Kredinor

Quarterly Report
2024

Kredinor.no

Q1

About Kredinor

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We help you make it

Kredinor is Norway's leading debt collection agency. Our market share in Norway continues to be high, with a volume of 30 percent of the total outstanding debt collection mass and 15 percent of new cases for debt collection. The market share can also be measured by 22 percent of the collected funds (Finanstilsynet, 2023).

Kredinor will continue to be a market leader in the industry, and we will 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 for goods or services.

Kredinor is a full-service debt collection company that offers services in two main categories, Credit Management Services (CMS) and Portfolio Investments (PI). Today we have offices in Norway, Sweden, Denmark, and Finland. Our ambition is to become a leading debt collection company in the Nordics.

Kredinor's owners are SpareBank 1 Gruppen (68.64%) and Kredinorstiftelsen (31.36%) as per 25 April.

Message from the CEO

The first quarter of 2024 was a quarter full of events for us. Therefore, I have been looking forward to presenting this report, so that we can talk about all the progress we are making at Kredinor. However, it is important to say that much hard work remains before we can be declared fully recovered.

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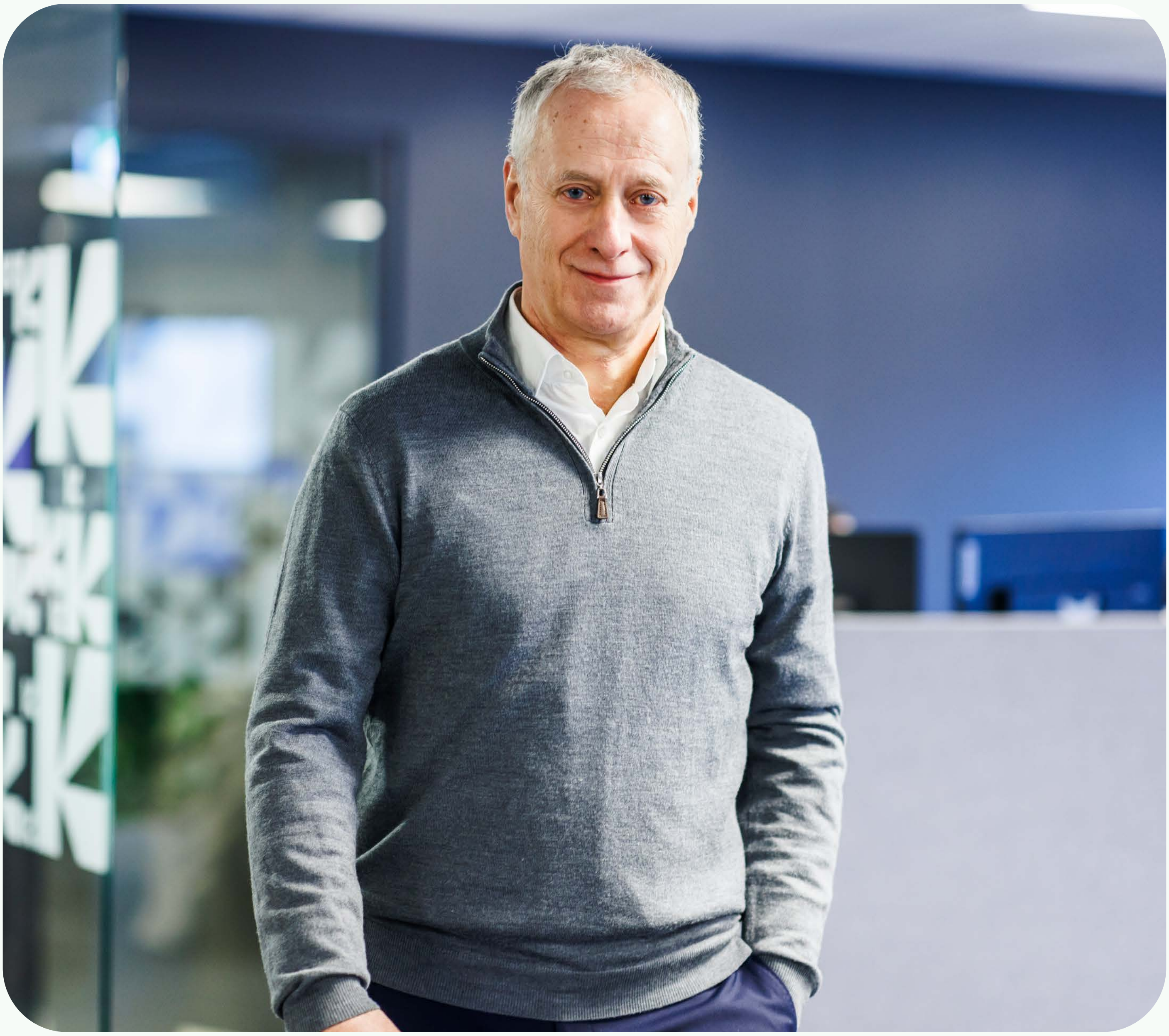

Improved collection performance, a good CMS result and cost control are key takeaways for the quarter. The indicators are pointing in the right direction.

In a few years, when we look back on the recent period at Kredinor, it will stand as an exception in the proud history of this company. However, effects from the merger in 2022, macroeconomic conditions, and partly our own priorities, have created difficulties for us.

As a large company in the financial sector in the Nordics, we have a significant social responsibility; we comply with laws and regulations, we ensure good working conditions for our employees, we follow up on agreements with our clients, and we handle 1 million customer inquiries each year where we can make a difference in our customers' lives. On top of this, it is expected that we should contribute more significantly to a sustainable society through other activities. I share that expectation, but to get there, we must have a company that is able to contribute.

Right before Christmas last year, I somewhat unexpectedly returned to the company I had left not long ago. A leadership change almost always happens suddenly, as it did in this case. The board appointed me as interim CEO with a clear mandate to focus on the core business to get back to profitable operations. Since then, much has happened with us, and I believe we are on the right path. However, much hard work remains before we can be declared fully recovered. I am eager to contribute to this, and therefore, it is pleasing for me that our new board has asked me to take on the role of CEO permanently. I am highly motivated for the task; turning the big Kredinor ship back on the right course and to have a profitable operation. I thank the board for the trust shown to me and look forward to continuing the work together with the entire skilled Kredinor team.

One of the very skilled team members is Bjørn Ove Ottosen, who until now has served as Head of Treasury and Corporate Finance. Bjørn Ove is now appointed as our new permanent CFO and enters our management team. I know Bjørn Ove well from earlier days in Modhi, where he was a much-valued CFO prior to the merger. Needless to say, he will play an important role going forward. Welcome, Bjørn Ove!

Although this is a report for the first quarter of 2024, I would like to comment on what happened during April. Most importantly, the ownership situation was clarified. With SpareBank 1 Gruppen as the majority owner holding about 69% of the shares, we have a competent owner who will help us achieve our goals. We also achieved a good solution with our other owner, Kredinorstiftelsen, which now holds an ownership stake of about 31%.

With this, we also had a new board composed, with a good mix of new and returning board members. Parallel to this, we had elections for employee representatives on the board, with great enthusiasm and many candidates. This shows that our employees are deeply committed to the company we work for. Together, we now have headroom to work according to the plan we are developing.

Back to the quarter: There are many good things to report from the first quarter, but also some aspects that are not as good as we would like. On the positive side, many indicators are pointing in the right direction, such as collection performance, CMS results, and cost control. However, our costs are still too high, so there will be a strong focus on this going forward.

The other area we need to work on, of course, is our revenues. When it comes to new sales and renewals, I am truly happy for what is delivered this far. We have constructive dialogue with many new and existing clients in our Nordic market and have closed many deals during the quarter.

Our industry will also play a key role in the future of the financial sector. My experience in this industry for more than 20 years tells me that no one is better positioned than Kredinor to be a profitable, full-service player in the industry. I am already looking forward to our Q2 report in August.

Best regards,

Rolf Eek-Johansen, CEO

Key figures

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Highlights

- Loan conversion and clarification of ownership creates space for us to work on our plan for returning to profitability
- First capital light front book investment signed. Regaining investment capacity
- Collection performance in Q1 of 105.1% with a write-up of portfolios of MNOK 3
- It has been the best quarter for CMS since Q2 2023 with a total CMS revenue at MNOK 176
- Finalizing new income/cost plan in Q2
- Rolf Eek-Johansen appointed as permanent CEO
- Bjørn Ove Ottosen appointed as permanent CFO

Key figures

Amounts in MNOK	Q1 2024	Q1 2023	FY 2023
Operational revenues	369	348	1 453
Adj. EBIT[1)]	57	94	258
Adj. EBIT %	16%	27%	18%
EBIT	61	33	-106
Net profit before tax	-69	-45	-501
Cash Revenue	558	533	2 296
Cash EBITDA	270	290	1 155
Cash margin	48%	54%	50%
Portfolio Investments	73	269	1 493
Carrying value of Portfolio Investments	6 138	5 885	6 210

1) Including NRI's and excluded net gain/(loss) from purchased loan portfolios

Sustainability in Q1

Kredinor has a robust strategy with sustainability as an integral part. We will continue to build competence and internal ownership to ESG, using it as a strategic tool to drive improvements and business stability.

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Committed to Sustainability

We need to anchor sustainability across different teams in Kredinor and are working with risks, opportunities and impact in our most material topics with input from several stakeholders.

Kredinor is continuing our preparations to meet upcoming regulatory requirements. As a company of general interest with more than 600 employees and a listed bond, we will report according to CSRD with the following ESRS as well as the EU Taxonomy from the reporting year of 2024.

We are currently working to create ownership and a deeper understanding of what the legislation will mean for Kredinor across the organization. On March 19th our Board approved a timeline with detailed activities to prepare internal processes, data gathering and implementation in the relevant departments. To ensure that we have sufficient internal competence and to drive processes across the organization a new Head of Sustainability was appointed in April.

The next quarter Kredinor staff from different departments will contribute in the preparations for the upcoming CSRD reporting. We will build cross-functional ownership towards sustainability and link it to profitability, risk control and performance and strategy in many teams, and make sure to establish relevant targets and KPIs. We will continue building one corporate culture where risk awareness, cost control and clients and customers' needs are integrated in everything we do.

Operations and outlook

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Our operations during the quarter

Revenues
Kredinor's total revenue for Q1 2024, including portfolio revaluations, was MNOK 372 compared to MNOK 298 in Q1 2023. Excluding revaluations, revenues increased 5.9% compared to same quarter last year. Revenues from CMS totaled MNOK 176, an increase of 4.8% on the same quarter last year. Revenues excluding revaluations from Portfolio Investments totaled MNOK 193 compared to MNOK 181 in the same quarter 2023.

We have written up the value of own portfolios with MNOK 3 during the quarter, compared to a write-down of MNOK 50 in the same quarter last year.

Expenses
Operating expenses for the quarter were MNOK 288, compared to MNOK 243 in the same quarter last year. This represents an increase of 18.5%.

The increasing operational expenses are mainly due to an upscale of FTEs and higher legal activity compared to the same period last year and is expected to generate more revenues in the future.

Net financial expenses were MNOK 130, compared to MNOK 79 in Q1 2023. The increase is due to higher market interest rates and higher level of interest-bearing debt to fund portfolio investments. It also includes interest rates from the subordinated PIK loan to SB1. The increase in market interest rates was partly offset by interest rate hedging, which currently covers 71.2% of the debt.

Collection performance
Cash collected on owned portfolios was MNOK 383 during the quarter, compared to MNOK 366 in the same quarter last year. The rolling 12m collection performance was 98.4%, and for the quarter in isolation it was 105.1%. The improved collection performance in Q1 is mainly due to the revaluation in Q3 2023. We see a stabile recurring cash flow, in addition to focus areas that are beginning to pay off.

Portfolio investments
Kredinor made portfolio investments totaling MNOK 73 during the quarter, compared to MNOK 269 in Q1 2023.

With amortizations of MNOK 190 and revaluations, there is a decrease in the book value of the portfolios from the last quarter, from MNOK 6210 in Q4 2023 to MNOK 6 138 in Q1 2024. The 180-month Estimated Remaining Collections (ERC) at quarter-end was MNOK 10 981 compared to MNOK 10 267 at the end of the same quarter last year.

Earnings
Kredinor's EBITDA for the quarter was MNOK 84, compared to MNOK 55 in the same quarter last year. Depreciation, amortization and impairment losses for the quarter was MNOK 24 compared to MNOK 22 in the same quarter last year. EBIT was MNOK 61, compared to MNOK 33 in Q1 2023. Cash EBITDA, or EBITDA excluding portfolio revaluations and interest income, plus cash collected, was MNOK 271, compared to MNOK 290 in the same quarter last year.

Market update and outlook

Market
The CMS business remains competitive. Kredinor has been able to keep the market share stable over the last years. We are pleased to see good progress on expanding the CMS business in Finland, where our range of sustainable products to help customers avoid payment problems and payment remarks have been well received. In these jurisdictions we have a clear ambition to move from an investment-focused to a more balanced business model. We are also present in Sweden and Denmark and expect growth in CMS in the coming years.

Within Portfolio Investments (PI), we have invested MNOK 73 during the quarter compared to MNOK 269 in Q1 2023. Since last year, our average funding cost has increased significantly. Deal flow in the market has been similar in volumes compared to last quarter. We see that most debt collection agencies are prioritizing reducing leverage ratios by cutting back on investments.

Macroeconomic situation and outlook
Economic fundamentals in the Nordic countries remain reasonably strong, despite inflation and increased interest rates. Increases in the cost of living continued during the quarter and low-income consumers are struggling and saving buffers have been reduced.

Collections in Q1 has been good and with a clarified capital situation Kredinor will continue to invest according to commitments in existing forward flow contracts and build capacity to restart investing in NPL portfolios.

Focus going forward will be to return the company to profitability. Consequently, we will prioritize collection performance, growth in CMS, improving operations and realizing our capital light strategy.

Regulatory update
The Norwegian Government has proposed changes to the Debt Settlement Act in order to help those with over-indebtedness at an earlier stage.

The Norwegian FSA has reported an increase in consumer loans by 5.3% from Q1 2023 to Q1 2024. Number of debt collection cases increased with 17 300 from 2022 to 2023.

The FSA has also conducted document-based supervision of 6 banks with regards to case processing of mortgage customers with non-performing loans. The FSA found shortcomings in the case processing in all banks.

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. Norway is waiting for the regulation to be included in the EEA Agreement. There are signals that this might happen before the summer. Implementation is subject to a legislation process in Norway including Parliament approval. In Sweden Kredinor AB is in the process of finalizing the application for a license under the new act on acquisition and servicing on NPLs.

In Finland there hasn't been any regulatory changes in Q1 that affect the business. Worth mentioning is that the implementation of NPL directive is finally started at the Ministry of Finance. A cooperation meeting between the Ministry and the Association of Finnish Debt Collection Agencies has been agreed to be held on 23 April.

The main questions to be discussed with the Ministry are following:

- Are there plans that the directive will lead to a change in the supervisory authority for the sector?
- To what extent will the directive potentially affect the reporting requirements of the industry's governing bodies and ownership base?
- Can it be seen that the directive would lead to new licensing requirements?
- Is it possible that there will be a new license requirement where supervisory authority would be the FSA

Financial reports

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Consolidated income statement

For the period ended 31 March 2024

		This period		Year to date		Full year
NOK thousand	**Note**	**Q1 2024**	**Q1 2023**	**31.03.2024**	**31.03.2023**	**2023**
Revenue from contracts with customers	4	174 938	167 111	174 938	167 111	682 933
Interest revenue from purchased loan portfolios	5, 6	193 204	180 586	193 204	180 586	766 147
Net gain/(loss) from purchased loan portfolios	5, 6	3 423	-50 045	3 423	-50 045	-266 318
Other income	5	784	631	784	631	3 776
Total revenue and other income		**372 349**	**298 284**	**372 349**	**298 284**	**1 186 539**
Employee benefit expenses		152 917	135 963	152 917	135 963	648 286
Depreciation and amortization		23 590	21 605	23 590	21 605	88 862
Impairment losses	3	-	-	-	-	63 283
Other operating expenses		135 229	107 293	135 229	107 293	492 458
Operating profit		**60 613**	**33 422**	**60 613**	**33 422**	**-106 350**
Finance income	7	42 369	114 510	42 369	114 510	120 858
Finance expense	7	172 407	193 323	172 407	193 323	517 538
Change in financial instruments measured at fair value		-	-	-	-	2 404
Net financial items		**-130 039**	**-78 813**	**-130 039**	**-78 813**	**-394 276**
Profit before tax		**-69 426**	**-45 391**	**-69 426**	**-45 391**	**-500 626**
Income tax expense	10	245	-9 800	245	-9 800	18 815
Net profit or loss for the year		**-69 671**	**-35 591**	**-69 671**	**-35 591**	**-519 441**
Attributable to:						
Non-controlling interests						
Shareholders of the parent company		**-69 671**	**-35 591**	**-69 671**	**-35 591**	**-519 441**
Other comprehensive income						
Net profit or for the period		-69 671	-35 591	-69 671	-35 591	-519 441
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		2 718	6 943	2 718	6 943	8 217
Derivatives		28 131	-	28 131	-	-
Other comprehensive income/(loss) after tax		**30 849**	**6 943**	**30 849**	**6 943**	**8 217**
Total comprehensive income/(loss)		**-38 822**	**-28 649**	**-38 822**	**-28 649**	**-511 224**
Total comprehensive income attributable to:						
Equity holders of the parent company		-38 822	-28 649	-38 822	-28 649	-511 224

Consolidated statement of financial position

NOK thousand	Note	31.03.2024	31.03.2023	31.12.2023
Goodwill	3	351 309	392 737	351 309
Intangible assets		299 762	232 337	296 676
Deferred tax asset	10	-	17 469	-
Right-of-use assets		199 089	22 024	190 182
Property, plant & equipment		33 514	15 671	24 841
Purchased debt portfolios	6	6 138 386	5 885 134	6 209 570
Other non-current financial assets		51 515	16 625	23 359
Other non-current receivables		-	3 817	-
Total non-current assets		**7 073 575**	**6 585 813**	**7 095 936**
Trade and other receivables		60 466	25 929	28 077
Other current assets		20 976	16 551	16 289
Cash and cash equivalents	8	245 625	409 562	705 365
Other current financial assets		-	-	-
Total current assets		**327 067**	**452 042**	**749 731**
Total assets		**7 400 643**	**7 037 855**	**7 845 667**

NOK thousand	Note	31.03.2024	31.03.2023	31.12.2023
Share capital		143 229	143 229	143 229
Share premium		2 458 077	2 458 077	2 458 077
Other equity		-503 399	10	-464 578
Total equity	9	**2 097 907**	**2 601 316**	**2 136 728**
Interest-bearing liabilities	11	3 981 269	3 895 997	4 490 962
Deferred tax liabilities		-	-	-
Lease liabilities		172 417	22 618	163 953
Employee benefit obligations		-	-	-
Other non-current financial liabilities		-	-	-
Other non-current liabilties		1 115	918	620
Total non-current liabilities		**4 154 801**	**3 919 533**	**4 655 535**
Trade and other payables		38 335	37 904	46 990
Income tax payable		-693	9 750	-787
Interest-bearing liabilities	11	-	-	-
Lease liabilities		35 441	12 644	33 682
Other current financial liabilities		-	16 529	2 404
Other current liabilities		1 074 852	440 179	971 116
Total current liabilities		**1 147 935**	**517 006**	**1 053 404**
Total liabilities		**5 302 736**	**4 436 540**	**5 708 939**
Total equity and liabilities		**7 400 643**	**7 037 856**	**7 845 667**

Board of Directors
Oslo, 15 May 2024

Torbjørn Martinsen
Chairman of the Board

Inga Lise Lien Moldestad
Board member

Sverre Olav Helsem
Board member

Simen Danielsen Torgersrud
Board member

Linn Kvitting Hagesæther
Board member

Geir-Egil Bolstad
Board member

Vegard Helland
Board member

Per Aage Pleym Christensen
Board member

Rolf Eek-Johansen
CEO

Mona Bay Sørensen
Board member

Trude Glad
Board member

Consolidated statement of changes in equity

NOK thousand	Share capital	Share premium	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2024	**143 229**	**2 458 077**	**-**	**9 931**	**-474 509**	**2 136 728**
Profit/loss for the period					-69 671	-69 671
Other comprehensive income/loss				2 718	28 131	30 849
Total comprehensive income/loss	**-**	**-**	**-**	**2 718**	**-41 539**	**-38 822**
Balances at 31 March 2024	**143 229**	**2 458 077**	**-**	**12 649**	**-516 048**	**2 097 906**

NOK thousand	Share capital	Share premium	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2023	**143 229**	**2 458 077**	**-**	**1 714**	**877 477**	**2 640 980**
Profit/loss for the period					-35 591	-35 591
Other comprehensive income/loss				6 943	-11 016	-4 073
Total comprehensive income/loss	**-**	**-**	**-**	**6 943**	**-46 607**	**-39 664**
Balances at 31 March 2023	**143 229**	**2 458 077**	**-**	**8 657**	**830 869**	**2 601 316**

NOK thousand	Share capital	Share premium	Other equity: Other capital reserves	Other equity: Cumulative translation differences	Retained earnings	Total equity
Balances at 1 January 2023	**143 229**	**2 458 077**	**-**	**1 714**	**37 960**	**2 640 980**
Profit/loss for the period					-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**

Consolidated statement of cash flows

		This period		Year to date		Full year
NOK thousand	**Note**	**Q1 2024**	**Q1 2023**	**31.03.2024**	**31.03.2023**	**2023**
Cash flow from operating activities						
Profit or loss before tax		**-69 426**	**-45 391**	**-69 426**	**-45 391**	**-500 626**
Adjustments to reconcile profit before tax to net cash flows:						
Finance income	7	-42 369	-114 510	-42 369	-114 510	-120 858
Finance costs	7	172 407	193 323	172 407	193 323	517 538
Change in finacial instruments measured at fair value		-	0	-	0	-2 404
Gain/loss from sale of fixed assets		-	-	-	-	-
Portfolio amortization and revaluation	6	186 607	234 564	186 607	234 564	1 109 536
Depreciation and amortisation		23 590	21 605	23 590	21 605	152 145
Working capital adjustments:						
Changes in trade and other receivables		-37 101	-13 981	-37 101	-13 981	-50 989
Changes in trade and other payables		-79 424	30 698	-79 424	30 698	70 422
Changes in other items		70 139	-116 719	70 139	-116 719	-192 493
Debt portfolios:						
Purchase of debt portfolios	6	-73 081	-268 853	-73 081	-268 853	-1 492 941
Other items						
Tax paid		-	-	-	-	-
Interest received		-	1 806	0	1 806	8 965
Interest paid		-229 767	-81 104	-229 767	-81 104	-348 258
Net cash flows from operating activities		**-78 424**	**-158 563**	**-78 424**	**-158 563**	**-849 964**
Cash flows from investing activities						
Development expenditures		-18 418	-4 344	-18 418	-4 344	-134 253
Purchase of property, plant and equipment		-10 809	-8 627	-10 809	-8 627	-15 640
Purchase of shares in subsidiaries, net of cash acquired		-	-	-	-	-2 245
Net cash flows from investing activities		**-29 227**	**-12 971**	**-29 227**	**-12 971**	**-152 138**
Cash flow from financing activities						
Proceeds from issuance of equity	9	-	-	-	-	-
Proceeds from borrowings	11	175 000	181 380	175 000	181 380	1 318 441
Repayments of borrowings	11	-525 000	-	-525 000	-	-
Payments for principal for the lease liability	11	-4 807	-17 145	-4 807	-17 145	-29 109
Net cash flows from financing activities		**-354 807**	**164 235**	**-354 807**	**164 235**	**1 289 332**
Net increase/(decrease) in cash and cash equivalents		**-462 458**	**-7 299**	**-462 458**	**-7 299**	**287 230**
Cash and cash equivalents at the beginning of the period	8	705 365	409 918	705 365	409 918	409 918
Net foreign exchange difference	8	2 718	6 943	2 718	6 943	8 217
Cash and cash equivalents at the end of the period		**245 625**	**409 562**	**245 625**	**409 562**	**705 365**

Notes to the financial statements

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Note 1 Corporate information

Kredinor (the "Group") consists of Kredinor AS and its subsidiaries. Kredinor AS (the "Company") is a privately held company incorporated in Norway. The Company's registered office is at Sjølyst plass 3, 0278 OSLO, Norway

On 15 March 2022, Sparebank 1-owned Modhi Finance AS and Kredinor SA announced a letter of intent to merge, with the ambition of becoming a leading company in debt collection and debt management. On 1 May, Kredinor was 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.

The largest entity in the group is Kredinor AS, registered in Norway.

The consolidated financial statements of the Group for the quarter ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 15 May 2024.

Note 2 Basis for preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with additional disclosures required by Norwegian law for companies reporting in Norwegian Krone. The financial statements have been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments which are measured at fair value. The financial statements are presented in Norwegian Krone, which is the functional currency of the Company.

The company 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.

Note 3 Material accounting policy

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom be equal to 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 6)**
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
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 3th quarter 2023. 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.

Note 4 Revenue from contracts with customers

Kredinor Group offers solutions in the entire value chain from invoicing and ledger administration to reminder services, debt collection and monitoring of unpaid debt collection cases. The Group also offer legal services, course and education, credit ratings services and factoring.

ACCOUNTING POLICIES
Revenue from contracts with customers are 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 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.

Type of revenue	Q1 2024	Q1 2023	31.03.2024	31.03.2023	Full year 2023
CMS	163 634	154 750	163 634	154 750	638 464
Other revenue	11 304	12 361	11 304	12 361	44 469
Total revenue	**174 938**	**167 111**	**174 938**	**167 111**	**682 933**

Geographic information	Q1 2024	Q1 2023	31.03.2024	31.03.2023	Full year 2023
Norway	171 631	166 226	171 631	166 226	674 183
Sweden	245	185	245	185	922
Finland	2 115	700	2 115	700	4 864
Denmark	946	-	946	-	2 964
Total revenue	**174 938**	**167 111**	**174 938**	**167 111**	**682 933**

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

Note 5 Portfolio revenue and other income

Portfolio revenue

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

Q1 2024

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	130 853	19 380	150 233
Sweden	33 678	-17 502	16 176
Finland	28 674	1 545	30 219
Total	**193 204**	**3 423**	**196 627**

For further information on Purchased debt portfolios, see note 6.

Q1 2023

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

For further information on Purchased debt portfolios, see note 6.

Year to date 31 March 2024

Split by geographical markets	Interest revenue from purchased loan portfolios	Net gain/(loss) purchased loan portfolios	Net revenue
Norway	130 853	19 380	150 233
Sweden	33 678	-17 502	16 176
Finland	28 674	1 545	30 219
Total	**193 204**	**3 423**	**196 627**

For further information on Purchased debt portfolios, see note 6.

Year to date 31 March 2023

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

For further information on Purchased debt portfolios, see note 6.

Full year 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 6.

Other Income

Other income is recognized 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	Q1 2024	Q1 2023	31.03.2024	31.03.2023
Other operating income	784	631	784	631
Disposal subsidiary	-	-	-	-
Total Other Income	**784**	**631**	**784**	**631**

Note 6 Purchased debt portfolios

ACCOUNTING POLICIES
Purchased debt portfolios consists of portfolios of non-performing loans that are already credit-impaired when acquired. The purchase price reflects incurred and expected credit losses and non-performing loans are initially recognized at transaction price. The loans are subsequently measured at 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.

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	Q1 2024	Q1 2023	YTD 31.03.2024	YTD 31.03.2023	Full year 2023
Balance at the beginning of period	**6 209 570**	**5 713 876**	**6 209 570**	**5 713 876**	**5 713 876**
Acquisitions	73 081	268 853	73 081	268 853	1 492 941
Collection	-382 708	-365 555	-382 708	-365 555	-1 609 366
Interest revenue from purchased loan portfolios	192 655	180 987	192 655	180 987	766 147
Net gains/loss from purchased loan portfolios	3 446	-49 996	3 446	-49 996	-266 318
Derivatives (forward flow)	-2 404	16 529	-2 404	16 529	2 404
Currency differences	44 746	120 440	44 746	120 440	109 885
Balance at the end of period	**6 138 386**	**5 885 134**	**6 138 386**	**5 885 134**	**6 209 570**

Note 7 Finance income and expenses

ACCOUNTING POLICIES
Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as foreign exchange loss or foreign exchange gain in finance income or finance costs, except for currency translation effects from translation of foreign subsidiaries and the parent company which are presented within OCI.

Interest costs on lease liabilities represents the interest rate used to measure the lease liabilities recognised in the consolidated statement of financial position.

NOK thousand Finance income	Q1 2024	Q1 2023	YTD 31.03.2024	YTD 31.03.2023	2023
Interest income	2 921	1 807	2 921	1 807	8 965
Other finance income	0	-	0	-	6
Foreign exchange gain	39 448	112 704	39 448	112 704	111 887
Total financial income	**42 369**	**114 511**	**42 369**	**114 511**	**120 858**

Finance expenses	Q1 2024	Q1 2023	YTD 31.03.2024	YTD 31.03.2023	2023
Interest expenses	115 048	72 869	115 048	72 869	341 162
Interest expense on lease liabilities	4 202	617	4 202	617	7 939
Amortised arrangement fees	8 677	8 235	8 677	8 235	34 267
Accrued interest cost	127 927	81 722	127 927	81 722	383 368
Foreign exchange loss	40 370	111 566	40 370	111 566	113 629
Other finance costs	4 110	36	4 110	36	20 541
Total financial expenses	**172 407**	**193 323**	**172 407**	**193 323**	**517 538**

Financial instruments	Q1 2024	Q1 2023	YTD 31.03.2024	YTD 31.03.2023	2023
Change in fair value of derivatives	-	-	-	-	2 404
Change in financial instruments measured at fair value	**-**	**-**	**-**	**-**	**2 404**

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.

Note 8 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes, deposits and other restricted cash which may not be used for other purposes and client funds. Client funds arises from cash received on collections on behalf of a client. Collections are kept on separate restricted bank accounts and are reflected simultaneously as a liability. The funds are reported as 'Restricted cash' and 'Other current liabilities' in the consolidated statement of financial position.

NOK thousand	31.03.2024	31.03.2023	31.12.2023
Bank deposits, unrestricted	121 458	234 524	549 157
Bank deposits, restricted - client funds	112 259	164 477	137 894
Bank deposits, restricted	11 908	10 560	18 314
Total in the statement of financial position	**245 625**	**409 562**	**705 365**

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

Note 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.

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 31 March 2023	**1 432 292 000**		**143 229**
At 31 December 2023	**1 432 292 000**		**143 229**
At 31 March 2024	**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 March 2024	Total shares	Ownership/ Voting rights
Kredinorstiftelsen	716 146 000	50%
SpareBank1 Gruppen AS	716 146 000	50%
Total	**1 432 292 000**	**100%**

Note 10 Tax

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 not recognised deferred tax assets as of 31.03.2024.

Note 11 Interest bearing liabilities

Specification of the Group's interest-bearing liabilities

31.03.2024

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%	980 000	980 000	13.11.2025
Loan, RCF (SEK)	Stibor 3mnd +3.5%	1 060 000	1 076 218	13.11.2025
Loan, RCF (EUR)	Euribor 3mnd + 3.5%	76 000	887 870	13.11.2025
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18.03.2029
- Incremental borrowing costs capitalised			-62 819	
Total non-current interest-bearing liabilities			**3 981 269**	
Loan, SpareBank1 Gruppen (NOK)	Fixed rate 17.5%	675 000	675 000	30.04.2024
Total current interest-bearing liabilities			**675 000**	

31.03.2023

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, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	1 180 000	1 180 000	13.11.2024
Loan, DNB /Nordea/Swedbank (SEK)		810 000	818 181	13.11.2024
Loan, DNB /Nordea/Swedbank (EUR)		76 000	865 944	13.11.2024
- Incremental borrowing costs capitalised			-68 128	
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18.03.2029
Total non-current interest-bearing liabilities			**3 895 997**	

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, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 3.5%	1 505 000	1 505 000	13.11.2025
Loan, DNB /Nordea/Swedbank (SEK)	Stibor 3mnd +3.5%	1 060 000	1 073 780	13.11.2025
Loan, DNB /Nordea/Swedbank (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**	
Loan, SpareBank1 Gruppen (NOK)	Fixed rate 17.5%	500 000	500 000	30.04.2024
Total current interest-bearing liabilities			**500 000**	

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	31.03.2024	31.03.2023	31.12.2023
Secured balance sheet liabilities:			
Interest-bearing liabilities to financial institutions	2 944 088	2 864 125	3 433 058

Shares in subsidiaries are pledged as security for secured liabilities.

A subordinated facility agreement was entered into in Q4. Total amount is 675 MNOK and drawn amount as of 31.03.2024 is 675 MNOK.

The maturity date is 30 April 2024. The loan including incurred interest in total 713.2 MNOK was at 25 April converted to equity.

Covenants
There was no breach in Q1 2024 of financial covenants for the Group’s interest bearing debt.

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.

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

Note 12 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 recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts 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
In the General Assembly at April 25, 2024 it was decided that the outstanding amount including interest on the subordinated loan from SpareBank 1 Gruppen AS, should be converted into shares in the company through a capital increase by issuance of new shares to SpareBank 1 Gruppen AS. The share capital is settled by offsetting the receivable. On the date of the capital increase, April 25, 2024, the total outstanding amount was NOK 713 217 171.

Note 13 Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Group presents alternative performance measures (APMs) which do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of the operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing the ability to incur and service debt. APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

Alternative performance measures:

NOK thousand	This period Q1 2024	This period Q1 2023	Full year 31.12.23
Total revenues	**372 349**	**298 284**	**1 186 539**
Adjust for gain/(loss) from purchased loan portfolios	3 423	-50 045	266 318
Operational revenues	**368 926**	**348 328**	**1 452 857**
Operating profit/(loss)	**60 613**	**33 422**	**-106 350**
Non-recurring items, of which			
Total non-recurring items	0	10 203	114 390
Add back revaluation of purchased loan portfolios	3 423	-50 045	-266 318
Adjusted EBIT	**57 190**	**93 670**	**-258 278**
Operating profit/(loss)	**60 613**	**33 422**	**-106 350**
Add back depreciation and impairment losses	23 590	21 605	152 145
EBITDA	**84 203**	**55 027**	**45 795**
Total revenues	**372 349**	**298 284**	**1 186 539**
Add back interest revenue from purchased loan portfolios	193 204	180 586	-766 147
Add back revaluation of purchased loan portfolios	3 423	-50 045	266 318
Add cash received from investments	382 708	365 555	1 609 366
Cash revenue	**558 430**	**533 297**	**2 296 075**
Operating profit/(loss)	**60 613**	**33 422**	**-106 350**
Add back interest revenue from purchased loan portfolios	193 204	180 586	-766 147
Add back Revaluation of purchased loan portfolios	3 423	-50 045	266 318
Add back depreciation	23 590	21 605	88 862
Add cash received from investments	382 708	365 555	1 609 366
Add back impairment losses	0	0	63 283
Cash EBITDA	**270 284**	**290 040**	**1 155 330**