are in place with a combination of mandatory and voluntary training activities. E-learning is often used, making up-dates easier and training more available. Managers are responsible for following-up the training in own line of the organisation.

Incidents and deviation reporting is system supported, and employees are urged to report. A separate system for whistleblowing managed by Compliance in each country is in place, including the possibility for anonymous reporting. The Board of Directors has approved instructions for the board and the CEO and principles for delegation of power of attorney and delegation from the Board of Directors.

Report on Governance from the Board of Directors
The Board of Directors had in 2023 eight ordinary board meetings, one two-days conference, and 17 extraordinary meetings. The Audit Committee and the Investment Committee had four meetings respectively. The Compensation Committee and the Risk and Compliance Committee had two meetings each, while the Technology Committee had one meeting in 2023.

Establishing strategy, goals, governing structures, a risk framework with risk appetite, and a structure for reporting and follow-up have been important tasks for the Board during 2023. The financial structure for Kredinor AS and the Group has been closely followed up during 2023.

During the last quarter the RCF banks have accepted a request for an amendment of the covenant requirements in Kredinor's loan agreement. The RCF banks have also extended the terms of the loan agreement by one year until maturity in November 2025. Further Kredinor has signed a subordinate loan agreement of up to NOK 675 million with one of the shareholders to strengthen its financial position.

The Articles of Associations do not permit the Board of Directors to issue new shares or repurchase shares in the company. Nor is the board given such power of attorney. The Articles of associations regulate transfer and purchase of shares. Purchase must be approved by the Board of Directors, and transfer initiates a right of first refusal for other shareholders.

6 December Rolf Eek-Johansen was appointed interim CEO following the resignation of the former CEO. Lisa S. Legallais-Hansen was appointed interim deputy CEO.

In 2023 overarching governing documentation in form of Code of Conduct, Code of Ethics, policies regulating to governance, sustainability, people, compliance, information security, privacy, financial crime and sanctions, investments and credit risk, financial governance, and financial exposure have been developed and adopted by the Board of Directors. The policy for risk management and internal control, and the policy for outsourcing were approved in January 2024 completing the policies for Kredinor AS and the Group. Instructions for the nomination committee, the Board of Directors, and the CEO are in place, as are guidelines for suitability assessments. All policies shall be reviewed and approved by the Board of Directors yearly or when needed.

The annual wheel of the work of the Board of Directors shall ensure governance and control over the business.

Goals, strategy, and risk appetite

Goals, strategy, including strategy for sustainability and social responsibility, are in place securing that value creation shall be sustainable and socially responsible.

The performance and development of Kredinor is discussed and evaluated against financial situation, sustainability, and risk. The Board of Directors have discussed and approved the risk appetite, and the framework to follow up on risk development.

Governance and control

A structure for governance and control is in place and is continuously being improved, as described under "Governance in Kredinor".

The internal control report for 2023 is finalized in Q1 2024. The internal audit function will perform an independent evaluation of the report, including the internal report process. The Board of Directors receives annual internal control reports.

The company's systems and procedures related to risk management and internal control contributes to efficient operations, timely and correct financial reporting, and compliance with applicable laws and regulations.

Kredinor's separate entities prepares its financial statements within a standard financial accounting system which is consolidated into the Group's results. These processes are reviewed by the external auditor and the audit committee monitors the financial reporting and internal controls regularly.

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In 2023, outsourcing agreements which are considered critical or important as well as significant were considered and approved by the Board of Directors.

In the Group's authorisation matrix limits for financial obligations that the administration may incur, are set. Obligations above these limits, or matters which are of extra-ordinary kind, shall be considered by the Board of Directors.

Kredinors' companies are covered by board liability insurance. The insurance applies to any person who has been, is or becomes a general manager, board member, member of the management or equivalent governing body of companies covered by the insurance, as well as any past or present or future employee who may incur an independent management responsibility. Kredinor AS has a liability insurance covering 1/40 of its claims balance 31.12.2023 following requirements for Norwegian debt collection companies.

During 2023, compliance of regulations concerning debt collection, privacy and financial crime and anti-money laundering have been followed closely. The Kredinor Group is subject to such regulations in all countries of operation.

Debt collection

Following the merger in 2022 Kredinor succeeded to reduce system platforms for debt collection in Norway from three to two. Migrating to one system platform is planned to take place during 2024. Collection processes and routines have been adapted during 2023.

Financial crime and ant-money laundering
During 2023, AML monitoring and checks were consolidated to one system platform used by the Kredinor companies subject to this regulation. The rules in the system are adapted to the regulation in each country and company. Kredinor AS is not itself subject to AML but support this as an outsourced service to Kredinor Finans AS and offers AML services to third parties. Kredinor AS uses the same system platform. After the merger routines for the Norwegian business have been updated during 2023.

Privacy
Kredinor follows the General Data Protection Regulations (GDPR) in line with implementation in each country of operations. Kredinor has the role and responsibility of data controller and data processor respectively, depending on products and services rendered. Kredinor processes personal data on customers, clients, and employees in all countries of operation. Subcontractors' processing of personal data is covered in separate data processor agreements. After the merger routines for the Norwegian business have been updated during 2023.

Report of the Board of Directors

Kredinor is a limited company headquartered in Oslo, Norway, with subsidiaries in Sweden, Denmark and Finland. We are active in debt collection and debt purchasing, as well as providing some closely related business support services.

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The Board of Directors. From left: Geir-Egil Bolstad, Jill Rønningen, Sverre Gjessing (Chairman), Linn Hagesæther, Vegard Urstad Aakervik, Sverre Olav Helsem.
Inga Lise Lien Moldestad and Vegard Helland was not present when the picture was taken.

Our history
Kredinor was founded as an association in 1905 under the name Kreditorforeningen in Christiania. We can trace our roots even further back to 1876, with the founding of Bonnevie Angell Bureau AS which Kredinor subsequently acquired in 2003 under the name Heffermehl & Co. The association became a cooperative company in 2011. In 2022, the cooperative was demutualised and its assets transferredto a limited company, in order to allow a merger with Modhi Finans, a debt collection and debt purchasing company owned by SpareBank 1 Gruppen.

Kredinor is owned in equal parts by SpareBank 1 Gruppen and Kredinorstiftelsen (the Kredinor Foundation). SpareBank 1 Gruppen is Norway's largest group of savings banks, while Kredinorstiftelsen is a charitable foundation created as a result of the demutualisation, in order to continue to provide the benefits to society which the cooperative provided.

The overall structure consists of the parent company Kredinor AS, and the subsidiaries Kredinor Finans AS, Kredinor Holding AB, Kredinor Kapital AB, Kredinor A/S, and Kredinor OY. Kredinor Holding AB has a subsidiary company Kredinor AB. There are two additional subsidiaries which are intended to function as holding companies for a future employee stock ownership program, Kredinor Management Invest AS and Kredinor Employee Invest AS.

Our business
Kredinor operates in two closely related segments, Credit Management Services (CMS) and Portfolio Investments (PI). The CMS business helps companies collect overdue payments from their customers and assists customers in settling their debts. In addition, the CMS business includes Third Party Collection, invoicing services, customer service outsourcing, analysis services and legal services related to debt collection matters, as well as a number of technology solutions for payment and integration with client's accounting systems. Our clients are from all sectors of the economy, including banking and finance, energy, telecoms, retail, transport and parking, as well as the public sector.

The PI business purchases overdue (non-performing) debt claims from companies, and then collects these over time. The majority of purchased debt comes from the financial services sector, but we also purchase claims from companies in telecom, retail, energy, transport and other sectors.

Kredinor had 687 employees as of 31 December, providing 638.9 full-time equivalent positions. Of the total of employees, 604 are in Norway, 38 in Sweden, 42 in Finland and 3 in Denmark. The remaining branch offices in Norway was closed during 2023, and all employees in Norway are now co-located at Skøyen in Oslo.

Our operations in 2023

During 2023, Kredinor concluded and resolved 2.1 million cases, including pre-collection. A major share of these cases was handled through digital channels. More than a million customers visited our secure self-service portal My Pages. Customers are highly satisfied with our services, with a customer satisfaction rating of 4.4 out of 6.

Merger and integration
The merger between Kredinor and Modhi in 2022 marked a milestone in our history. As of 1 October 2022, we became one organisation, with one management team and one brand. The last merger of the legal entities occurred in early January 2023. The integration work continued through 2023, as we migrate our IT systems, merge our operational processes, build company culture and streamline our working practices.

Employee well-being, diversity and inclusion
In Norway, Kredinor had a total of 561.5 full-time equivalents as of 31 December 2023 (in addition to 37.0 in Sweden, 37.4 in Finland, and 3 in Denmark) compared to 515.7 as of December 2022. The proportion of women was 53.1% in Kredinor Norway (figures per country are presented in Table 1).

By the end of 2023, Kredinor Norway had 11.5% part-time workers, of which 56.6% were women and 43.5% were men. In the management teams in Norway (managers with personnel responsibility), the proportion of women was 41.8% (figures per country are presented in Table 1). The proportion of women on the board was 37.5%. In terms of pay, women's share of men's wages was 86%. This is further explained in the Equality and Anti-Discrimination Act. The company works systematically to comply with the letter and the intentions of the Anti-Discrimination Act. Activities include open recruitment processes as well as pay and working conditions. Development opportunities and protection against harassment and discrimination on the basis of national origin, skin color, language, religion and beliefs are provided.

The Equality and Diversity report for 2023 is attached to the annual report. It describes what Kredinor is doing to promote equality and prevent discrimination in addition to including payroll mapping in Kredinor Norway as well as mapping of involuntary part-time.

Table 1

	All employees		Managers	
Country	**Women**	**Men**	**Women**	**Men**
Norway	321 (53.1%)	283 (46.9%)	28 (41.8%)	39 (58.2%)
Sweden	23 (60.5%)	15 (39.5%)	2 (33.3%)	4 (66.7%)
Finland	29 (69.0%)	13 (31.0%)	2 (33.3%)	4 (66.7%)
Denmark	3 (100%)	0 (0.0%)	1 (100%)	0 (0.0%)
Total	**376 (54.7%)**	**311 (45.3%)**	**33 (41.3%)**	**47 (58.7%)**

Kredinor monitors sick leave. For the year 2023, absence due to illness in Kredinor Norway was 7.3%, an increase of 0.4 percentage points from 2022 (figures per country are presented in the Table 2). Kredinor's goal is to have equal to/less than 6% sick leave. The company is committed to following up sick leave, and to implement the appropriate actions and initiatives to improve. Kredinor has an integrated follow-up module for people on sick leave in the HR system, which helps managers with their follow-up work. The company has an established corporate sports team, Kredinor GO, which facilitates physical activity and social measures.

Table 2

	Sick leave 2023	Sick leave 2022
Norway	7.3%	6.9%
Sweden	2.2%	1.7%
Finland	2.1%	3.2%
Denmark	N/A	N/A
Total	**6.95%[1)]**	**N/A**

1) Based on figures for Norway, Sweden and Finland.

The cooperation between management and employees and employee representatives works well, both in day-to-day work and through the Trustees Committee (TU) and in the Working Environment Committee (AMU). The employees have three representatives on the board.

Kredinor has provided an account of the obligation to carry out activities pursuant to Section 26 of the Equality and Anti-Discrimination Act. Document is available in its entirety on the company's website.

Impact on the environment
Kredinor is certified as an Eco-Lighthouse. All business is in rented premises. The office premises in Oslo are energy and environmentally friendly. Management tools have been established for energy consumption and all waste is sorted at source. Pages 17 - 35 of this Annual and sustainability report constitute part the Board of Directors' report for the purposes of non-financial disclosure requirements.

2022	Group	Norway	Sweden	Denmark	Finland
Total NOEs	599	547	23	0	29
Gender balance female/male (% of all)	55 / 45	54 / 46	61 / 39	0	69 /31
Gender balance managers, female/male, all levels (% of all)		49 / 51	33 / 67	0	50 / 50
Gender balance female/male Executive Management Team, Group level		4 / 5	-	-	
New hires, gender balance female/male %		46 / 54	43/ 57	0	86 / 14
New hires, number of positions		101	7	0	7
Turnover number of resignations (turnover excluded downsizing in brackets)		124 (101)	6	0	2
Turnover % of NOEs (turnover excluded downsizing in brackets)[1)]		31.4 (25.6)	22	0	7.7
Sick leave (% of working hours)		6.9	1.7	0	2
Parental leave, average number of weeks female/male		26.8 / 13.2	n/a	0	n/a

2023	Group	Norway	Sweden	Denmark	Finland
Total NOEs	687	604	38	3	42
Gender balance female/male (% of all)	53 / 47	53 / 47	61 / 39	67 / 33	69 / 31
Gender balance managers, female/male, all levels (% of all)		47 / 53	33 / 67	100 / 0	67 / 33
Gender balance female/male Executive Management Team, Group level		4 / 5	4 / 5	4 / 5	4 / 5
New hires, gender balance female/male %		56/44	58 / 42	0 / 100	70 / 30
New hires, number of positions	256	216	19	1	20
Turnover number of resignations (turnover excluded downsizing in brackets)		168 (117)	3	-	8
Turnover % of NOEs (turnover excluded downsizing in brackets)[1)]		28 (19.2)	9.8	0	22.1
Sick leave (% of working hours)		7.3	2.2	0	2.1
Parental leave, average number of weeks female/male		21.3 / 15.5	0 / 24	0	0 / 8

1) High turnover can be explained by a good labor market after the pandemic in 2022. The merger between Kredinor and Modhi and closure of several locations during 2022 and 2023 also created uncertainty among the employees.

Risk management

Our business model relies on the ability to successfully recover outstanding debts from individuals and businesses. There are several key risks which must be monitored and managed in order to maintain business operations and ensure long-term success.

Kredinor aims to take calculated risks and managing these to reach the strategic and financial goals set by the Board of Directors on behalf of our stakeholders. A proper balance of risk and return on equity aims to increase value for our shareholders and contribute to efficient use of capital.

The Board of Directors has adopted risk appetite statements, and, where appropriate, risk limits for significant risks that Kredinor is, or can be, exposed to. The risk profile is set based on the values that we wish to protect, the goals to be achieved and our ability and willingness to manage the risks.

Risk management is organised in such a way that regulatory requirements and guidelines are met. Kredinor has established a risk management system, which is organised in three lines of defence, with varying frequencies of reporting and proximity to the company's business operations and risk management.

Risk management in Kredinor is documented internally to comply with the regulations on risk management and internal control. Kredinor continuously assesses the risks associated with its operations. A risk report is prepared and presented for the Board quarterly. The report gives an overview of the company's risk profile, including follow-up of risk limits. At least annually, Kredinor conducts a review of significant risks for all business areas. Managers of each business area also carry out an annual assessment of internal control.

Risks

THE SIGNIFICANT RISKS THAT THE COMPANY IS EXPOSED TO, ARE THE FOLLOWING:

Strategic risk

External changes in legal, political, economic and social conditions affect Kredinor's competitive environment, client and customer behaviour and technological development, both nationally and internationally. Kredinor's ability to respond to and manage such changes thus affects the quality of strategic decisions as well as the opportunity and ability to operate profitably.

The debt collection industry, and the finance industry in general, may be affected by cyclical fluctuations and other macroeconomic conditions. To reduce the impact of external factors, Kredinor closely tracks the environment in the countries where Kredinor operates.

Kredinor participates actively in industry associations to have the opportunity to influence political developments and regulatory changes in a timely manner, focusing on a proactive approach to make a difference where it matters. Kredinor's presence in Norway, Sweden, Finland and Denmark also helps to reduce the consequence of changes that it does not have control over.

Credit risk

Kredinor offers services throughout the credit value chain from invoicing and ledger management to reminder services, debt collection and monitoring of non-performing claims in addition to purchasing receivables from clients who wish to free up capital. Kredinor aims for a quality and composition of our portfolios that ensures profitability in the short and long term. The risk associated with portfolio purchases relates to the ratio of the amount collected to the price given for the portfolio at the time of purchase, and depends on, among other things, the size of the receivable, the time to final maturity, the probability of loss and any collateral values. For portfolio purchases, the debtor's ability to settle will also affect the calculated cash flow.

Kredinor limits exposure to individual industries and individual clients, and to avoid mispricing, Kredinor regularly performs qualified analysis and review of their performance. The analysis shall provide a sufficient basis for estimating profits and future recoveries on the portfolios. Furthermore, for the portfolio business, updated valuations are based on expected future collection of the non-performing receivables. Actual collection is measured against forecast, and in the event of discrepancies between actual collection and forecast, an assessment is made of whether the forecast needs to be adjusted.

Financing and liquidity risk

To secure financing for ongoing operations and our growth targets, we aim to find the best balance between short-term and long-term financing, and to secure part of the financing with a fixed interest rate so that financing costs do not increase significantly and affect the company's ability to achieve its goals and growth plans. There is established management of financing risk through, among other things, adequate reporting, contingency plans for financing and liquidity, clear communication and stress testing. See further information under Financial performance.

Company's liquidity management ensures that there is sufficient liquidity to fulfil our financial obligations when they become due. Financial obligations are related to ongoing operating costs and interest payments.

It is important for Kredinor to have effective liquidity management. The liquidity position is monitored continuously to ensure adequate cash flow for operational needs. Any liquidity challenges are quickly addressed through short-term financing solutions or other measures. The company's Board of Directors has also set liquidity limits that the company must adhere to.

Interest rate risk

Kredinor is exposed to interest rate risk through increased funding costs. We aim to balance our positions in interest-bearing financial instruments (including interest rate derivatives) and bank loans in such a way that changes in market prices weaken our cash flow and/or values as little as possible.

Currency risk

Kredinor is exposed to currency risk as the company has assets in foreign currency through ownership in portfolios with requirements in countries outside Norway where the receivables in the portfolio are in foreign currency. Currency risk may arise when receivables in other currencies and liabilities in other currencies do not balance. Kredinor aims to minimise currency risk by financing in the same currency as the currency in which the portfolios are nominated.

The company is also exposed to currency risk because a share of our income is in a currency other than NOK. This risk is minimised by regulating foreign exchange loans approximately to book receivables in the same currency.

Compliance risk

The financial services industry, and the debt collection sector in which Kredinor operates, are heavily regulated, and any failure to comply with these regulations could result in significant penalties, reputational damage, and legal liability. To mitigate this risk, Kredinor has established a 2nd line control function, the compliance function, which is responsible for regular training of employees, as well as regular monitoring and controls of the operations to ensure that Kredinor is adhering to applicable regulations and laws. The Compliance function has a reporting line to the CEO and the Board of Directors.

Operational risk
Kredinor is exposed to operational risk which is the risk of financial loss or loss of reputation as a result of inadequate or failing internal processes, systems, people or from external events. Operational risk includes both accidental and intentional incidents and is present throughout the organisation.

At Kredinor, no single incident shall significantly damage the reputation or financial strength. This is managed through established routines for internal control, notification routines and incident reporting. A clear structure of authority, a clear division of responsibilities, training materials, a legal framework and a structured management and control environment have been established. The two operational risks that are considered to have the greatest financial consequences for Kredinor are: ICT risk and Working environment risk.

Information, Communication and Technology (ICT) risk
We depend on stable and well-functioning IT systems, with a high level of security against external attacks (cyber-attacks) that can inflict major losses on the business. In order to minimise this risk, Kredinor maintains close operational cooperation with our key suppliers in this area. ICT risk is managed in a combination of documented policies and process descriptions, system-based and administrative controls, routines, risk assessments, competency development, crisis and continuity frameworks, etc.

Working environment risk
Kredinor depends on its employees. Access to expertise and resources requires us to be an attractive workplace with competitive terms. Ensuring that we retain, motivate and can recruit competent employees, managers and key personnel is therefore key to delivering upon our strategy. Active efforts are being made to provide employees with development opportunities.

Reputation risk
Damage to our reputation, whether among clients, suppliers, shareholders or authorities, can have an effect on company’s revenues and reduce access to capital. Our focus on employee quality, competence and integrity helps to reduce the company’s reputational risk. In addition, our Code of Conduct and conscious approach to social responsibility also contribute.

Reputational risk is otherwise managed through policies and business activities, including the Code of Conduct stating that agreements shall not be entered into if they constitute an unacceptable risk of contributing to illegal and unethical acts, corruption, money laundering or other financial irregularities. Kredinor also works to maintain close relationships with clients and to be transparent about our collection practice.

Financial performance in 2023

Revenues and expenses for comparable figures in 2022 are impacted by the merger with Modhi that became effective October 2022, hence 2022 figures until third quarter 2022 does not include Modhi figures.

Revenues
Revenues from customers of NOK 682.9 million in 2023, compared to NOK 601.4 million in 2022, an increase of 13.6%. Revenues from our purchased portfolios (PI) business were NOK 766.1 million in 2023, compared to NOK 321.0 million in 2022, an increase of 139%.

The overall revenue is impacted by a negative revaluation of our purchased portfolios of NOK 266.3 million (compared to a write-down of NOK 175.3 million in 2022).

CMS and PI interest revenue is impacted by the merger with Modhi that became effective October 2022. In addition, the PI interest revenue has increased in line with the increase in purchased portfolios.

Expenses
Our total operating expenses for the year were NOK 1 140.7 compared to NOK 712.9 in 2022. 2022 expenses do not include Modhi figures before October.

Portfolio purchases
Kredinor purchased portfolios totaling NOK 1 493 million in 2023, compared to NOK 2 026 million in 2022.

Financing
In February, Kredinor successfully issued a NOK 1.5 billion unsecured bond. The unsecured bond and the secured revolving credit facility (RCF) of NOK 4.2 billion gives the company a satisfactory funding for purchases of portfolios. After Q3, the company reported that it might come in a covenant breach in Q4. As a result of dialogues initiated with the bank syndicate and the owners a new subordinated PIK loan of NOK 675 million was agreed with one of the owners. At the same, time amendments to the covenants and an extension of the RCF of one year to November 2025 was agreed. At balance sheet date, Kredinor has drawn NOK 3 433 million on the RCF facility, NOK 1 billion on the bond and NOK 500 million on the subordinated loan.

Subject to the prior approval by the general meeting of the Borrower, all amounts outstanding under the new subordinated facility, included any capitalized 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.

Cash flow
Kredinor had cash flows of negative NOK 850.0 million from operating activities during the year, including collection on purchased portfolios of NOK 1 609.4 million and portfolio acquisitions of negative NOK 1 492.9 million. In addition, we had cash flows of 1 289.3 million from financing activities. Cash flow from investment activities were NOK -152.1.

Liquidity
Our liquidity position was strong, with NOK 705.4 million in cash and cash equivalents available at the balance sheet date, in addition to NOK 762 million in undrawn but committed loan facilities.

Going concern
The annual accounts for 2023 have been prepared on a going concern basis in accordance with Section 3-3a of the Norwegian Accounting Act. Following a review of the financial statements, the Board of Directors confirms that these provide a fair representation of the company's business performance and financial results.

The company has prepared forecasts for 2024. These forecasts indicate a possible risk of breaching ICR (Interest Coverage Ratio) terms in loan agreements ultimo Q2 2024. Subject to eventual insufficient growth in Cash EBITDA through Q1, the company will start negotiations with lenders for a periodic waiver of the ICR covenant. Violation of loan terms could lead to loan defaults. The forecasts indicate material uncertainty that may cast doubt on the company's ability to continue as a going concern. Based on close monitoring of the development of the situation, plans, and actions described above, the company has assessed that the going concern assumption can be applied for financial reporting.

Events after the balance sheet date
No events.

Outlook for 2024 and beyond

Macroeconomic situation and risks
The macroeconomic situation globally and in the Nordic countries where Kredinor operates deteriorated through 2023. Rising inflation, high interest rates, and a turbulent global situation including the Russian warfare in Ukraine and ongoing military conflicts in the Middle East, contribute to creating a challenging environment for businesses and individuals.

Despite this, the economy in the Nordic countries has remained relatively strong, and unemployment is still at a low level. There are prospects for lower interest rates and a more positive and stable economic development as we move into 2024 and beyond, but there is still a lot of uncertainty about the future.

The number of businesses and individuals with collection cases has risen somewhat through 2023, but there has not been a significant increase. Over time, we expect the economy to improve, and with it, the ability to pay. The uncertainty factor is the employment rate and how it will develop.

To Kredinor, the recent period has been demanding, with high interest rates and inflation, which particularly affects the company on the cost side. Prospect of lower interest rates are positive for the industry as a whole, but at the same time, competition is intensifying. It is the truly good players that will perform the best. Therefore, Kredinor aims to be excellent in operational efficiency in the industry and keep focus on the core business going forward.

Regulatory situation and risks
Regulations are continuously being implemented to ensure compliance with EU regulation within the financial sector.

The Non-Performing Loans directive has been implemented in Sweden and Denmark and a new license is required when collecting NPLs on behalf of financial institutions. The directive has not yet been implemented in Finland, and Norway is waiting for the regulation to be included in the EEA Agreement. There are signals that this might happen before the summer.

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 interest rates and costs. Financial education shall also be provided to ensure responsible borrowing and debt management.

EUs securitization regulation has not been implemented in Norway yet. This might be implemented soon, creating the possibility for non-performing loans to be securitized. With the back-stop regulation having increased impact, this might create a more efficient secondhand market for NPL's. This will contribute to a more stable financial sector, in line with EU goals. The new debt collection law is still pending in Norway.

The Swedish government has submitted a proposal aimed at combating over-indebtedness which includes, among other things, lowered interest rate ceilings and stricter credit assessment rules, set to enter into force on 1 January 2025. From the 1st of January 2024, the Swedish FSA has taken over as supervising authority for debt collection companies.

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. An updated Good practice in consumer debt collection was released in October, setting limits for the level of cost that the debtor should pay.

Focus on core business
Throughout 2023, Kredinor launched several initiatives and services aimed at the customer. These initiatives will continue, but we made a tempo shift towards the end of 2023 to ensure that our clients receive good follow-up and to bring Kredinor back to profitable operations. The best way to do this is to focus on core business and be the best at debt collection in the industry.

Kredinor has always adapted to the times we have operated in. This has secured our position as the largest player within debt servicing in the Norwegian market. We will continue to develop this role in combination with our commitments in Norway, Sweden, Finland, and Denmark. All our future measures will support the company's core businesses. This also ensures that we can stand by our long-term commitments to clients, customers, partners, society, and owners.

Capital light
The prevailing business model among most debt purchasing companies entails acquiring funds through the high-yield bond market and/or utilising bank credit facilities with equivalent credit spreads. These funds are subsequently allocated towards the acquisition of portfolios comprising non-performing loans from various banks and other financial/non-financial institutions.

However, this model exhibits inefficiencies primarily due to the significantly higher funding costs within our sector compared to the originating banks. Additionally, the inherent uncertainty surrounding the performance of these impaired assets necessitates a high rate of return on equity.

In response to these challenges, we are actively exploring securitization as a mechanism for retaining exposure to non-performing loan portfolios. This strategic approach not only seeks to enhance the revenue generated by our credit management services operation but also facilitates the removal of a portion of these portfolios from our balance sheet.

Board of Directors
Oslo, 15 April 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 income statement
For the year ended 31 December 2023

NOK thousand	Note	2023	2022
Revenue from contracts with customers	2.1	682 933	601 359
Interest revenue from purchased loan portfolios	2.2, 4.3	766 147	321 020
Net gain/(loss) from purchased loan portfolios	2.2, 4.3	-266 318	-175 258
Other income	2.2	3 776	2 787
Total revenue and other income		**1 186 539**	**749 908**
Employee benefit expenses	2.3	648 286	422 315
Depreciation and amortisation	3.1, 3.3, 3.4	88 862	40 809
Impairment losses	3.4	63 283	7 534
Other operating expenses	2.4, 2.5	492 458	290 628
Operating profit		**-106 350**	**-11 379**
Finance income	4.8	120 858	36 778
Finance expense	4.8	517 538	158 312
Change in financial instruments measured at fair value	4.6	2 404	9 410
Net financial items		**-394 276**	**-112 123**
Profit before tax		**-500 626**	**-123 502**
Income tax expense	5.1	18 815	-41 541
Net profit or loss for the year		**-519 441**	**-81 961**
Attributable to			
Non-controlling interests			
Shareholders of the parent company		**-519 441**	**-81 961**
Other comprehensive income			
Net profit or for the period		-519 441	-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		8 217	2 999
Derivatives		6 972	-
Other comprehensive income/(loss) after tax		**15 189**	**2 999**
Total comprehensive income/(loss)		**-504 252**	**-78 963**
Total comprehensive income attributable to:			
Equity holders of the parent company		-504 252	-78 963

Consolidated statement of financial position

NOK thousand	Note	31.12.2023	31.12.2022
Goodwill	3.2	351 309	392 737
Intangible assets	3.1	296 676	214 471
Deferred tax asset	5.1	-	10 273
Right-of-use assets	3.4	190 182	25 793
Property, plant & equipment	3.3	24 841	33 209
Purchased loan portfolios	4.1, 4.3	6 209 570	5 713 876
Other non-current financial assets	4.1, 4.3	23 359	21 353
Other non-current receivables		-	3 809
Total non-current assets		**7 095 936**	**6 415 521**
Trade and other receivables	2.6	28 077	14 098
Prepayments	2.6	16 289	14 443
Cash and cash equivalents	4.7	705 365	409 918
Total current assets		**749 731**	**438 459**
Total assets		**7 845 667**	**6 853 980**

NOK thousand	Note	31.12.2023	31.12.2022
Share capital		143 229	143 229
Share premium		2 458 077	2 458 077
Other equity		-464 578	39 674
Total equity	4.9	**2 136 728**	**2 640 980**
Interest-bearing liabilities	4.2	4 490 962	3 714 617
Lease liabilities	3.4, 4.4	163 953	19 345
Other non-current liabilties		620	1 018
Total non-current liabilities		**4 655 535**	**3 734 980**
Trade and other payables	2.6, 2.7	46 990	51 334
Income tax payable	5.1	-787	-231
Lease liabilities	3.4, 4.4	33 682	27 869
Other current financial liabilities	4.1, 4.6	2 404	3 096
Other current liabilities	2.6, 4.2	971 116	395 952
Total current liabilities		**1 053 404**	**478 020**
Total liabilities		**5 708 939**	**4 213 000**
Total equity and liabilities		**7 845 667**	**6 853 980**

Board of Directors
Oslo, 15 April 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 profit	Total equity
Balances at 1 January 2022	**-**	**-**	**-**	**-1 285**	**878 194**	**876 909**
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 reorganisation (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[1]			-211 985		-30 000	-241 985
Other changes booked to equity					-12 126	-12 126
Balances at 31 December 2022	**143 229**	**2 458 077**	**-**	**1 714**	**37 960**	**2 640 980**
Profit/loss for the period					-519 441	-519 441
Other comprehensive income/loss				8 217	6 972	15 189
Total comprehensive income/loss	**-**	**-**	**-**	**8 217**	**-512 469**	**-504 252**
Balances at 31 December 2023	**143 229**	**2 458 077**	**-**	**9 931**	**-474 509**	**2 136 728**

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

Consolidated statement of cash flows

NOK thousand	Note	2023 (01.01.2023-31.12.2023)	2022 (01.01.2022-31.12.2022)
Cash flow from operating activities			
Profit or loss before tax		**-500 626**	**-123 502**
Adjustments to reconcile profit before tax to net cash flows:			
Finance income	4.8	-120 858	-36 778
Finance costs	4.8	517 538	158 312
Change in finacial instruments measured at fair value		-2 404	-9 410
Portfolio amortisation and revaluation	4.3	1 110 663	555 255
Depreciation and amortisation	3.1, 3.3, 3.4	152 145	48 344
Working capital adjustments:			
Changes in trade and other receivables	2.6	-15 825	49 553
Changes in trade and other payables	2.6	-4 742	3 192
Changes in other items		382 507	54 156
Debt portfolios:			
Purchase of debt portfolios	4.3	-1 492 941	-1 576 822
Other items			
Tax paid	5.1	-	-46 734
Interest received		8 965	3 976
Interest paid		-348 258	-118 753
Net cash flows from operating activities		**-307 868**	**-1 039 211**
Cash flows from investing activities			
Development expenditures	3.1	-134 253	-114 339
Purchase of property, plant and equipment	3.3	-15 640	-18 555
Purchase of shares in subsidiaries, net of cash acquired	6.2	-2 245	314 900
Net cash flows from investing activities		**-152 138**	**182 006**
Cash flow from financing activities			
Proceeds from issuance of equity	4.9	-	117 320
Proceeds from borrowings	4.4	776 345	904 903
Payments for principal for the lease liability	3.4, 4.4	-29 109	-34 124
Net cash flows from financing activities		**747 236**	**988 099**
Net increase/(decrease) in cash and cash equivalents		**287 230**	**130 894**
Cash and cash equivalents at the beginning of the period	4.7	409 918	288 685
Net foreign exchange difference	4.7	8 217	-9 661
Cash and cash equivalents at 31 December		**705 365**	**409 918**

Notes to the financial statements

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Section 1 - Overview

1.1 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

The principal activities of Kredinor Group are described in note 2.1 Operating segments.

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 2022, 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.

Reference is made to note 6.1 for a list of subsidiaries, where the largest entity is Kredinor AS, registered in Norway.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2024.

1.2 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting 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.

1.3 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 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 authorised by a central revaluation committee.

Goodwill (note 3.2)
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 third 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 NOK 61.7 million.

1.4 Re-organisation of Kredinor SA to Kredinor AS

At the annual meeting 3 May 2022 of Kredinor SA it was decided that cooperative Kredinor SA should be dissolved. The business of the former cooperative was transferred to the newly established company Kredinor AS effective from 1 May 2022, owned by the same members as the cooperative. The combination of the entities was therefore considered to be under common control. As the transfer of the business from Kredinor SA to the newly established company Kredinor AS does not constitute a combination of two businesses, it is not a business combination under IFRS. There is currently no guidance in IFRS on the accounting treatment for such combinations. In developing an accounting policy that is relevant to the decision-making needs of users and that is reliable Kredinor has considered the requirements and guidance in other international standards, interpretations dealing with similar issues, and the content of the IASB's Conceptual Framework for Financial Reporting (Conceptual Framework).

As the business of the former cooperative continued without any significant changes management has elected to apply the generally accepted principle of predecessor accounting.The assets and liabilities of the transferred business are transferred to the newly established company at its carrying values and no fair value measurement of the business transferred was done. No new goodwill was recognised.

The company has also chosen a retrospective presentation method where the results and statement of financial position of Kredinor SA is applied in the comparable information as it has always been part of the group.

See note 4.9 for more information about the transfer and the capital situation.

Section 2 - Operating performance

2.1 Operating segments

ACCOUNTING POLICIES
Kredinor's two business areas, Credit Management Services (CMS) and Portfolio Investments (PI), are the basis for the segment reporting.

Operating segments are components of the Group regularly reviewed by the chief operating decision maker (CODM) to assess performance and to be able to allocate resources to operating segments.The Group reports its business through reporting segments which correspond to the operating segments.

Operating segments
The CMS operating segment helps companies collect overdue payments from their customers, and assists customers in settling their debts. In addition, the CMS business includes Third Party Collection, invoicing services, customer service outsourcing, analysis services and legal services related to debt collection matters, as well as a number of technology solutions for payment and integration with client's accounting systems. Our clients are from all sectors of the economy, including banking and finance, energy, telecoms, retail, transport and parking, as well as the public sector.

The PI segment purchases overdue (non-performing) debt claims from companies, and then collects these over time. The majority of purchased debt comes from the financial services sector, but the Group also purchase claims from companies in telecom, retail, energy, transport and other sectors.

All non-current assets held by the Group in both operating segments are located in the Nordic countries; and all revenue from customers is generated in the same geographics locations.

Performance is measured by the CODM based on the operating segment's earnings berfore interest, tax, depreciation and amortisation (EBITDA). The table below provides a disaggregation of performance by operating segments.

The table below provides a disaggregation of performance by operating segments.

2023 NOK thousand	CMS	PI	Other/ eliminations	Total
Revenue from contracts with customers	682 933	-	-	682 933
Interest revenue from purchased loan portfolios	-	766 147	-	766 147
Net gain/(loss) from purchased loan portfolios	-	-266 318	-	-266 318
Other income	3 776	-	-	3 776
Total revenue and other income	**686 710**	**499 829**	**-**	**1 186 539**
Employee benefit expenses	605 461	42 826	-	648 286
Other operating expenses	354 941	137 517	-	492 458
EBITDA	**-273 692**	**319 487**	**-**	**45 795**

For impairment, please refer to note 3.2.

2022 NOK thousand	CMS	PI	Other/ eliminations	Total
Revenue from contracts with customers	601 359	-	-	601 359
Interest revenue from purchased loan portfolios	-	321 020	-	321 020
Net gain/(loss) from purchased loan portfolios	-	-175 258	-	-175 258
Other income	2 787	-	-	2 787
Total revenue and other income	**604 146**	**145 762**	**-**	**749 908**
Employee benefit expenses	386 651	35 664	-	422 315
Other operating expenses	226 300	64 328	-	290 628
EBITDA	**-8 805**	**45 770**	**-**	**36 965**

2.2 Revenue from contracts with clients

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 clients 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.

NOK thousand Type of revenue	2023	2022
3PC	638 464	552 985
Other revenue	44 469	48 374
Total revenue	682 933	601 359

NOK thousand Geographic information	2023	2022
Norway	674 183	601 362
Sweden	922	276
Finland	4 864	-279
Denmark	2 964	-
Total revenue	**682 933**	**601 359**

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

NOK thousand Revenue recognition	2023	2022
Point in time	44 469	48 374
Over time	638 464	552 985
Total revenue	**682 933**	**601 359**

2.3 Portfolio revenue and other income

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

2023 Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	538 414	-241 859	296 555
Sweden	114 324	-21 772	92 552
Finland	113 409	-2 687	110 722
Total	**766 147**	**-266 318**	**499 829**

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

2022 Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	275 163	-199 539	75 624
Sweden	22 935	-1 544	21 391
Finland	22 921	25 826	48 747
Total	**321 020**	**-175 258**	**145 762**

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

Other Income
Other income is recognised 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	31.12.2023	31.12.2022
Other operating income	3 776	2 787
Total Other Income	**3 776**	**2 787**

2.4 Employee benefit expenses

ACCOUNTING POLICIES
Employee benefit expenses comprise all types of remuneration to all employees of the group (i.e., full–time, part–time, permanent, casual or temporary' staff and directors and other management personnel) and are expensed when earned.

Ordinary salaries can be both fixed pay and hourly wages and are earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, cars and telephones and remuneration to the Board of Directors.

Pensions
Norwegian entities within the Group has a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Contributions in the Groups defined contribution plan are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payments.

Defined contribution pension scheme included 13 pensioners and the scheme does not inclued any active employees.

NOK thousand	31.12.2023	31.12.2022
Salaries	443 718	273 725
Pension costs	53 652	27 400
Other employee expenses	50 435	53 686
Total employee benefit expenses	**648 286**	**422 315**
Average number of full-time employees (FTEs)	638	516

At the end of the reporting period, members of the Board and management did not hold shares in Kredinor AS. For information on remuneration to Management and the Board of Directors, including disclosures on shares held, see note 6.3.

NOK thousand	31.12.2023	31.12.2022
Interest cost in the pension liability	522	340
Expected return on assets	-946	-684
Administration costs	26	26
Net pension cost incl. administration costs	**-398**	**-318**
Plan deviations/estimate changes recognised in the income statement	302	342
Social security tax	-56	-45
Net pension expense	**-151**	**-21**
Costs of the AFP scheme including employer's tax	7 729	4 034
Costs of the deposit scheme including employer's tax	46 075	23 387
Total net pension expense	**53 652**	**27 400**

NOK thousand	31.12.2023	31.12.2022
Earned pension liability 31.12.	17 625	17 787
Calculated pension liability 31.12.	**17 625**	**17 787**
Pension asset at market value 31.12.	18 972	18 585
Actuarial gain/(loss)	-2 538	-2 934
Social security tax	-548	-529
Net pension liability/asset	**-4 433**	**-4 262**
Pension agreement DNB (additional agreement)	-	884
Total pension liability/(asset)	**-4 433**	**-3 377**

The calculations are based on these conditions:		
Discount rate	3.10%	3.00%
Estimated salary increase	3.50%	3.50%
Estimated pension increase	2.80%	2.63%
Estimated G-regulation	3.25%	3.25%
Expected return on plan assets	5.30%	5.20%
Expected withdrawal percentage AFP scheme	100%	100%
Expected turnover	0.00%	0.00%
Social security tax	14.10%	14.10%

2.5 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of employee benefit expenses, materials, depreciation and amortisation, impairment and income tax expense.

NOK thousand	31.12.2023	31.12.2022
Cost of services	37 198	26 432
External services	148 044	107 768
Legal fee expense	108 597	26 415
IT costs	60 284	22 671
Lease expenses	13 924	5 907
Other operating expenses	124 411	101 436
Total other operating expenses	**492 458**	**290 628**

Legal otlays/fee expense

The Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from end-debtors. In certain cases the Group has agreements with its clients where any expenses that cannot be collected from debtors are instead refunded by the clients. The amount that is expected to be recovered from a solvent counterparty is recognised as an asset in the balance sheet on the line other current assets. The legal outlays are recognised at their fair value which is the amount of that can be claimed, unless they contain significant financing components. Legal outlays are subsequently measures at amortised cost using the e ective interest method. When the Group holds the risk for legal fees this is considered part of variable consideration under IFRS 15. The legal outlay is initially expensed and income is recognised at the time of payment from the debtor. Recovered outlay is presented as Revenue from contracts with customers.

Auditor fees		
NOK thousand	31.12.2023	31.12.2022
Statutory audit fee	3 998	2 816
Other certification services	256	68
Tax advisory	-	537
Other services	3 136	344
Total auditor fees (excl. VAT)	**7 390**	**3 765**

2.6 Trade and other receivables

ACCOUNTING POLICIES
Trade receivables are financial assets which are initially recognised at transaction price determined under IFRS 15 and in later periods measured at amortised cost using the effective interest rate method adjusted for an allowance for expected credit losses.

The Group's trade receivables consist of trade receivables and factoring.

Expected credit losses
The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Company expects to receive. For trade receivables, the Group applies a simplified approach to calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOK thousand	31.12.2023	31.12.2022
Trade receivables from customers at nominal value - external	13 197	19 194
Allowance for expected credit losses	-5 962	-5 096
Trade receivables	**7 235**	**14 098**

Other receivables	31.12.2023	31.12.2022
Prepaid expenses	16 289	14 385
Other	20 842	5 686
Other receivables	**37 131**	**20 071**

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.10.

2.7 Trade and other payables and other current liabilities

ACCOUNTING POLICIES
Trade payables consist of liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporing period.

Trade payables and other payables are measured at fair value of their transaction price upon initial recognition and subsequently at amortised cost.

NOK thousand	31.12.2023	31.12.2022
Trade payables	46 990	51 334
Trade and other payables	**46 990**	**51 334**

NOK thousand	31.12.2023	31.12.2022
Client funds payable[1)]	103 542	98 205
Public duties	35 742	55 063
Other[2)]	831 832	242 684
Other current liabilities	**971 116**	**395 952**

[1)] The corresponding client funds cash balance is reported as part of cash in note 4.6.
[2)] Other includes short-term loans from Sparebank 1 Gruppen NOK 500 millions.

Section 3 - Fixed assets

3.1 Intangible assets

Nature of the Group's intangible assets
The Group's intangible assets mainly include customer relationships acquired through the acquisition of subsidiaries, IT Systems and internally developed project systems.

ACCOUNTING POLICIES

Intangible assets acquired
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Capitalisation of IT Systems & Internally developed project systems
Development expenditures on an individual project, which represents new applications, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure the expenditure attributable to the intangible asset reliably during its development.

Other costs are classified as research and are expensed as incurred. These expenses are disclosed in Note 2.4.

Useful life and subsequent measurement
The group must determine if an intangible asset has a finite or indefinite useful life and may sometimes involve considerable assessments. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Intangible assets with finite useful lifetime are periodically evaluated for impairment and amortised over their useful economic lives. After each reporting period, the amortisation period and method for an intangible asset with a finite useful life are evaluated. The initial assessment and review of economically useful lives require management to make estimates and assumptions on the Group's intellectual property and competition in the future.

3.1 Intangible assets (Continued)

	Customer relationships	Statistics	Technology	Software	Projects in progress[1]	Total
Acquisition cost 1 January 2022						
Additions			95 334		19 005	114 339
Additions through acquisition (see note 6.2)	99 900	26 400	71 800	4 619		202 719
Acquisition cost 31 December 2022	**99 900**	**26 400**	**167 134**	**4 619**	**19 005**	**317 058**
Additions			38 336	7 174	98 999	144 509
Currency translation effects			-258			-258
Acquisition cost as at 31 December 2023	**99 900**	**26 400**	**205 213**	**11 793**	**118 004**	**461 310**
Acc.dep. & impairment 1 January 2022						
Amortisation charge for the year	2 498	1 100	12 679	399		16 675
Amortisation through acquisition			54 440	1 267		55 707
Reallocation amortisation previous years			17 941			17 941
Impairment through acquisition			12 264			12 264
Acc.dep. & impairment 31 December 2022	**2 498**	**1 100**	**97 324**	**1 666**	**-**	**102 587**
Amortisation charge for the year	9 990	4 400	32 213	1 384		47 987
Impairment			14 060			14 060
Acc.dep. & impairment 31 December 2023	**12 488**	**5 500**	**143 597**	**3 050**	**-**	**164 634**
Carrying amount 01.01.2022	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount 31.12.2022	**97 403**	**25 300**	**69 810**	**2 953**	**19 005**	**214 471**
Carrying amount 31.12.2023	**87 413**	**20 900**	**61 616**	**8 743**	**118 004**	**296 676**
Economic life (years)	10 years	6 years	5 years	5-7 years	No amortisation	
Depreciation plan	Straight-line					

The additions in 2022 are related to the acquistion of Modhi Group.

[1] Projects in progress related to ongoing development.

3.2 Goodwill and impairment considerations

ACCOUNTING POLICIES

Recognised goodwill in the Group is derived from the acquisitions of Modhi Group in 2022.

Due to the requirements of IAS 38, goodwill may not be recognised as an intangible asset on an individual basis. Synergies, an assembled workforce, the ability to develop and commercialise new technology, and high growth expectations are the main factors that influence the value of goodwill. Deferred tax liabilities for the difference between the assigned values and the tax bases of the assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value must also be recognised, which may result in goodwill creation.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Each of the acquirer's CGUs, or groups of CGUs, that are expected to benefit from the business combination must receive a goodwill allocation at the acquisition date in accordance with IFRS 3 (as revised in 2008). Regardless of whether other assets or liabilities of the acquiree have been assigned to those units, this can include the existing CGUs of the acquirer. The Goodwill from the acquisition of Modhi Group was allocated to the CGUs CMS and PI.

Impairment considerations

The Group has goodwill which are subject to annual impairment testing. The testing is generally performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

The recoverable amount of each CGU (or combination of CGUs) that goodwill or intangible assets with indefinite useful lives relate to is evaluated to determine impairment. An impairment loss is recognised when the CGU's recoverable value is less than its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length terms, for similar assets or observable market prices less incremental costs for disposing of the asset. Recent market transactions are considered when determining fair value less costs of disposal. An appropriate valuation model is utilised if no such transactions can be found.

NOK thousand	Goodwill
Gross amount as at 1 January 2022	**9 397**
Additions through acquisition	383 400
Disposals	-60
Gross amount as at 31 December 2022	**392 737**
Additions through acquisition (see note 6.2)	6 250
Disposals	60
Gross amount as at 31 December 2023	**399 047**
Accumulated impairment as at 1 January 2022	**-**
Impairment for the year	-
Accumulated impairment as at 31 December 2022	**-**
Impairment for the year	47 678
Accumulated impairment as at 31 December 2023	**47 678**
Carrying amount as at 01 January 2022	**9 397**
Carrying amount as at 31 December 2022	**392 737**
Carrying amount as at 31 December 2023	**351 309**

3.2 Goodwill and impairment considerations (Continued)

For impairment testing, goodwill acquired through the business combinations in 2022 was allocated to the CMS CGU and PI CGU.

Recognised goodwill in the group amounts to 351.310 as of 31.12.2023. Goodwill is mainly derived from the acquisition of Modhi Group which was completed in 2022. Goodwill is tested for impairment by groups of cash-generating units (CGU).

Book value of goodwill (NOK thousand)	2023	2022
PI	-	**48 840**
CMS	334 500	334 500
Other units	16 810	9 397
Total book value of goodwill	**351 309**	**392 737**

Goodwill is tested for impairment at least annually, or when there are indications of impairment. The impairment test was performed at both 30.09 and 31.12 in 2023. The CGU CMS is significant for impairment test of the goodwill, as per end of 2023 there is no goodwill left for CGU PI.

The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flows and the expected risk.

The following assumptions were utilised when calculating value in use as of 2023

	NPL	CMS
Discount rate	9.2%	9.2%
Growth rate	2.0%	2.0%

CGU PI
The value in use for the CGU NPL has been calculated by using projected cash flows based on the budgets approved by the Group Management, covering a five-year period. The projected cash flows are based on historical numbers and adding a moderate growth in the total market, our market share and the market prices. According to the management this is reasonable assumptions based on known conditions. The management expects growth in the long run and have adjusted for synergies due to the acqusition of Modhi Group.

CGU CMS
The CGU CMS consist of the cash from Third Party Collection, invoicing services, customer service outsourcing, analysis services and legal services related to debt collection matters, as well as a number of technology solutions for payment and integration with client's accounting systems. This then includes the fully digital advisory service Kan.

The calculation of the value in use for the CGU CMS has also been calculated by using projected cash flows based on the budgets approved by the Group Management, covering a five-year period. The market situation for CMS is affected by the overall economy in Norway which will have an impact on collection. Based on management's understanding and market analysis in the industry, there is a prudent optimism about the future and as such the calculations used has been based in a moderate growth in the total market and our market share.

Key assumptions for value in use calculations
The calculation of value in use for the cash generating units is most of all sensitive when it comes to the following assumptions:

Discount rate
The discount rate is based on weighted average cost of capital (WACC). The discount rate is reflecting the current market rate of return in the industry where the cash generating unit is being compared. The cost of equity has been calculated with the basis in the capital asset pricing model (CAPM). An interest rate of 9.2% for both 3PC and NPL has been used when

discounting the cash flows. This is based on a risk free interest rate of 3.9%, plus a risk premium of 5.7%. Furthermore, is cost of debt and ROE considered in the calculation. The risk premium is based on observations of similar companies listed at Oslo Stock Exchange.

Growth rate
The growth rate in the period is based on management's expectation to the development in the market. Based on available information og knowledge about the market, management is expecting some increase in the growth for the next years. Management's expectation is based on the historical development in trends and public sector analysis. As a consequence of the uncertainty in the expectations, there may be a need for subsequent adjustments.

Cash flow
The calculation includes cash flows for five years, in addition to a terminal value. Cash flow estimates are based on the Board approved 2024 budget and a projection for the next four years.

Sensitivity analysis for key assumptions
CMS and PI was acquired in 2022 and the management believe that the purchase price was fair. For CMS, the impairment test indicated that the recoverable amount of the goodwill is NOK 979 million, which exceeds the book value with NOK 377 million. For PI, the impairment test indicated that the recoverable amount of the goodwill is NOK 5 888 million, which concedes the book value with NOK 194 million. The goodwill related to PI was fully written down as of 30 September 2023.

Both CMS and PI, and other units, will not be impaired unless a significant change takes place in the assumptions used. Management believes that no changes within a range of reasonably possible changes will lead to that the book value exceeds the recoverable amount.

3.3 Property, plant & equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives. The residual values, useful lives, and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOK thousand	Faciliti-es under construction	Buildings and properties	System develop-ment, office machinery, vehicles etc.	Total
Acquisition cost 1 January 2022	**5 944**	**7 159**	**289 534**	**302 637**
Additions through acquisition		862	14 992	15 853.95
Additions	10 393	15	8 146	18 554
Disposals			-26 520	-26 520
Additions/disposals	169	-79	-90	-
Acquisition cost 31 December 2022	**16 506**	**7 957**	**286 062**	**310 525**
Additions			15 640	15 640
Disposals	-16 506			-16 506
Currency translation effects		-193	193	-
Additions/disposals			258	258
Acquisition cost 31 December 2023	**-**	**7 764**	**302 153**	**309 917**

NOK thousand	Facilities under construction	Buildings and properties	System development, office machinery, vehicles etc.	Total
Acc.dep. & impairment 1 January 2022	**-**	**2 377**	**262 667**	**265 044**
Depreciation for the year		184	2 490	2 674
Impairment for the year		350	9 248	9 598
Acc.dep. & impairment 31 December 2022	**-**	**2 911**	**274 405**	**277 316**
Depreciation for the year		374	5 840	6 213
Impairment for the year			1 546	1 546
Acc.dep. & impairment 31 December 2023	**-**	**3 285**	**281 791**	**285 076**
Carrying amount 01.01.2022	**5 944**	**4 782**	**26 867**	**37 593**
Carrying amount 31.12.2022	**16 506**	**5 045**	**11 657**	**33 208**
Carrying amount 31.12.2023	**-**	**4 479**	**20 362**	**24 841**

Economic life (years)	na	30	3-5	
Depreciation method		Straight-line method		

The Group evaluates, at each reporting date, whether there is an indication that PP&E may be impaired. If such an indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows largely independent of those from other assets or groups of assets. No indicators for impairment of PP&E were identified in 2022 or 2023.

3.4 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES
At inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

Group as a lessee
At the commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability
The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate. The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

Measuring the right-of-use asset
The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 3.3). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

THE GROUP'S LEASED ASSETS

The Group's leased assets

The Group leases several assets, mainly office space in Norway. Additionally, the Group leases office space in Sweden and Finland. Leases of office space generally have a lease term of 3 -10 years. The Group also leases office equipment. The Group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

The Group's lease assets

Right-of-use assets	Office space	Other leased assets	Total
Carrying amount of right-of-use assets 1 January 2022	**145 557**	**-**	**145 557**
Additions through acquisitions (note 6.2)	58 262	677	-
Depreciation of right-of-use assets	-25 857	-123	-25 980
Impairment/Modification [1]	-152 722	-	-152 722
Carrying amount of right-of-use assets 31 December 2022	**25 239**	**554**	**25 793**
Addition of right-of-use assets	190 910	979	191 889
Depreciation of right-of-use assets	-18 835	-1 025	-19 859
Impairment/Modification [1]	-7 642	-	-7 642
Carrying amount of right-of-use assets 31 December 2023	**189 673**	**509**	**190 182**

[1] Related to moving from premises before end of contract

Remaining lease term or remaining useful life (years)	1-10
Depreciation plan	Straight-line method

Expenses in the period related to practical expedients and variable payments	2023	2022
Short-term lease expenses	4 243	5 107
Total lease expenses in the period	**4 243**	**5 107**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

3.4 Right-of-use assets and lease liabilities (Continued)

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	31.12.2023	31.12.2022
Less than one year	73 225	18 718
One to two years	47 432	9 748
Two to three years	46 043	4 489
Three to four years	40 133	3 921
Four to five years	30 988	3 267
More than five years	276 798	-
Total undiscounted lease liabilities	**514 619**	**40 143**

Summary of the lease liabilities in the financial statements	31.12.2023	31.12.2022
Carrying amount 1 January	**47 214**	**160 518**
Additions through acquisition (note 6.2)	-	58 938
New and remeasured leases recognised during the year[1)]	171 590	-145 188
Cash payments	-29 109	-34 124
Interest expense on lease liabilities	7 939	7 069
Total lease liabilities	**197 635**	**47 214**

[1)] Modification of lease term

	31.12.2023	31.12.2022
Current lease liabilities in the statement of financial position	33 682	27 869
Non-current lease liabilities in the statement of financial position	163 953	19 345
Total cash outflow for the year ended 31 December	**29 109**	**34 124**

Lease commitments not included in the lease liabilities

Inflation adjustments

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office buildings, mainly related to future inflation adjustments which is not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted to reflect the inflation adjustment when the uncertainty related to the adjustment has been resolved.

Other matters

The Group's leases does not contain provisions or restrictions that impacts that Group's dividend policies or financing possibilities.

Section 4 - Financial instruments, risk and equity

4.1 Classification of financial instruments

ACCOUNTING POLICIES

Classification of financial instruments
The Groups' financial instruments are grouped in the following categories:

Financial assets and Financial liabilities
Financial assets and financial liabilities measured subsequently at amortised cost:
The Group's financial assets and financial liabilities are classified as measured at amortised cost, with the exception of derivatives which are classified as measured at fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. The Group's financial assets (i.e., purchased loan portfolios, trade receivables and cash and cash equivalents) are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets, primarily applicable to non-performing loans and cash, give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the SPPI test.

Financial assets and financial liabilities measured subsequently at fair value through profit or loss:
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivatives.

Initial recognition and subsequent measurement for financial instruments at amortisated cost
The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

Impairment of financial assets
Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The group applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. market trends, default rates in the retail market etc.). See note 4.10 for further information related to management of credit risk. Impairment of financial assets see note 3.2.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. See note 4.3 regarding Purchased loan portfolio.

De-recognition of financial instruments
A financial asset is derecognised when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or The Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

4.1 Classification of financial instruments (Continued)

NOK thousand 31 December 2023	Note	Financial instruments at amortised cost	Derivatives at fair value	Total
Non-current assets				
Purchased loan portfolios	4.3	6 209 570		**6 209 570**
Other non-current financial assets	4.1, 6.3	23 359	17 896	**41 255**
Current assets				
Trade and other receivables	2.6	28 077		**28 077**
Cash and cash equivalents	4.7	705 365		**705 365**
Total financial assets		**6 966 371**	**17 896**	**6 984 267**
Non-current liabilities				
Non-current interest-bearing liabilities	4.2	4 490 962		**4 490 962**
Other non-current financial liabilities	4.1	620		**620**
Total current liabilities				
Trade and other payables	2.7	46 990		**46 990**
Other current financial liabilities	4.1		2 404	**2 404**
Other current liabilities	2.7	971 116		**971 116**
Total financial liabilities		1 018 726	2 404	**1 021 129**

NOK thousand 31 December 2022	Note	Financial instruments at amortised cost	Derivatives at fair value	Total
Non-current assets				
Purchased loan portfolios	4.3	5 713 876		**5 713 876**
Other non-current financial assets	4.1, 6.3	12 395	8 957	**21 353**
Current assets				
Trade and other receivables	2.6	14 098		**14 098**
Cash and cash equivalents	4.7	409 918		**409 918**
Total financial assets		**6 150 287**	**8 957**	**6 159 244**
Non-current liabilities				
Non-current interest-bearing liabilities	4.2	3 714 617		**3 714 617**
Other non-current financial liabilities	4.1			-
Total current liabilities				
Trade and other payables	2.7	51 334		**51 334**
Other current financial liabilities	4.1		3 096	**3 096**
Other current liabilities	2.7	98 205		**98 205**
Total financial liabilities		**3 864 155**	**3 096**	**3 867 252**

4.2 Interest bearing liabilities

Specification of the Group's interest-bearing liabilities as per 31 December 2023

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
- Incremental borrowing costs capitalised			-42 096	
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd + 8%	100 000	100 000	18.03.2029
Total non-current interest-bearing liabilities			**4 490 962**	

Current interest-bearing liabilities	Interest rate	Notional amount (T)	Book value (NOK)	Maturity
Loan, SpareBank1 Gruppen (NOK)	Fixed rate 17.5%	500 000	500 000	30.04.2024
Total current interest-bearing liabilities			**500 000**	

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)	Stibor 3mnd +4%	810 000	765 693	13.11.2024
Loan, DNB /Nordea/Swedbank (EUR)	Euribor 3mnd + 4%	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 NOK 675 million and drawn amount as of 31.12.2023 is NOK 500 million.

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.

The company has prepared forecasts for 2024. These forecasts indicate a possible risk of breaching ICR (Interest Coverage Ratio) terms in loan agreements ultimo Q2 2024. Subject to eventual insufficient growth in Cash EBITDA through Q1, the company will start negotiations with lenders for a periodic waiver of the ICR covenant. Violation of loan terms could lead to loan defaults. The forecasts indicate material uncertainty that may cast doubt on the company's ability to continue as a going concern. Based on close monitoring of the development of the situation, plans, and actions described above, the company has assessed that the going concern assumption can be applied for financial reporting.

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 under certain conditions may be converted may also change ownership and control of the Kredinor group. See note 4.10 for further information.

4.3 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 recognised 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 that is provided by Moody's Analytics. In estimating future cash flows, we have incorporated an additional analysis layer into our collection estimates to account for anticipated changes in macroeconomic conditions. This involves a thorough examination and testing of various macro-economic variables to assess their historical influence on collections, ensuring our projections are closely aligned with future economic expectations. It's important to note that this approach is applied exclusively within our Norwegian operation, due to the relatively brief operational history of our entities in Sweden and Finland.

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	2023	2022
Balance 1 Jan	**5 713 877**	**1 849 423**
Acquisitions	1 492 941	4 410 144
Collection	-1 609 366	-701 016
Interest revenue from purchased loan portfolios	766 147	321 020
Net gains from purchased loan portfolios	124 872	61 027
Net loss from purchased loan portfolios	-391 190	-236 285
Derivatives (forward flow)	2 404	3 096
Currency differences	109 885	6 468
Balance 31 Dec	**6 209 570**	**5 713 877**

Weighted Gross IRR

This represent the discount rate applied to the ERC wich are used to derive the book values of the purchased loan portfolios for Norway, Sweden and Finland.

NOK thousand	2023	2022
NO	**13.7%**	**13.7%**
SE	13.6%	13.7%
FI	11.0%	10.9%
Total	**13.2%**	**13.3%**

Fair value estimation of purchased loan portfolios

The fair value assessment of acquired loan portfolios is determined by computing the net present value of projected net cash flows over a 15-year horizon, adjusted for tax. These cash flow projections include estimated future collections net of associated collection costs and taxes, exclusively pertaining to existing portfolios without factoring in cash flows from prospective investments.

Collection costs consists of various operational expenditures within the portfolio segment, including debt collection commissions, payroll outlays, facility expenses, communication charges, and other pertinent expenses directly or indirectly linked to the portfolio investments. The Norwegian tax rate has been applied to the cash flows, given majority of collections derive from Norway.

As of December 31, 2023, the post-tax weighted average cost of capital (WACC) for the portfolio segment stands at an approximately 9.2%. While a significant portion of the Group's portfolio cash flows transact in NOK, a portion also transact in SEK and EUR. A sensitivity analysis of the cash flow projections is detailed in the accompanying table.

	2023		2022	
NOK thousand	Book value	Fair value	Book value	Fair value
Purchased loan portfolios	6 209 570	5 868 258	5 713 876	5 359 991
Total financial assets	**6 209 570**	**5 868 258**	**5 713 876**	**5 359 991**

2023

WACC	Performance 90%	95%	100%	105%	110%
6%	6 129 028 233	6 404 627 914	6 680 531 686	6 956 712 721	7 233 147 105
7%	5 860 653 332	6 123 931 329	6 387 542 086	6 651 455 998	6 915 646 689
8%	5 613 311 437	5 865 253 020	6 117 552 105	6 370 176 623	6 623 098 021
9%	5 384 899 024	5 626 389 266	5 868 258 307	6 110 471 896	6 352 999 554
10%	5 173 557 125	5 405 392 707	5 637 625 362	5 870 218 908	6 103 141 165
11%	4 977 639 653	5 200 539 126	5 423 851 292	5 647 538 262	5 871 566 353
12%	4 795 686 192	5 010 298 912	5 225 337 614	5 440 762 900	5 656 539 765

2022

WACC	Performance 90%	95%	100%	105%	110%
6%	5 575 315 027	5 823 908 379	6 072 754 131	6 321 828 816	6 571 111 469
7%	5 339 722 589	5 577 617 059	5 815 789 779	6 054 214 630	6 292 868 298
8%	5 122 478 960	5 350 525 329	5 578 872 208	5 807 491 129	6 036 356 694
9%	4 921 747 115	5 140 709 445	5 359 991 404	5 579 562 440	5 799 395 310
10%	4 735 904 292	4 946 470 190	5 157 372 084	5 368 577 573	5 580 057 786
11%	4 563 514 137	4 766 303 670	4 969 443 151	5 172 898 544	5 376 639 540
12%	4 403 302 791	4 598 876 241	4 794 811 473	4 991 073 005	5 187 629 260

4.4 Maturity profile of financial liabilities

Contractual undiscounted cash flows from financial liabilities is presented below:

Remaining contractual maturity

31.12.2023	Note	Less than 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
31.12.2023	**Note**	**Less than 6 months**	**6 to 12 months**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Financial liabilities							
"Non-current interest-bearing liabilities"	4.2	500 000	-	3 433 058	1 000 000	100 000	**5 033 058**
Accrued interest		49 123	-	-	-	-	**49 123**
Total financial liabilities		**549 123**	**0**	**3 433 058**	**1 000 000**	**100 000**	**5 082 181**

Remaining contractual maturity

31.12.2022	Note	Less than 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities							
"Non-current interest-bearing liabilities"	4.2	-	-	3 669 742	-	100 000	**3 769 742**
Accrued interest		130 224	-	-	-	-	**130 224**
Total financial liabilities		**130 224**	**0**	**0**	**0**	**0**	**3 899 966**

Reconciliation of changes in liabilities incurred as a result of financing activities:

			Non-cash changes			
2023	**01.01.2023**	**Cash flow effect**	**Interest**	**Other changes**	**Acquisition**	**31.12.2023**
Non-current interest-bearing liabilities	3 714 617	-	-	13 029	1 263 316	**4 990 962**
Current interest-bearing liabilities	-	-	-	-	-	**-**
Lease liabilities	47 214	-29 109	7 939	-	171 590	**197 635**
Total liabilities from financing	**3 761 831**	**-29 109**	**7 939**	**13 029**	**1 434 907**	**5 188 597**

			Non-cash changes			
2022	**01.01.2022**	**Cash flow effect**	**Interest**	**Other changes**	**Acquisition**	**31.12.2022**
Non-current interest-bearing liabilities	998 562	-998 562	-	-55 125	3 769 742	**3 714 617**
Current interest-bearing liabilities	-	-	-	-	-	**-**
Lease liabilities	160 518	-34 124	7 069	-145 188	58 938	**47 214**
Total liabilities from financing	**1 159 080**	**-1 032 686**	**7 069**	**-200 313**	**3 828 680**	**3 761 831**

4.5 Fair value measurement

ACCOUNTING POLICIES
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures
Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities, purchased loan portfolio and interest bearing liabilties approximate their carrying amounts.

Interest-rate swap
The fair value of interest-rate swaps are determined based on market value statements from the counterparties (DNB and Nordea)

Interest-bearing liabilities
The fair values of the Group's interest-bearing liabilities are determined by using the Discounted Cash Flow (DCF) method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of the Group's interest-bearing loans and borrowings are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as at the end of the reporting period was assessed to be insignificant.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

4.5 Fair value measurement (Continued)

Fair value of financial items measured at amortised cost (in thousands)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets as of 31.12.2023					
Forward flow derivatives, asset (note 4.6)					
Interest rate swap, asset (note 4.6)	17 896	17 896		17 896	
Total	**17 896**	**17 896**	-	**17 896**	-
Financial liabilities as of 31.12.2023					
Forward flow derivatives, liability (note 4.6)	-2 404	-2 404			-2 404
Interest rate swap, asset (note 4.6)					
Total	**-2 404**	**-2 404**	-	-	**-2 404**
Financial assets as of 31.12.2022					
Forward flow derivatives, asset (note 4.6)					
Interest rate swap, asset (note 4.6)	8 957	8 957		8 957	
Total	**8 957**	**8 957**	-	**8 957**	-
Financial liabilities as of 31.12.2022					
Forward flow derivatives, liability (note 4.6)	-3 096	-3 096			-3 096
Interest rate swap, liability (note 4.6)					
Total	**-3 096**	**-3 096**	-	-	**-3 096**

4.6 Derivatives

ACCOUNTING POLICIES
The Group has derivatives that are not designated as hedging instruments. Derivatives not designated as hedging instruments reflect the positive/negative change in fair value of those derivative contracts.

Forward flow derivatives
A forward flow derivatives is an agreement that commits the company to future purchases of defaulted loans.

The Group has entered into forward flow agreements to purchase future non-performing loan portfolios. These are agreements whereby Kredinor agrees to buy, and the counterparty agrees to sell financial assets (loans) that fulfils a set of specified criteria's (past due status etc.) in a number of batches (typically monthly) over a specified time period. The price at which Kredinor buys is pre-determined in the agreement. The value of a forward flow agreement is, when possible, based on a market value, using data from comparable transactions to assess the market value. If relevant market data is not available, internal data is used to estimate a value of the contract.

A forward flow agreement is a financial derivative as it is an agreement whose fair value changes in response to a financial instrument price driven by financial variables such as credit risk and interest rates. Furthermore, the forward flow agreement requires no, or little net investment and it is settled at a future date(s). Hence a forward flow agreement is to be valued at fair value through profit or loss.

Initially the value of the derivative is nil, as the future expected collection level is unchanged from the valuation assumption underlying the contract. If the future cash flow estimates for the forward flow changes from the assumed level when signing the contract, there can be a change in the value of the derivative. Any change in fair value from the time of entering the forward flow contract to the actual transfer of the portfolio will be recognised in the income statement under "Change in financial instruments measured at fair value". Forward flow derivatives are classified as "Other current financial assets" or "Other current financial liabilities" in the statement of financial position.

Interest rate swaps
An interest rate swap is a derivative contract through which two counterparties agree to exchange one steam of future interest payments for another, based on a specified principal amount.

The Group use interest rate swaps to reduce the level of risk for fluctuations in interest costs on floating rate long-term loans. Through the interest rate swaps Kredinor receives Nibor 3 months and pay fixed rate. Interest rate swaps are classified as either "Other non-current financial assets" or "Other non-current financial liabilities" in the statement of financial position. Changes in fair value is recognised under "Change in financial instruments measured at fair value".

The overview below shows the financial derivatives' nominal value broken down by type of derivative, as well as positive and negative market values. Positive market values are recognised as assets, while negative market values are recognised as liabilities.

Derivatives per 31 December 2023	Nominal value	Due date	Positive market value	Negative market value	Amount recognised in income statement
Forward flow derivatives	na			-2 404	
Interest rate swaps	466 000	14.02.2024	3 412		
	400 000	23.02.2027	1 561		
	200 000	08.03.2028	-724		
	360 000	14.02.2028	6 963		
	200 000	25.04.2028	-173		
	360 000	14.02.2029	6 857		
Total			**17 896**	**-2 404**	

Derivatives per 31 December 2023	Nominal value	Due date	Positive market value	Negative market value	Amount recognised in income statement
Forward flow derivatives	na			-3 096	
Interest rate swaps	466 000	22.01.2024	8 957		
Total			**8 957**	**-3 096**	**5 861**

4.7 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[1)]	137 894	126 306
Bank deposits, restricted	18 314	23 504
Total in the statement of financial position	**705 365**	**409 918**

[1)] The corresponding client funds payable is reported as part of other payables in note 2.6.

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

4.8 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 recognised in the consolidated statement of financial position (see note 3.4 for further information).

NOK thousand Finance income	2023	2022
Interest income	8 965	3 866
Other finance income	6	110
Foreign exchange gain	111 887	32 802
Total financial income	**120 858**	**36 778**

Finance expenses	2023	2022
Ordinary interest expenses	341 162	98 383
Interest expense on lease liabilities	7 939	7 069
Amortised arrangement fees	34 267	20 300
Accrued interest cost	383 368	125 753
Foreign exchange loss	113 629	32 489
Other finance costs	20 541	69
Total financial expenses	**517 538**	**158 312**

Financial instruments	2023	2022
Change in fair value of derivatives	2 404	9 410
Change in financial instruments measured at fair value	**2 404**	**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. See note 4.6.

4.9 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:

Share capital in Kredinor AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (NOK Thousands)
At 1 January 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 31.12.2023	Total shares	Ownership/ Voting rights
Kredinorstiftelsen	716 146 000	50%
SpareBank1 Gruppen AS	716 146 000	50%
Total	**1 432 292 000**	**100%**

4.10 Capital and risk management

Financial risk
Interest-bearing liabilities, lease liabilities, and trade and other payables make up the majority of the Group's financial liabilities. These financial liabilities are primarily used to finance the Group's operations. The Group's principal financial assets include non-performing loan (NPL) portfolios, trade and other receivables, cash and accrued revenue that derive directly from its operations. The Group holds Interest Rate Swaps to reduce the risk of fluctuations in interest rate costs on long-term loans. See note 4.1 and 4.3 for further information of management of NPL's.

Market risk, credit risk, and liquidity risk are just a few of the risks to which the Group is exposed and which have an impact on its financial performance. Through prudent business practices and effective risk management, the Group aims to reduce any potential adverse effects of such risks.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk
Market risk is the risk that the financial instrument's fair value or future cash flows will fluctuate due to changes in market prices. Elements that affect the Group's market risk are exchange and interest rate fluctuations. Financial instruments affected by market risk include interest bearing debt, cash and cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly buys non-performing loan portfolios aimed at the consumer loan market in Norway, Sweden and Finland, financed with loans in Norwegian and foreign currency. Changes in market conditions, such as interest rate fluctuation, may lead to change in market prices and reduced competitiveness for the Group, which could result in the company's results and growth potential. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loan which have base interest rates in IBOR. The Group does currently partly hedge the base interest rates with the use of interest rate swaps.

Interest rate sensitivity
The sensitivity to a possible change in interest rates related to the Group's loans in Norwegian and foreign currency, with all other variables held constant on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the supposed changes in respective financial risks.

All amounts in NOK thousand

Interest rate sensitivity: (IBOR 12 months)	Increase / decrease in basis points	Effect on profit before tax (+/-) (NOK thousands)	Effect on equity (NOK thousands)
31 December 2023	+/- 100	28 650	22 347
31 December 2022	+/- 100	32 486	25 339

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk as the company has assets in foreign currencies through ownership in portfolios with claims in countries outside Norway where the claims in the portfolio are in foreign currency. Currency risk could arise when receivables and liabilities in other currencies do not balance. The Group expects to keep the currency risk to a minimum by financing in the same currency as the currency in which the portfolios are nominated.

The Group is also exposed to currency risk as a proportion of net interest income is in another currency than NOK. This risk is minimized because foreign currency loans are regulated approximately to book receivables in the same currency.

In order to control currency positions, limitations have been set for the size of the currency boundaries and requirements for how significant the changes in currency fluctuations may be before you have to assess whether to increase/decrease the collateral in foreign currency. Therefore, the Group continuously monitor currency fluctuations.

Foreign currency sensitivity
The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates related to the Group's investments and loans in foreign currency in the period, holding all other variables constant:

All amounts in NOK thousand

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax (NOK thousands)	Effect on equity (NOK thousands)
Increase / decrease in NOK/EUR	31.12.2023	+/- 10%	2 737	2 135
Increase / decrease in NOK/SEK	31.12.2023	+/- 10%	249	194
Increase / decrease in NOK/DKK	31.12.2023	+/- 10%	38	30

10% is used as it is considered to be a reasonable fluctuation in the exposed currencies vs NOK based on calculations on previous years variance. The Group was not exposed to currency risk before 2022.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Access to liquidity is actively managed through liquidity planning and reporting from ongoing operations. Liquidity in the company is satisfactory, and the Group is expected to generate sufficient cash flow from operations to cover committed obligations. Additional liquidity needs in relation to new investments will be covered by the overdraft facility or the revolving facility with the syndicate banks. In addition a bond of NOK 1.000.000 was issued in February 2023. Total liquidity risk is therefore considered as low.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 4.4. Funding structure and covenants are presented in note 4.2.

Credit risk
Credit risk is mainly related to the acquisition of non-performing loan portfolios and the calculated cash flow on these. The NPL portfolios is bought at discounted prices and therefore the risk is partially mitigated. The risk on this type of investments is that losses may be incurred by over-estimating collections or under-estimating the costs to collect.

The Group carries out portfolio analyses. The analyses must provide a sufficient basis for estimating future demand on the portfolios (volume and duration) that are considered to be purchased. In addition, ongoing valuation of the portfolios is carried out based on the expected future collection of the defaulted receivables. The actual collection is continuously measured against the forecast, and in the event of any discrepancies between the actual collection and the forecast, an assessment is made as to whether the forecast needs to be adjusted.

An overview of the total exposure to NPL portfolios is presented in note 4.3.

Section 5 - Tax

5.1 Taxes

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 tax losses carried forward of 641 790 as at 31.12.2023 (174 797 as at 31.12.2022). The tax loss carried forward from may be offset against future taxable income and will not expire. The Group do not recognise deferred tax assets as of 31.12.2023.

All amounts in NOK thousand

Current income tax expense	2023 (01.01.2023-31.12.2023)	2022 (01.01.2022-31.12.2022)
Tax payable	13 039	-
Change deferred tax/deferred tax assets (ex. OCI effects)[1]	5 776	-41 541
Total income tax expense	**18 815**	**-41 541**

Current income tax payable consist of	2023 (01.01.2023-31.12.2023)	2022 (01.01.2022-31.12.2022)
Income tax payable for the year as above	13 039	-
- of which paid in fiscal year	13 039	-
Income tax payable	**13 039**	-

Deferred tax assets	2023 (01.01.2023-31.12.2023)	2022 (01.01.2022-31.12.2022)
Property, plant and equipment	-5 530	-12 492
Other current assets	-2 238	-2 595
Pension liabilities	4 433	3 404
Liabilities	-	-
Financial derivatives	196 903	132 494
Other	138 640	-160
Losses carried forward (including tax credit)	-638 899	-174 797
Basis for deferred tax assets:	**-306 692**	**-54 145**
Calculated deferred tax assets		
- Deferred tax assets not recognised[1]	306 692	7 451
Net deferred tax assets in the statement of financial position	-	**10 273**

[1] Deferred tax assets not recognised consist of losses carried forward in Sweden and Finland. Losses carried forward in Norway is included in the calculation of deferred tax asset.

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 22% to 25%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the Group. The average tax rate for the group's deferred tax assets are 23% for 31.12.2022, 23.5% for 31.12.2021 and 22.5% for 01.01.2021.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

All amounts in NOK thousand

Reconciliation of income tax expense	2023 (01.01.2023-31.12.2023)	2022 (01.01.2022-31.12.2022)
Profit or loss before tax	-500 626	-123 502
Tax expense 22% (Norwegian tax rate)	-110 138	-27 171
Permanent differences[1)]	195	187
Effect of different tax rates	-1 446	-2 811
Effect of group adjustments on deferred assets	43 319	-5 162
Effect of changes from previous periods	19 413	-1 277
Deferred tax assets not recognised current year	67 472	-5 307
Recognised income tax expense	**18 815**	**-41 540**

[1)] The permanent differences are related to R&D tax (Skattefunn), representation and other non-deductible costs.

Section 6 - Group and related parties

6.1 Group companies

ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of Kredinor AS and its subsidiaries as of 31 December 2022. IFRS 10 defines that subsidiaries are consolidated when control is achieved. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the investor's return.

In general, there is an assumption that a majority of voting rights results in control. However, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances imply that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group achieves control over the subsidiary and ceases when the Group loses control of the subsidiary. From the date the Group gains control, assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement until the date the Group ceases to control the subsidiary.

Upon full-on consolidation, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

The Group do not have ownership in joint arrangements as defined by IFRS 11, other associates, interests in unconsolidated structured entities or interests in unconsolidated subsidiaries that require disclosure under IFRS 12.

The consolidated entities

The subsidiaries of Kredinor AS as of 31 December 2023 are presented below:

Consolidated entities 31.12.2023	Country	Ownership	Registered office	Result 2023	Equity 31.12.2023
Kredinor Finans AS	Norway	100%	Oslo	-71 983	1 933 213
Roniderk AB	Sweden	100%	Stockholm	-356	1 834
Kredinor Holding AB	Sweden	100%	Stockholm	-117 481	135 260
Kredinor AB	Sweden	100%	Stockholm	-48 173	20 955
Kredinor Finland OY	Finland	100%	Helsinki	-34 443	61 944
Kredinor Employee Invest AS	Norway	100%	Oslo	-15	25
Kredinor Management Invest AS	Norway	100%	Oslo	-16	26
KAN AS	Norway	100%	Oslo	-26 573	-26 543
Kredinor Danmark A/S	Denmark	100%	Denmark	-485	356

The following subsidiaries are included in the consolidated financial statements as of 31 December 2022

Consolidated entities 31.12.2022	Country	Ownership	Registered office	Result 2022	Equity 31.12.2022
Kredinor Finans AS	Norway	100%	Oslo	-57 393	892 555
Modhi Finance AS	Norway	100%	Oslo	-22 437	1 112 642
Kredinor Kapital AB	Sweden	100%	Stockholm	-3 946	2 049
Kredinor Holding AB	Sweden	100%	Stockholm	-113	74 978
Kredinor AB	Sweden	100%	Stockholm	-3 392	12 297
Kredinor Finland OY	Finland	100%	Helsinki	24 562	89 859
Kredinor Employee Invest AS	Norway	100%	Oslo	-	40
Kredinor Management Invest AS	Norway	100%	Oslo	-	42

6.2 Business combinations

ACCOUNTING POLICIES
A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date according to IFRS 13, and the amount of any non-controlling interests in the acquiree. The Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets for each business combination. Costs related to the acquisition are expensed as incurred and included in other operating expenses.

The Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date when acquiring a business. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. The Group measures any contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments at fair value. The changes in fair value are recognised in the statement of profit or loss.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment.

In a business combination, the assets acquired, and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual value in this allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The economic useful life of intangible assets acquired in a business combination are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are subsequently tested for impairment by assessing the recoverable amount of the CGU to which the intangible assets relates, further described in note 3.1. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment or changes to the amortisation period as described in note 3.2. The assumptions applied to determining the economic useful lives in a business combination may involve considerable estimates such as future innovation and development.

Acquisitions during 2023

Company/Group	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Intellecto A/S (Kredinor Danmark A/S	CMS	18.08.2023	100%	Kredinor AS

Intellecto A/S (Kredinor Danmark A/S)
On 18 August 2023, The Group acquired 100% of the voting shares of Intellecto A/S, a company based in Denmark, specialising in debt collection.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Kredinor AS obtained control of the legal entitiy, 18 August, 2023. For tax and economic purposes, the effective date was 1 September 2023.

The acquisition-date fair value of the total consideration transferred was TNOK 851.8 of Intellecto A/S.

The table below illustrates the fair values of the identifiable assets in Intellecto at acquisition date:

Amounts in NOK thousands	CMS	18.08.2023 Intellecto A/S
Other financial assets	19	**19**
Trade and other receivables	113	**113**
Other current assets	478	**478**
Cash and cash equivalents	1 056	**1 056**
Total assets	**1 665**	**1 665**
Trade and other payables	103	**103**
Other current liabilities	710	**710**
Total liabilities	**813**	**813**

Amounts in NOK thousands		18.08.2023 Intellecto A/S
Total identifiable net assets at fair value	**852**	**852**
Purchase consideration transferred	4 853	**4 853**
Goodwill arising on acquisition	**4 001**	**4 001**

Purchase consideration transferred		18.08.2023 Intellecto A/S
Shares in Kredinor AS	852	**852**
Total purchase consideration transferred	**852**	**852**

Analysis of cash flows on acquisition		18.08.2023 Intellecto A/S
Net cash acquired with the subsidiary	1 056	1 056
Cash paid	-3 301	-3 301
Net cash flow from acquisition	**-2 245**	**-2 245**

The table below shows the Group's revenue and profit before tax for the twelve months period ended 31 December 2023 if the business combination had taken place at the beginning of the year:

Amounts in NOK thousands	2023
Revenue for the Group	1 186 539
Revenue from Intellecto A/S pre acquisition	1 365
01.01-31.12 Revenue	**1 187 904**

Amounts in NOK thousands	2023
Profit or loss before tax for the Group	-500 626
Profit or loss from Intellecto A/S pre acquisition	-260
01.01-31.12 Profit before tax	**-500 886**

6.3 Remuneration to Executive Management

Remuneration to the Board of Directors
The remuneration for the Board of directors is determined by the Annual General Meeting (AGM).

Remuneration to Executive Management
The Board of Kredinor AS determines the principles applicable to the Group's policy for compensation to the Executive Management Team. The Board is directly responsible for determining the CEO's salary and other benefits. The Group's Executive Management Team includes the Chief Executive Officer ("CEO").

Bonus
In 2023, there has been no bonus pay-outs to neither staff nor management. There was a collective bonus for 2021, paid in April 2022 according to the established bonus program. In 2022, there was no bonus program for the Executive Management Team.

Pension
The members of the Executive Management Team has the same pension agreement as all employees for 2023:
7% for salary between 0 - 7.1G
15% for salary between 7.1 - 12G
There is an extra disability pension of 42% of the pension basis for salaries exceeding 12G, which all members of the Executive Management Team are included in.

Severance arrangements
An agreement with the CEO that grants him 6 months' salary if the board terminates the agreement with him, was triggered during 2023. During 2023, one other member of the EMT had a termination agreement.

Loans and guarantees
At the end of 2023, no loan or prepayments has been granted to the Board of Directors or to the Executive Management Team.

Other commitments
Some of the members of the Executive Management Team have operating allowance for car in their employment contract.

Remuneration to Executive Management for the year ended 31 December 2023

All amounts in NOK thousand

Name		Salary	Bonus	Pension	Other compensation	Total remuneration
Klaus-Anders Nysteen	CEO	5 127	500	702	470	6 799
Rolf Eek-Johansen	Interim CEO	279	-	39	-	318
Other Management		17 131	1 750	2 360	226	21 467
Total		**22 537**	**2 250**	**3 101**	**696**	**28 584**

Klaus-Anders Nysteen was CEO until 06.12.2023. From 06.12.2023, the company has constituted Rolf Eek-Johansen as CEO until further notice.

Remuneration to Executive Management for the year ended 31 December 2022

All amounts in NOK thousand

Name		Salary	Bonus	Pension	Other compensation	Total remuneration
Klaus-Anders Nysteen	CEO	3 583	1 000	109	43	4 735
Other Management		19 907	237	1 701	9 594	31 439
Total		**23 490**	**1 237**	**1 810**	**9 637**	**36 174**

Tor Berntsen held the position as CEO until 30.11.2021. From 01.12.2021 until 28.02.2022, the company had a temporary CEO until Klaus-Anders Nysteen took on the position as CEO from 01.03.2022.

The company paid bonus to all employees in Kredinor according to the established bonus program.

Remuneration to the Board of Directors for the year ended 31 December

All amounts in NOK thousand

Name	Title	31.12.2023	31.12.2022
Sverre Kristian Gjessing[1]	Chairman of the Board	435	-
Venke Nordahl Grøstad	Member of the Selection Committee, ended 03.05.2022	-	32
Camilla Weber	Member of the Selection Committee, ended 03.05.2022	-	32
Odd Kjetil Liland	Leader of the Selection Committee, ended 03.05.2022	-	53
Arild Bjørn Hansen	Member of the Selection Comittee	20	
Karen Juul Skarbø	Member of the Selection Comittee	20	
Linn Kvitting Hagesæther	Board member	246	-
Geir-Egil Bolstad	Board member	150	-
Vegard Helland	Board member	150	-
Jill Rønningen	Board member	150	-
Vegard Urstad Aakervik	Board member	-	-
Inga Lise Lien Moldestad	Board member	15	-
Rune Strande	Deputy board member	35	256
Liv Bortne Ulriksen	Deputy board member	15	-
Sigurd Aune	Deputy board member	35	-
Andreas Mathisen	Deputy board member	-	-
Grethe Marit Dehli	Deputy board member	-	-
Bente Foshaug	Deputy board member	246	160
Per-Aage Pleym Christensen	Deputy board member	-	-
Sven Sune Bakke Bo	Board member, ended 31.12.22	-	256
Annicken Hjelle	Board member, ended 31.12.22	-	256
Alexander Skofteby	Board member, ended 31.12.22	-	256
Elisabeth Selvik	Board member, ended 05.06.23	246	160
Sverre Michaelsen	Board member, ended 05.06.23	-	160
Heidi Hagen Stensrud	Board member, ended 05.06.23	-	-
Anne Gretland	Board member, ended 05.06.23	-	-
Sverre Fykse	Deputy board member, ended 05.06.23	15	-
Nina Gjølberg Nordli	Deputy board member, ended 05.06.23	15	-
Sverre Olav Helsem	Board member, ended 05.06.23	246	160
Odd Kjetil Liland	Board Member Kredinor Finans AS	-	145
Kristina Jacobsen	Board Member Kredinor Finans AS	92	-
Total		**2 131**	**1 925**

[1] In 2023, Sverre Kristian Gjessing has, according to agreement, invoiced NOK 733.813 through his own company Victorem Consulting AS

6.4 Related party transactions

Shareholders, members of the Board and the Executive Management team in the parent company and the Group subsidiaries are related parties. Information on major shareholders of the Group is provided in note 4.7. Significant agreements and remuneration paid to Executive Management and the Board for the current and prior period are presented in note 6.3. The principle of arm's length is the basis of all transactions with related parties.

A subordinated facility agreement was entered into in Q4 with Sparebank 1 Group. Total amount is NOK 675 million and drawn amount as of 31.12.2023 is NOK 500 million. 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.

Section 7 - Other disclosures

7.1 Changes in IFRS and new standards

New standards and interpretations adopted by the company and other changes in accounting policies
The company has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2023. None of the amendments and interpretations applied had impacts in the amounts recognised in the current or previous periods, and are not expected to affect future periods.

The amendments to IAS 1 required companies to provide information about material accounting policy information, as compared to the requirement to disclose "significant" accounting policies before this amendment was effective. To assist companies in assessing materiality, the IFRS Practice Statement 2 Making Materiality Judgements provides guidance and examples on how to make materiality judgements for accounting policy information disclosures.

The application of this amendments to IAS 1 resulted in the review and reorganisation of accounting policy information provided in the previous annual financial statements of the company, necessary to meet the objective of the IAS 1 amendment.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the company's future reporting periods and foreseeable future transactions.

7.2 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 recognised 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
A subordinated facility agreement was entered into in Q4 with Sparebank 1 Group. Total amount was NOK 675 million and drawn amount as of 31.12.2023 was NOK 500 million. The remaining amount of NOK 175 million was drawn in January 2024. Ref. note 4.2 and note 6.4.

Income statement for the parent company

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Income statement

Kredinor AS

NOK thousand	Note	2023	2022
Operating revenues and operating expenses			
Debt collection services	1	679 825	580 766
Other operating income	1, 2	48 168	73 102
Total operating revenues		**727 993**	**653 868**
Personnel expenses	3	524 094	366 136
Depreciation of fixed assets and intangible assets	4, 5	99 399	18 355
Other operating expenses	3	379 833	308 830
Total operating expenses		**1 003 326**	**693 321**
Earnings		**-275 333**	**-39 453**
Financial income and financial expenses			
Income on investment in subsidiaries		-	2 942
Interest income from enterprises in the same group	2	289 686	79 686
Other interest income		5 959	2 301
Other financial income		110 690	25 185
Other interest expense		328 169	107 117
Other financial expenses		329 853	17 481
Results of financial items		-251 687	-14 484
Profit before tax		**-527 020**	**-53 937**
Tax	6	17 729	-9 202
Net income		**-544 749**	**-44 735**
Transfers			
Allocated to other equity	7	-544 749	-44 735
Total transfers		**-544 749**	**-44 735**

Balance
Kredinor AS

NOK thousand	Note	31.12.2023	31.12.2022
Assets			
Fixed assets			
Intangible assets			
Deferred tax assets	6	-	14 406
Goodwill	4	295 348	370 500
Other intangible assets	4	87 417	-
Total intangible assets		**382 765**	**384 906**
Property, plant and equipment			
Plots, buildings, etc. real estate	5	4 479	4 631
Operating equipment, inventory, etc.	5	17 282	47 376
Total property, plant and equipment		**21 761**	**52 007**
Financial fixed assets			
Investments in subsidiaries	8	1 986 834	2 094 962
Loans to enterprises in the same group	2	3 853 548	3 394 109
Pension funds	9	4 433	3 798
Total financial fixed assets		**5 844 815**	**5 492 869**
Total fixed assets		**6 249 341**	**5 929 782**
Current assets			
Receivables			
Accounts receivable	10	11 715	-
Other current receivables	10	75 854	50 020
Disbursements	10	-	28
Accrued, unbilled collection income	11	55 397	65 955
Consolidated receivables	2	418 305	668 881
Total receivables		**561 271**	**784 884**
Bank deposits, cash, etc.	12	548 484	149 860
Total current assets		**1 109 755**	**934 744**
Total assets		**7 359 096**	**6 864 527**

NOK thousand	Note	31.12.2023	31.12.2022
Equity and debt			
Equity			
Share capital	7	143 229	143 229
Premiums	7	2 458 077	2 458 077
Total invested equity		**2 601 306**	**2 601 306**
Retained earnings			
Uncovered losses	7	-589 484	-44 735
Other equity			
Total retained earnings		**-589 484**	**-44 735**
Total equity		**2 011 822**	**2 556 571**
Debt			
Other long-term liabilities			
Debt to credit institutions	12, 13	4 390 962	3 614 617
Total other long-term liabilities		**4 390 962**	**3 614 617**
Current liabilities			
Received, unearned debt collection income	11	30 329	33 252
Accounts payable		46 269	47 558
Tax payable	6	-	-
Government fees owed		41 050	40 992
Consolidated debt	2	53 191	3 457
Other current liabilities	12	785 473	568 080
Total current liabilities		**956 312**	**693 339**
Total liabilities		**5 347 274**	**4 307 956**
Total equity and liabilities		**7 359 096**	**6 864 527**

Cash flow statement
Kredinor AS

NOK thousand	2023	2022
Cash flows from operating activities		
Ordinary profit before tax	-527 020	-53 937
Tax paid for the period	-	-25 015
Ordinary depreciation and amortisation	99 399	18 355
Change receivables and other income	223 613	426 980
Change in current liabilities	-328 856	-638 742
Changes in pension obligations and provisions for liabilities	-635	-7 250
Change in other time limit entries	160 398	45 385
Net cash flow from operating activities	**-373 100**	**-234 224**
Cash flows from investment activities		
Disbursements on purchases of fixed assets	-81 419	-10 393
Net cash flow from investment activities	**-81 419**	**-10 393**
Cash flows from financing activities		
Repayment of debt to/Admission of loans from credit institutions	1 318 441	2 616 054
Capital contributions to subsidiaries	-55 594	117 320
Change loans to subsidiaries	-409 704	-2 448 311
Net cash flow from financing activities	**853 143**	**285 063**
Net change in cash position	**398 624**	**40 446**
Holdings of bank deposits and cash per 1.1.	149 860	109 413
Holdings of bank deposits and cash as of 31.12.	**548 484**	**149 860**
Liquid assets		
Non-restricted bank deposits and cash	402 648	11 128
Restricted bank deposits	145 836	138 732
Sum	**548 484**	**149 860**

Accounting Policies

The annual accounts are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles, regulations relating to annual accounts, etc. for debt collection activities.

All figures are given in NOK thousands unless otherwise stated in text.

Use of estimates

The preparation of financial statements in accordance with the Accounting Act requires the use of estimates. Furthermore, the application of the company's accounting policies requires management to exercise discretion. Areas that largely contain such discretionary assessments, a high degree of complexity, or areas where assumptions and estimates are material to the financial statements are described in the notes.

Shares in subsidiaries

Subsidiaries are companies where the parent company has control, and thus determining influence on the entity's financial and operational strategy, normally by owning more than half of the voting capital.
The following companies are part of the Group on 31.12.2023:
Kredinor AS (parent company)
Kredinor Finans AS (100%)
Kredinor Holding AB (100%)
Kredinor AB (100%)
Kredinor Finland OY (100%)
Kredinor Kapital AB (100%)
Kredinor Management Invest AS (100%)
Kredinor Employee Invest (100%)
KAN AS (100%)
Kredinor Danmark A/S (100%)

Revenues

Recognition of fees, commissions, etc. takes place by distribution of payments on a case-by-case basis, corrected for changes in received, unearned collection income and earned, not received debt collection income. The size of these depends on the amount of the amount and the resolution time. Income from the financing business is earned through the financing of the receivables, and is accrued as interest income accrues. Other services (operating revenues) are recognised as income in line with execution/delivery. Income earned by financing receivables is accrued as interest income accrues. Payments on portfolios of repayment loans are recognised as income based on the effective interest rate.

Classification of balance sheet items

Assets destined for permanent ownership or use are classified as fixed assets. Fixed assets are assessed at acquisition cost, but are written down to fair value in the event of a decline in value that is not expected to be temporary. Long-term liabilities are recognised in the balance sheet at nominal value. Current assets and current liabilities include items that are due for payment within one year. Other items are classified as fixed assets/long-term liabilities. Current assets are valued at the lowest of acquisition cost and fair value. Current liabilities are capitalized at record value. Fixed assets are recognised in the balance sheet and depreciated over the economic life of the asset's if they have a useful life of more than 3 years. Maintenance of fixed assets is expensed on an ongoing basis, while costs or improvements are added to the operating asset's cost price and depreciated over the remaining economic life.

Intangible assets and goodwill

Goodwill has arisen in connection with the acquisition of subsidiaries. Goodwill depreciates over life expectancy.

Systems development

Development expenses are capitalized to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified and expenses can be measured reliably. Otherwise, such expenses are expensed on an ongoing basis. Capitalised development is depreciated on a straight-line basis over an economic lifetime. Only purchased costs are subject to activation.

Property, plant and equipment

Plots are not depreciated. Other fixed assets are recognised in the balance sheet and depreciated on a straight-line basis to residual value over the expected useful life of the operating assets. In the event of a change in depreciation schedule, the effect is distributed over the remaining depreciation period (the "breakpoint method"). Maintenance of operating assets is expensed on an ongoing basis as operating expenses. Costs and improvements are added to the operating asset's cost price and depreciated in line with the operating asset.

Leased (leased) fixed assets are recognised on the balance sheet as operating assets if the lease is considered financial.

Other long-term equity investments
The cost method is used as a principle for investments in other shares, etc. In principle, distributions are recognised as financial income when the distribution has been approved. Distributions that exceed the share of retained equity after the purchase are recognised as a reduction in acquisition costs.

Impairment of fixed assets
If there is an indication that the carrying value of a fixed asset is higher than its fair value, a test for impairment is carried out. The test is conducted for the lowest level of fixed assets that have independent cash flows. If the carrying value is higher than both the sales value and the recoverable amount (present value if still used/owned), impairment is made to the highest of the sales value and recoverable amount.

Previous write-downs, with the exception of goodwill write-downs, are reversed if the assumptions for the write-down are no longer present.

Debt collection cases at work/prepaid income
Debt collection cases at work are calculated in accordance with the Regulations relating to annual accounts etc. for debt collection activities, laid down on 28.05.1999. Debt collection cases under execution are assessed in accordance with the ongoing settlement method, without profit. The calculation is based on direct production costs for cases in progress as of 31.12., adjusted for completion rate and experience resolution.

Receivables
Trade receivables are recognised on the balance sheet after deducting provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the receivables and an additional provision to cover other foreseeable losses.

Other receivables, both current and fixed assets, are recorded at the lowest face value and fair value. Fair value is the present value of expected future payments. However, discounting is not carried out when the effect of discounting is immaterial to the accounts. Provisions for losses are assessed in the same way as for trade receivables.

Foreign currency
Foreign currency receivables and liabilities are assessed at the exchange rate at the end of the financial year. Capital gains and capital losses are recognised in the income statement as financial income and financial expenses. Translation differences in the consolidation of foreign group companies are recognised against other equity in the Group.

Client funds
According to the Regulations relating to annual accounts in debt collection companies, client funds and client liability for debt collection and legal practice are not included in the balance sheet.

Debt
Liabilities, with the exception of certain provisions for liabilities, are recognised in the balance sheet at nominal debt amounts.

Pension costs and liabilities
The accounting of pension costs takes place in accordance with the accounting standard on pension costs. The Group's employees who are covered by collective agreements are included in the financial industry's AFP scheme.

Deposit Plans
In the case of defined contribution plans, the company pays deposits to an insurance company. The Company has no further payment obligation after the deposits have been paid. The deposits are recognised as salary expenses. Any prepaid deposits are recognised on the balance sheet as assets (pension funds) to the extent that the contribution can be refunded or reduce future payments.

Performance plans
A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically, a defined benefit plan is a retirement plan that defines a pension payment that an employee will receive upon retirement. Pension payments are normally dependent on several factors, such as age, number of years in the company and salary. The pension obligation

is calculated annually by an independent actuary using a linear accrual method. In 2013, Kredinor SA decided to switch to defined contribution pension schemes for all employees. By merging with its subsidiary Sopran AS in 2014, Kredinor SA acquired a closed defined benefit pension scheme.

Tax
The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at the applicable tax rate on the basis of the temporary differences that exist between accounting and tax values, as well as any tax loss to be carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse during the same period are offset. The inclusion of deferred tax assets on net tax-reducing differences that have not been offset and losses to carry forward are justified by assumed future earnings. Deferred tax and tax assets that can be recognised on the balance sheet are recorded net on the balance sheet.

Tax reductions on group contributions made, and tax on group contributions received that are led to a reduction in cost price or directly against equity, are recognised directly against tax on the balance sheet (against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an effect on deferred tax). Deferred tax in both the company accounts and the consolidated financial statements is recognised as a nominal amount.

Cash flow statement
The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and bank deposits.

The comparative figures
The comparative figures from 2022 apply to Kredinor AS.

Legal structure
During 2022 Kredinor's business was reorganised. In May, the cooperative Kredinor SA transferred its entire operational debt collection business, with all associated assets, rights, liabilities and employees, to Kredinor AS as a deposit in kind. Kredinor SA then transferred all its shares in Kredinor AS to a newly established foundation; Kredinorstiftelsen. In June 2022, the annual meeting of Kredinor SA decided to dissolve the company in accordance with the provisions of the Cooperatives Act. The company was finally deleted as of 10th of January 2023.

Pursuant to the agreed Transaction Agreement, SpareBank 1 Gruppen acquired 50% of the shares in Kredinor AS through a capital increase and new subscription. The capital increase has been carried out partly as a contribution in kind with SpareBank 1 Gruppen's shares in the company Modhi Finance AS (with subsidiaries in Norway, Sweden and Finland) and partly as a cash contribution. The transaction has established Kredinorstiftelsen and SpareBank 1 Gruppen as equal shareholders in Kredinor AS with 50% each. Subsequently, company law transactions have been carried out in the form of dividend distributions and motherdaughter mergers to achieve an intended company structure.

Notes to the parent company statements

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Note 1 Operating revenue

NOK thousand	2023	2022
Debt collection revenues	679 825	580 766
Other operating income	48 168	73 102
Sum	**727 993**	**653 868**

Geographic information	2023	2022
Norway	727 993	653 868
Sum	**727 993**	**653 868**

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

Note 2 Balances with companies in the same group, etc.

	Receivables due later than a year		Other current receivables	
	2023	2022	2023	2022
Subsidiary				
Kredinor Finans AS	1 824 000	1 920 799	197 595	23 095
Modhi Finance AS	-	5 798	-	645 729
Kredinor Holding AB	10 130	9 453	815	-
Kredinor AB	1 033 260	732 608	76 339	-
Kredinor Finland Oy	985 780	725 452	72 797	-
Kredinor A/S	377	-	32	-
KAN AS	-	-	70 638	-
Kredinor Management Invest AS	-	-	73	58
Kredinor Employee Invest AS	-	-	16	-
Sum	**3 853 548**	**3 394 109**	**418 305**	**668 881**

Long-term receivables on Kredinor Finans AS consist of several long-term loans with different maturities.

All loans are assessed in accordance with the agreement between the companies.
No collateral has been provided for the loans.
The interest on the Group loans are set based on a arm-lengths principle and based on the cost of funding for Kredinor AS.

Maturity profile long-term receivables on subsidiaries

	0-5 years	>5 years	Without decay	Sum
Loan amount	4 271 852	-	-	**4 271 852**

	Other current liabilities	
NOK thousand	**2023**	**2022**
Subsidiary		
Kredinor Finans AS	22 661	40
Modhi Finance AS	-	3 317
Kredinor Holding AB	30 390	-
Kredinor Management Invest AS	99	99
Kredinor Employee Invest AS	40	-
Sum	**53 191**	**3 456**

Transactions with companies in the same group of companies

NOK thousand		2023	2022
Parent company			
Kredinor Finans AS	Interest income	144 343	66 524
Kredinor Finans AS	Operating income	68 279	24 509
Kredinor Sverige AB	Interest income	72 232	-
Kredinor Holding AB	Interest income	781	-
Kredinor Finland OY	Interest income	71 635	-
KAN AS	Interest income	327	-
Kredinor A/S	Interest income	7	-
Modhi Finance AS	Interest income	-	13 162

Note 3 Compensation of employees, number of employees, remuneration, loans to employees, etc.

Labour costs	2023	2022
Salaries	381 514	267 099
Employer's National Insurance contributions	69 386	48 841
Pension costs	45 302	22 686
Other benefits	27 891	27 510
Sum	**524 094**	**366 136**
Full-time equivalents employed in the financial year	552	531

Benefits to senior executives	General manager 01.01.23-06.12.23	General manager 07.12.23-31.12.23	Board of directors
Fixed salary/board fees	5 127	279	2 039
Bonus	500	-	
Other benefits	470	-	
Pension expenses (cf. Note 9)	702	39	

Klaus-Anders Nysteen was CEO until 06.12.2023. From 06.12.2023, the company has constituted Rolf Eek-Johansen as CEO until further notice.

No loans/collateral have been granted to the general manager, the chairman of the board or other related parties.

Performance bonuses are paid to all Kredinor employees in accordance with the actual full-time equivalent share throughout the year.

Performance bonuses are not affected by absence or paid leave.

Expensed remuneration to auditor	2023	2022
Statutory audit (incl. technical assistance with annual accounts)	1 835	443
Tax advice (incl. technical assistance with tax papers)	125	263
Total remuneration to the auditor	**1 960**	**707**

Note 4 Intangible assets and goodwill

	Goodwill	Development, software etc.	Sum
Acquisition cost 01.01.	**444 369**	**-**	**444 369**
Additions	6 250	53 541	59 791
Acquisition cost 31.12.	**450 619**	**53 541**	**504 160**
Accumulated depreciation and amortisation 01.01.	73 869	-	73 869
Impairments	47 678	-	47 678
Depreciation	33 725	12 058	45 782
Accumulated depreciation and amortisation 31.12.	**155 271**	**12 058**	**167 328**
Carrying value 31.12.	**295 348**	**41 483**	**336 831**
Depreciation of the year	33 725	12 058	45 782
Life expectancy	5-10 years	5-10 years	
Depreciation schedule	Linear	Linear	

Goodwill from the following purchases is depreciated over more than 5 years:
Intangible assets / goodwill recognised in connection with the merger of Modhi per 01.10.2022 is depreciated over a period of 10 years.

Addition of goodwill relates to the acquisition of Kredinor A/S in Denmark and an earnout agreement in Kredinor Finland Oy.

Note 5 Property, plant and equipment

	Plant under construction	Holiday properties	Office machines, inventory, etc.	Sum
Acquisition cost 01.01.	**16 337**	**7 159**	**351 274**	**374 770**
Additions	-	-	37 964	37 964
Disposals	-16 337	-	-	-16 337
Acquisition cost 31.12.	**-**	**7 159**	**389 238**	**396 397**
Accumulated depreciation and amortisation 01.01.	**-**	**2 529**	**320 235**	**322 764**
Impairments	-	-	1 546	1 546
Depreciation	-	152	4 242	4 394
Accumulated depreciation and amortisation 31.12.	**-**	**2 681**	**326 022**	**328 702**
Carrying value 31.12.	**-**	**4 478**	**63 216**	**67 696**
Depreciation of the year	-	152	4 242	4 394
Life expectancy		30 years	3-5 years	
Depreciation schedule	No depreciation	Linear	Linear	

Note 6 Tax

Calculation of deferred tax/deferred tax assets

Temporary differences	2023	2022
Property, plant and equipment	-4 241	-10 435
Profit and Loss Account	659	824
Receivables	-2 238	-2 595
Other accounting differences	-35 815	46 126
Repayment loans	138 918	-
Pension obligations	4 433	3 798
Total temporary differences	**101 717**	**37 718**
Deficit to carry forward	-434 406	-93 700
Basis for deferred tax	**-332 690**	**-55 981**
Deferred tax	-73 192	-12 316
Deferred tax asset not recognised	73 192	-
Deferred tax on the balance sheet	**-**	**-12 316**

	2023	2022
Profit before tax	-527 020	-53 937
Permanent differences	245 945	11 825
Basis for tax expense for the year	-281 075	-42 112
Change in temporary differences in results	-8 874	-56 721
Basic tax payable in the income statement	**-289 948**	**-98 833**
Application of deficit to carry forward	289 948	-
Basis for tax payable on the balance sheet	**-**	**-98 833**

Distribution of the tax cost	2023	2022
Total tax payable	-	-
Change in deferred tax/tax assets	11 355	-9 265
Too much allocated in previous years	6 374	62
Tax expense	**17 729**	**-9 202**

Reconciliation of tax expense for the year		
Accounting profit before tax	-527 020	-53 937
Estimated tax	-115 944	-11 866
Tax expense in the income statement	17 729	-9 202
Difference	**133 674**	**2 664**

The difference consists of the following:		
22% of permanent differences	54 108	2 602
Other differences/too much allocated in previous years	79 566	62
Total explained difference	**133 674**	**2 664**

Note 7 Equity

	Share capital	Share premium	Other equity	Total
Change in equity for the year				
Equity 01.01.	143 229	2 458 077	-44 735	2 556 571
Results for the year	-	-	-544 749	-544 749
Equity 31.12.	**143 229**	**2 458 077**	**-589 484**	**2 011 822**

Note 8 Investment in subsidiaries

Parent company
Investments in subsidiaries are accounted for according to the cost method.

Subsidiary	Business Office	Ownership/ voting share	Self-containment last year (100%)	Last year results (100%)	Carrying value
Kredinor Finans AS	Oslo	100%	1 933 213	-71 983	1 933 213
Roniderk AB	Sverige	100%	-	-356	-
Kredinor Holding AB	Sverige	100%	20 422	-117 481	18 623
Kredinor Finland OY	Finland	100%	61 944	-34 443	33 964
Kredinor Employee Invest AS	Oslo	100%	25	-15	60
Kredinor Management Invest AS	Oslo	100%	26	-16	42
KAN AS	Oslo	100%	-26 543	-26 573	80
Kredinor A/S	Danmark	100%	356	-485	852
Carrying value 31.12.					**1 986 834**

The carrying value of the shares in Kredinor Finans AS has been written down with NOK 48.8 millions as of 31.12.23.

The carrying value of the shares in Kredinor Holding AB has been written down to NOK 18.6 millions 31.12.23 from NOK 135.3 millions 31.12.22.

Note 9 Pensions

Income statement parent company	2023 Secured	2022 Secured
Interest cost of pension obligation	522	340
Gross pension cost	522	340
Expected return on pension funds	-946	-684
Management cost/interest guarantee	26	26
Net pension cost incl. administration costs	-398	-318
Plan deviations/estimate changes recorded in the results	302	342
Employer's National Insurance contributions	-56	-45
Net pension cost defined benefit scheme	**-151**	**-21**
Costs of AFP scheme incl. employer's National Insurance contributions	7 729	4 597
Costs of a defined contribution scheme incl. employer's National Insurance contributions	37 725	22 824
Total net pension cost	**45 302**	**27 400**

Balance sheet parent company	2023 Sikret	2022 Sikret
Accrued pension obligations 31.12.	17 625	17 787
Estimated gross pension liability 31.12.	**17 625**	**17 787**
Pension funds (at market value) 31.12.	18 972	18 585
Not recognised estimate deviations/plan changes	-2 538	-2 934
Employer's National Insurance contributions	-548	-529
Net pension obligation/funds	**-4 433**	**-4 262**
Pension agreement DNB (supplementary agreement)	-	876
Capitalised pension liability	**-4 433**	**-3 385**

Balance Group	2023 Secured	2022 Secured
Accrued pension obligations 31.12.	17 625	17 787
Estimated gross pension liability 31.12.	**17 625**	**17 787**
Pension funds (at market value) 31.12.	18 972	18 585
Not recognised estimate deviations/plan changes	-2 538	-2 934
Employer's National Insurance contributions	-548	-529
Net pension obligation/funds	**-4 433**	**-4 261**
Pension agreement DNB (supplementary agreement)	-	876
Capitalised pension liability	**-4 433**	**-3 385**

Economic prerequisites	2023	2022
Discount rate	3.10%	3.00%
Expected wage adjustment	3.50%	3.50%
Expected pension regulation	2.80%	2.63%
Expected G-regulation	3.25%	3.25%
Expected return on pension funds	5.30%	5.20%
Expected withdrawal percentage AFP scheme	100%	100%

Note 10 Receivables

	2023	2022
Trade receivables at face value	11 715	-
Disbursements	-	28
Other receivables	131 251	50 020
Receivables to companies in the same group	418 305	668 881
Total receivables	**561 271**	**718 929**

Receivables		
Unaccrued unbilled collection income	55 397	65 955
Included in current liabilities		
Received unearned debt collection income	30 329	33 252

Note 11 Restricted bank deposits, client liability/client funds

Restricted bank deposits	2023	2022
Deposit	402 648	11 985
Tax withholding funds	17 727	19 650
Other restricted funds	128 109	107 097
Sum	**548 484**	**138 731**

Client funds
Client funds and associated client liability for debt collection activities are recorded net on the balance sheet.

The outstanding bank amounts to NOK 128.1 millions and the associated client liability amounts to NOK 96.5 millions. The difference corresponds to payments that have not been distributed as of 31.12.2023.

Client funds and associated client liability for the legal practice are presented in accordance with Section 3a (3) of the Lawyers' Regulations.

Note 12 Debt to credit institutions

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
Incremental borrowing costs capitalised			-42 096	
Total non-current interest-bearing liabilities			**4 390 962**	

Short-term interest-bearing liabilities	Interest rate	Notional amount (T)	Book value (NOK)	Maturity
Loan, SpareBank1 Gruppen (NOK)	Fixed rate 17.5%	500 000	500 000	30.04.2024
Total short-term interest-bearing liabilities			**500 000**	

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	
Total non-current interest-bearing liabilities			**3 614 617**	

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

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.

Note 13 Financial derivatives

In 2019, the company entered into interest rate swap agreements with a contract period of five years. In 2023, the company changed accounting principle to hedge accounting, hence no financial derivatives is booked for 2023.

The table below shows the company's interest rate swap agreement as of 31.12.2022.

Contracting party	Currency	Currency amount	Kredinor pays	Kredinor receives	Start / Maturity	Market value 31.12.2022
DNB	NOK	233 000	1.80%	Nibor 3 months	21.01.19 / 22.01.24	3 776
Nordea	NOK	233 000	1.80%	Nibor 3 months	22.01.19 / 22.01.24	4 464
Sum		**466 000**				**8 240**

The company has acquired an interest rate swap agreement to ensure a fixed cash flow of interest payments (cash clearance). The purpose of the hedge is to reduce the risk of fluctuations in interest costs on long-term loans.

The loan is due for payment on 15.4.2023 and the company intends to renegotiate the loan facility so that the hedging is effective during the period.

Note 14 Related party transactions

Benefits to senior executives are discussed in Note 3, and balances with group companies are discussed in Note 2.

Note 15 Collateral/warranty liability

Kredinor AS has provided collateral that constitutes 1/40 of the client responsibility, cf. regulations to sections 3-2 to 3-4 of the Debt Collection Act.

Note 16 Financial risk regarding the financing business

Credit and market risk: The group's credit risk is mainly linked to the group's financing activities in the subsidiaryKredinor Finans AS. Credit risk means the risk that the customer cannot meet his obligation to pay. The group considers the risk of loss witin the current portfolio to be normal.

Statement from the Board of Directors

We confirm that the financial statements for the period 1 January up to and including 31 December 2023, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Company and the Group as a whole. The Board of directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

Board of Directors
Oslo, 15 April 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*

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Kredinor AS

Opinion

We have audited the financial statements of Kredinor AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

Material uncertainty related to going concern

We draw attention to Note 4.2 in the financial statements, which indicates that the Company forecasts a possible risk of breaching the covenant terms for interest coverage ratio in its loan agreements in the next 12 months after the year ended 31 December 2023. As stated in Note 4.2, these events or conditions, along with other matters as set forth in Note 4.2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Purchased debt portfolios

Basis for the key audit matter
Purchased debt portfolios account for 79% of total assets of the Group. Management's estimates of future cash collections from purchased debt portfolios are the basis for revenue recognition and the book value of purchased debt portfolios. The estimates are also input for the determination of fair value of purchased debt portfolios disclosed in the notes to the consolidated financial statement. Estimation of the amounts and timing of future cash collections from purchased debt portfolios is complex and requires significant judgement from management. Furthermore, the estimates of future cash flows depend on management's approach to managing the portfolios (e.g., changes in collection policies and strategies) and local regulations. The estimation of future cash collections from purchased debt portfolios was considered a key audit matter based on the significant judgments and the materiality of the amounts involved.

Purchased debt portfolios are disclosed in note 4.1 Classification of financial instruments and note 4.3 Purchased debt portfolios in the financial statements of the Group.

Our audit response
We tested that the acquisition cost of debt portfolios is consistent with the purchase agreements. Furthermore, we have evaluated that initial cash collection forecasts are approved by Group management. We have also compared the initial cash collection forecast to actual cash collection of the portfolio and historical cash collection on similar debt portfolios. We have also compared the calculated effective interest rate on the purchased debt portfolios to the effective interest rate on debt portfolios purchased in previous years. Furthermore, we tested changes in future cash collection estimates by comparing actual cash collection to forecasted cash collection and by testing the historical accuracy of prior year forecasts. As part of our procedures, we discussed the assumptions used including the amounts, probability, and timing of expected future cash flows, seasonality, changes in collection policies and strategies, and changes in local regulations with management and controllers.

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Impairment assessment of goodwill

Basis for the key audit matter
Carrying amount of goodwill was NOK 351 million as of 31 December 2023. Goodwill was impaired by NOK 48 million throughout the year. The carrying value is tested for impairment at least annually. The determination of recoverable amount, being the higher of fair value less costs of disposal and value in use (VIU), requires management's judgment and is sensitive to changes in estimates and is dependent on future growth forecasts. Estimates related to future profitability and cash flows and the determination of discount rates to calculate present values are based on management`s expectations, relying on external evidence to the extent available, on market developments, the competitive situation, technological development, the ability to realize synergies, interest rate levels and other relevant factors. The use of different assumptions could produce significantly different value in use estimates. Based on the significant judgments and the materiality of the amounts involved, we considered the impairment assessment of goodwill a key audit matter.

Goodwill and impairment considerations are disclosed in note 3.2 in the financial statements of the Group and note 4 in the financial statements of the Company.

Our audit response
We assessed the key assumptions used by management in their assessment of recoverable amount and reconciled against board approved budgets and external data to assess whether there is a necessity for impairment. Our procedures included assessing the identification of cash generating units of which goodwill has been allocated to and testing of assumptions used in the value in use model,
including estimates related to forecasted future cash flows and the estimated weighted average cost of capital. As part of our procedures, we discussed the forecasted revenues, the current market situation, and expectations about future growth with management. We also tested supporting documentation related to budgets and forecasts and the mathematical accuracy of the value in use calculation and assessed the sensitivity analysis for critical assumptions prepared by management. We used a valuation specialist to assist us in evaluating the discount rate applied when estimating the fair value.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

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Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 15 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

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Glossary of our terms

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Definitions

Cash collection NPL	Gross cash collection is the actual cash collected from purchased portfolios before costs related to collect the cash received
Cash EBITDA	Cash EBITDA is EBIT adding back depreciation and portfolio amortisations
Cash Revenue	Total revenue adding portfolio amortisations and deducting net revaluations from purchased portfolios
Collection performance	Cash collected from purchased portfolios divided by active target (ERC)
Cost to collect (CtC)	All external and internal operating costs related to the Group's collection business
Cost to Income	Total group cost, excluding net finance, depreciation and amortisation, divided by total group revenue
ERC	Estimated remaining collection (ERC) expresses the gross cash collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date
FTE Cost to Income	Group salary cost divided by total group revenue
NRI	An infrequent or abnormal cost or revenue that is reported in the financial statement
ROE	Net profit after tax divided by shareholders' average equity. Average equity calculated as equity in start of period plus equity in end of period divided by 2.
Year-over-Year	Comparison of one period with the same period from the previous year

Terms and abbreviations

3PC	Third-party collections
ACV	Annual contract value
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
ERC	Estimated remaining collection
FTE	Full-time equivalent
IRR	Internal rate of return; The zero-NPV generating interest rate
LTM	Last Twelve Months
LTV	Loan to value ratio
LY	Last Year
MoM	Money-on-money
NPL/PD	Non-performing loans/ Purchase debt
NRI	Non-recurring item
RCF	Revolving Credit Facility
ROCE	Return on Capital Employed
ROE	Return on Equity
RTM	Rolling Twelve Months
YoY	Year-over-Year
YTD	Year to Date
PI	Portfolio Investments
CMS	Credit Management Services