Kredinor

Annual and sustainability report 2022

Kredinor.no

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Kredinor at a glance

01

In 2022 we set up over

70 000

sustainable repayment plans for customers in debt.

We had

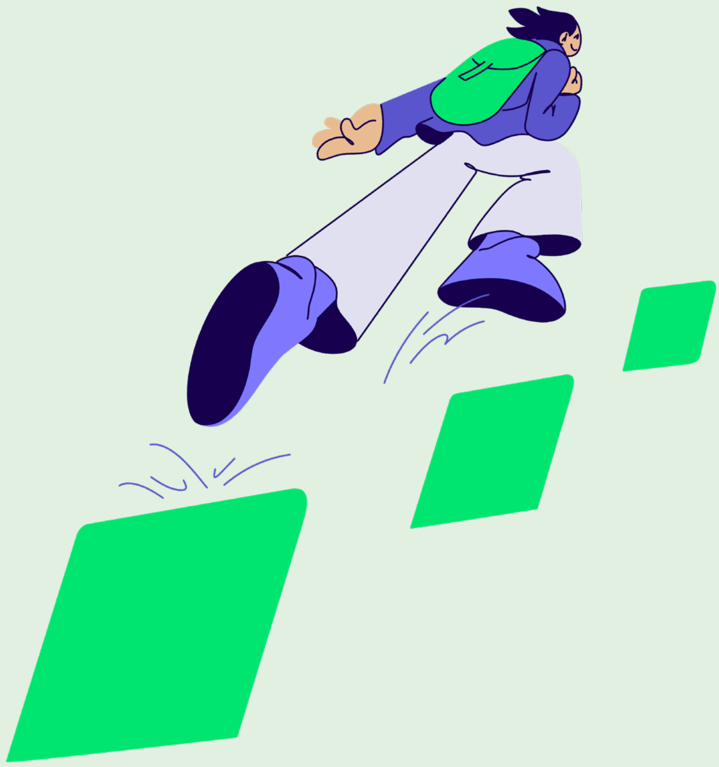
10 million

customer interactions in 2022. More than 70% of these were through digital channels.

Market share in Norway: Kredinor has about 15% of all cases and over

30%

of total volume in the Norwegian debt collection market.



Kredinor seek to have the best informed and most competent employees. In 2022, 26 of our internal online courses were improved, in both content and design, and made available to everyone.

Kredinor is Norway's leading company within Credit Management Services (CMS) and Portfolio Investments (PI), with ambitions to become a leading CMS company in the Nordics. Our clear growth ambition is built on a sustainable strategy where we redefine how we work for the good of society.

In 2022, we have made important choices for further growth, profitability, and not least for satisfied customers and clients. After the merger with Modhi, all employees are gathered in new premises at Skøyen, designed for good collaboration and efficient operations. We are owned in equal parts by the Kredinor Foundation and SpareBank 1 Gruppen.

We have a balanced business mix between CMS and PI, and we are the digital leader in Norway ESG, which is the key cornerstone for a passionate and professional organisation.

Staying on top of finances is an everlasting challenge in our society, both in business and in private households. To overcome these struggles, we need to think and behave differently. That is why we launched our new vision “We help you make it” during 2022. Our contribution is to help our customer restore their financial health as quickly and efficient as possible.

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, and not add to the burden. This is a fundamental change in our mindset that underlies everything we do going forward.

It takes courage to be different. For Kredinor, this means, among other things:

- To move from debtors to customers
- From only solving individual cases to solving the entire problem for the customer
- Turn income from fees and charges into income from true value creation and new products and services
- Win the trust of our customers

This is our foundation for further growth.

Our vision and values

Our vision “We help you make it” reflects our commitment to putting the best interests of our customers first. 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. When we succeed, we improve the situation for our customers, our clients, and Kredinor, creating a win-win-win situation.

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From left: Rolf Eek-Johansen (Deputy CEO, Chief Investment Officer), Lisa S. Legallais-Hansen (Chief Operations Officer), Børre Sig. Bratsberg (Chief Legal Officer), Karianne Dovland (Chief People Officer), Abbe Fransson (Chief Commercial Officer), Klaus-Anders Nysteen (Chief Executive Officer), Charlotte Surén (Chief Strategy Officer), Barbro Hagen (Chief Digital and Technology Officer), Jakob Bronebakk (Chief Financial Officer).

For customers with payment problems, we look for solutions which will start their journey back to financial health. We will use our capabilities to reinvent our industry with value propositions that are better for customers, clients, Kredinor, and the society at large. We aim to be an integrated part of our clients' value chain, adding value with tailor made solutions based on our deep industry-specific understanding. We are aware that we are not only caretakers of our own reputation, but also our clients'.

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 for 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 is almost 150 years old with roots back to 1876. In Kredinor's nearly 150 years of history, 2022 can be described as the year of transformation.

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New CEO on 01 March. The first change our new CEO Klaus-Anders Nysteen introduced was a customer centric focus. "At Kredinor, everyone shall from now on be a customer and be referred to as such. I want the debt collection industry to be associated, to a far greater extent than today, with good customer follow-up of those with financial difficulties".

Merger between Kredinor and Modhi. On 15 March we announced that Kredinor and SpareBank 1-owned Modhi signed a letter of intent to merge and become a leading company in debt collection and debt servicing with the Nordic region as the home market. "The market and customer needs are changing rapidly, and the merger of Modhi and Kredinor provides the new company with better conditions for growth and development." The merger was effective from 01 October.

Demutualization of Kredinor SA on 01 May. Kredinor was reorganised from a cooperative to a limited liability company. The non-profit foundation Kredinorstiftelsen was established as the owner of Kredinor AS.

New executive team and organization. The executive management team for the merged company was announced during the second quarter. The new executive management team consists of a mix of former managers in Modhi, Kredinor, new members, and has an equal distribution of women and men. On 15 September we announced a complete new operating model and associated blueprint for all our 600 employees.

Sustainability work:
During 2022 the Board of Directors approved a new Sustainability Policy and Sustainability Strategy for Kredinor. We put our customers and clients at the centre of attention, always striving to find new solution where we do not add unnecessarily to the burden. Our work with ESG and sustainability is mainly focused on the social aspect of sustainability.

Moved HQ to Skøyen: On 19 December, we co-located the organisation in Oslo to our new headquarter at Skøyen. In mergers, we believe it is important to quickly become "one" company, and co-locating was an important part of this process.

New logo and visual profile. On 20 December we announced our new logo and visual profile. The goal of the new identity is to be both accessible and helpful, both visually and communicatively, so that the entire user experience is transformed. The new identity will help those who contact Kredinor to experience less stress and anxiety, and to feel a sense of relief and self-management.

Closed down branch offices: As part of restructuring the business, it was decided at the beginning of the year to close down five regional branch offices in Norway. At the end of the year, it was decided that the remaining four regional branch offices will also be closed down (Bergen, Kristiansand and Kristiansund 30 June 2023, and Hamar 31 December 2023), in favour of consolidating the entire Kredinor business in Norway, at new premises at Skøyen, Oslo. This is an important part of streamlining our operations to be able to provide the best service for our customers and clients, and also to deliver on our synergy-plan.

<u>Events after the balance sheet date:</u>

Bond issue: In February Kredinor AS issued our inaugural bond issue in the Nordic high yield market, marking our entry to the capital markets. With a significantly oversubscribed offering at NOK 1 billion, the transaction priced a NIBOR + 7% margin. This entry to the bond market will provide growth capital and provides an additional source of funding over the long term.

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 summarized as follows.

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We will

1 **"Have the deepest knowledge of our customers":** Our company is committed to understanding our customers' needs, preferences, and to provide the most personalised and relevant products and services. This includes ongoing efforts to gather and analyse customer data, as well as regular engagement with customers to gather feedback and insights. We do not add to the burden of our customers, and we strive to solve the problem, not only individual cases. Supporting and helping our customers back to financial health is our vision. Our ambition is to be the customers trusted partner – a partner by choice.

2 **"Have the most satisfied clients":** Our goal is to ensure that our clients are completely satisfied with the products and services we provide. Our clients should consider us an integrated part of their value chain, and we use our deep industry specific understanding to add value by developing tailored solutions. We provide excellent service, address any concerns or complaints in a timely and effective manner, and continuously improve our offerings to meet evolving needs.

3 **"Be best at operations":** We strive to be best at operations in our industry, comprising efficiency, standardisation, harmonisation, and optimisation. We implement best practices, invest in technology and training, and regularly review and optimise our processes. We work fact-based and data-driven, and we know that everything can be improved. Our approach is customer centric and lean.

4 **"Be a digital leader":** We are committed to staying at the forefront of digital innovation, which includes leveraging technology to improve our operations, customer experience, and product offerings. This includes investing in digital platforms, data analytics, and emerging technologies. We appreciate that many of our customers would like to be self-serviced, and we always look for new ways that are simple and helpful for our customers and clients. “Being digital” is different from “doing digital”. We are not merely delivering our traditional services in a digital format or channel, but we are creating a digital business where we deliver a significant better experience, and use the new technologies available to us. We are committed to digital first and delivering value through digital solutions.

5 **"Introduce new products and services":** Our aim is to change a conservative industry, by continuously introducing new and innovative products and services to meet and exceed the expectations of both our customers and clients. We identify products, solutions, channels, and partnerships that build on our core competence, but represent a better and more holistic value for clients and customers.

6 **"Have a strong capital discipline":** We are committed to having a strong financial discipline and preserving our capital base to support our growth and investment strategies. We recognise that our industry has been capital intensive. We believe there are other ways to increase returns and to really focus on what matters, which for us is all about helping our customers make it. Hence, we will explore alternative ways of financing our business, either through securitisation structures, co-investment vehicles, or other partnerships. This will allow for a more optimised value chain and better use of competence and capital.

7 **"Be present where we make a difference":** We focus on the Nordic countries where we have a long history and deep knowledge of our customers and clients. We want to be present in peoples’ lives. We know that what we do is meaningful for customers, clients, and the society at large. All our work is based on a solid foundation where we are committed to doing good with a strong focus on the “S” in ESG, the social aspect of sustainability. There is a strong positive correlation between doing good and doing well. By taking social responsibility we create a win for the customer, a win for the client, and a win for Kredinor.

Key figures

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5 713 million

Book value of purchased debt

1.8 million

Cases handled per year

4.8 / 6

Customer satisfaction rating

1 173 million

Pro forma revenue

516

Full-time equivalent employees

-73 614

Pro forma profit before tax

Letter from the CEO

Transformation, Engagement, Leadership, Collaboration.

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06

2022 was a transformational year for Kredinor. With roots back to 1876, Kredinor is not only amongst the oldest debt collection companies headquartered in Norway, but is also the largest. However, where stability could serve as a headline for a very long part of the company's history, 2022 was a year of significant change.

I took over as CEO on 01 March last year. I met an organisation with professional and passionate employees. Our reputation in the market has always been positive, and it pleased me enormously to see that our operational practices were sound.

On 01 May the biggest of all our changes happened – we reorganised from being a mutual company to become a limited company, owned by the Kredinor foundation. In an extraordinary membership meeting, the members voted in favour of establishing the ownership of Kredinor in the Kredinor foundation, and consequently maintaining the legacy of the mutual company. The Kredinor foundation shall contribute to various charitable and socially beneficial purposes, including humanitarian and social, as well as to business development, research, and education.

The demutualisation process was important for the company as a response to multiple forces affecting our business. To deal with regulatory changes, have access to capital for further growth, and being able to participate in the ongoing consolidation and development of the industry, Kredinor needed to operate on equal terms with our competitors. As a limited company, we can take the next steps in an industry that needs to become more sustainable, innovate and develop new products and solutions fit for the future.

On 01 October, we merged with Modhi, a debt collection company previously owned 100% by SpareBank 1 Gruppen. The Modhi and Kredinor combination is both complementary and synergetic. Where Modhi traditionally has been focusing on portfolio investments, Kredinor's legacy is predominantly third-party collections. As we now have joined forces, we are not only stronger together, but we are more relevant and better positioned to support both customers and clients.

As a "new" company, we have taken some decisive steps in a number of key areas that are important for many of our stakeholders. Our strategy is firmly grounded in our social responsibility and our commitment to doing good. We no longer use the term "debtor", but prefer to talk of the 1 million consumers we interact with yearly as our customers. Our new values (curious, compassionate, courageous, and committed), as well as our new vision reflects this change. When we say to our customers "We help you make it", we commit to finding the best plan forward, and being there every step of the way as we help you master the tough times.

When we as a company see everything through the eyes of our customers, we are better suited to offer the products and solutions that are helpful for our customers to deal with their own personal finances. We recognise that when we support our customers, we also make sure that our clients are repaid as quickly as possible. This is a positive feedback loop. The more customers we help make it, the better for our clients.

From a business perspective, the 2022 financial statements are impacted by regulatory changes from lower fees, as well as lower volumes from our third party collection (3PC) clients. As far as our Portfolio Investments is concerned, we made a negative revaluation in the fourth quarter as we experienced lower collections than expected. The biggest effect is from lower expectations in the future as we are introducing new models and methodology.

Going forward we are going to prioritise our strong 3PC position, as well as target portfolio acquisitions where we see the right risk return. Our positions in Sweden and Finland are still in "start-up" mode, but we see a positive return from Finland in 2022, and expect a positive return from the Swedish investments within the next 18 months.

In January we announced that we are closing down the remaining branch offices in Norway. In 2022, Kredinor closed five branch offices, and in 2023 the remaining four offices will be closed. Our operations will consequently be co-located in Oslo from the end of the year.

We have been prioritising both external and internal communications over the last 12 months, and in December we launched our new logo and visual profile. We are very pleased to see increasing brand recognition.

I started to say that 2022 has been a very transformational year. I would like to say that I am very pleased with the whole Kredinor organisation. We all know that change is the only constant, but I think it is fair to say that we have asked a lot from everyone, and I am very proud of the strong response. I am confident that we are much stronger together, and that we are well positioned to support both clients and customers in the years ahead.

Best,
Klaus-Anders

Sustainability report

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Our role and our ambition

At Kredinor we want to do good for our customers, by not adding to their burden.

Our ambition is to lead our industry forward in sustainability. By collaborating with stakeholders and focusing on developing the best customer experience, we want to contribute to a more sustainable debt collection industry in the Nordics. Our employees are the key to success, therefore we always strive to find new ways to care for their well-being.

We are proud of Kredinor's sustainability ambition announced in 2022. Social issues are perhaps one of the greatest challenges of our time, and as a debt collection company we have a responsibility to contribute by creating more sustainable debt collection processes, and increasing transparency within our industry. We understand that life is complex where unforeseen situations such as illness, injury, and death can lead to financial exclusion and difficulties. This is where Kredinor can support those who need it the most, and take a holistic approach to understand the root cause of the problem for our customers.

Unfortunately, our industry has not fully succeeded in convincing our stakeholders that we have good intentions and want the best for our customers. It is therefore important that we keep these issues high on our agenda to secure improved transparency around customer experience. Adopting a proactive and inclusive approach to customers is at the heart of our strategy.

Being Norway's largest debt collection company, we have a great social responsibility to support and encourage healthy financial conditions and payment habits. We will use our position to challenge the industry framework and established practices, increasing transparency regarding commissions and kickbacks causing extra costs for the customer. Kredinor works actively to coordinate measures in this regard together with Finans Norge and the largest players in the industry.

Furthermore, our customers and clients can be confident that we are actively working to improve our efforts by managing our climate risks, becoming climate neutral, and putting an extra effort on social aspects with our employees and customers in focus.

Not only did we make strategic decisions in 2022 by adopting a new and ambitious sustainability strategy, but we continue to make bold decisions every day.

This is the new Kredinor.
– Kredinor Sustainability Team

Our sustainability commitment

The new leadership at Kredinor has made it clear that going forward, sustainability is a prioritised area where the company has high ambitions. Therefore, Kredinor established a sustainability team during 2022, consisting of two full time employees. The first actions that came into place in 2022 were the development of the Kredinor sustainability strategy together with the Kredinor sustainability policy, both endorsed by the Board of Directors.

Our ambition and goals are defined and set, and short- and long- term actions identified and planned. Stakeholder analyses are completed for Norway and initial dialogue engagement is ongoing. Combined, these are important building blocks to create a common ground for Kredinor in the Nordics. Moreover, a new Code of Conduct and relevant governance documents for the newly merged company is also being finalised.

Overall objectives
Our main sustainability objectives come from our simple but powerful aim to do good. We must reduce the burden for those who need it the most, while being conscious of our important role in maintaining a stable financial system. We will provide industry leading service-level and payment solutions, and take a holistic approach to help the customer return to financial health. Our goal is to be considered one of the most sustainable debt collection agencies in the industry. Our promise is to always have the customers' best interests in mind.

Strategy and targets
To ensure accountability and deliver on our sustainability strategy we have divided our ambition into four areas with clear objectives and targets.

Objectives:	Targets:
Sustainable and responsible business We believe that good governance ultimately fosters sustainability. We therefore emphasize accountability, transparency, efficiency, and rule of law at all levels in the organization. We require documentation for transparency, anti-corruption and sustainability from partners and suppliers. We will set a new Code of Conduct for the new Kredinor and integrate sustainability and integrity in everything we do.	• Our main suppliers shall document their sustainability status and risk. • Our employees shall understand and abide by our internal Code of Conduct.
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 balance in all management teams. • High employee satisfaction. • Zero tolerance for discrimination.
Sustainable customer relations Our overall ambition is to return customers to financial health, and our goal is to help them resolve their financial difficulties, not limited to the individual case. By treating our clients' customers with respect and financial advice, we solve cases without adding unnecessary to the burden. We will collect in an appropriate and sustainable manner, and limit the costs for the customers who need it the most. We are accessible on the customers' preferred platforms and offer expedient payment solutions and fast response. By sharing data with Inkassoregisteret and others, we help customers get better insight and oversight, and help them make it.	• 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.
Sustainable client relations Helping clients get paid while ensuring customer satisfaction is Kredinors' core business. We will also offer training, guidance, and support to our clients' sustainability transformation. We provide dedicated personal assistance when needed, self-service, and automated solutions for payment and communication, leading to long-term relationships for all parties and without risking the relationship between clients and customers.	• Industry leading service solutions and client satisfaction.

Materiality – understanding the issues that matter the most

The area of sustainability is broad, which makes it important to prioritize to get things done. To be relevant in the prioritizations we make, we aim to engage with our stakeholders to better understand the aspects that matter the most to them. Moving forward we will focus on an open dialogue with our stakeholders to better understand and address their evolving expectations and concerns.

During 2022 we initiated a stakeholder analysis, and established an interaction strategy to be continued throughout 2023.

Stakeholder Group	Motivation	Current aspects to be verified	How we will engage
Experts	Kredinors' main responsibility is to help our customers make it to pay off their debts. As such we continuously engage with experts in the field of over indebtedness and financial exclusion to better understand how we can deliver on our promise.	• Vulnerability • Financial Education • Improved skills in providing debt advisory services with agents • Better collaboration with the debt collection register. (Inkassoregisteret)	• One to one interview
Employees	Due to the change in management and the merger between Kredinor and Mohdi, our employees have experienced major shifts in the way we work. We will now focus on integrating everyone into one Kredinor.	• Flexible working arrangements • Well-being • Talent retention • Inclusion and diversity • Better pension schemes	• Employee surveys • Intranet • Colleague interviews • Executive engagement sessions • Trade unions
Customers	We strive to learn from the perspectives of our customers. We do make mistakes, but when this happens we work hard to understand what went wrong to fix the issue quickly.	• Fees and charges • Customer financial hardship (compassion) • Customer experience • Good digital solutions for easy management of debt • Data privacy	• Customer feedback and complaints • Social media • Customer surveys
Clients	It is important for us to proactively engage with our clients on our progress on key ESG topics like climate change and inclusion and diversity.	• Client satisfaction • Success rate in solving cases • Quality assurance and good governance	• Client feedback • Client survey
Suppliers	During 2023 we will initiate a group wide procurement process with mandatory ESG screening of all suppliers. This includes engaging with our suppliers to continually improve ours, and theirs, performance in relation to social, ethical, and environmental issues.	• Impact of external events on supply chains and business continuity • Environmental and social sustainability • Supply chain's carbon footprint	• Supplier reviews and surveys • Meetings • Assessment of the suppliers against our ESG screening

Sustainable development goals 2030

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

8 DECENT WORK AND ECONOMIC GROWTH

- 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.

10 REDUCED INEQUALITIES

- 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. In particularly those with little or no income/assets.
- We will promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- 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.

Our performance is supported by our memberships and commitments

The collection industry has an important role to play in addressing healthy financial conditions and payment habits. Kredinor wants to take the lead by learning from our partners and peers, sharing our experiences and expertise, and collaborate to find new solutions.

Therefore, we are members of UN Global Compact and Greenwashing Poster to support our sustainability approach, and we are a Premium customer of the equality platform Equalitycheck. 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.

EqualityCheck
Kredinor is a proud Premium customer of the equality platform EqualityCheck to hold ourselves accountable in our sustainability targets for gender equality and zero tolerance for discrimination of any kind. With EqualityCheck employees can anonymously enter equality reviews about Kredinor, asking questions about inclusive work culture, unconscious prejudices, balance between work and family life, and more. During the past two years Kredinor received over 100 reviews with a score of 4 out of 5.

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. During the year Kredinor has significantly improved our rating from 54/100 to 63/100, which places Kredinor in the 85th percentile in our category. During 2023 we will continue our efforts to increase our score.

Eco-Lighthouse
Kredinor AS is certified by The Eco-Lighthouse, a concrete and effective tool that helps you make smart and profitable environmental choices. Eco-Lighthouse is Norway's most widely used certification scheme for enterprises seeking to document their environmental efforts, and understand their environmental footprint to create more environmentally friendly operations and safer work environments.

Building a sustainable and responsible business – Highlights in 2022

During 2022 we have held a strong focus on merging two companies, creating the new Kredinor. The new management and Board of Directors have also focus on sustainability, putting our customers and clients in center of attention, not adding to the burden for those who struggle the most.

The focus is now to increase our data quality and transparency in our reporting and communication. We will analyze our data to identify customer and client needs as a basis to develop new services and sources of income. Hence, the focus on sustainability in Kredinor is both strategic, commercial, employee focused, and based on great governance. The work on establishing an even more solid governance structure for the merged company will continue in 2023.

COMMENT - REPORTING DELIMITATIONS

In 2022, Kredinor was reorganized from a cooperative to a limited company, and then merged with the Modhi companies in Norway, Sweden, and Finland. As part of restructuring the business, it was decided at the beginning of the year to close down 5 regional branch offices in Norway. At the end of the year, it was decided that also the remaining 4 regional branch offices will also be closed down (Bergen, Kristiansand and Kristiansund 30 June 2023 and Hamar 31 December 2023), in favour of consolidating the entire Kredinor business in Norway, in new premises at Skøyen, Oslo.

These many and significant changes affect the conditions for access to the necessary compilation and relevant comparison of certain data. In the sustainability reporting for 2022, we therefore focus on data supplied from the head offices of the former Kredinor and Modhi, now Kredinor AS, and the established subsidiaries Kredinor AB in Sweden and Kredinor Oy in Finland.

The closing of offices will reduce travel and have an impact on our future environmental data, while it temporary is also likely to have a negative impact on employee satisfaction.

ENVIRONMENT

We are witnessing more frequent, and material impacts of climate change around the world, with that the need for businesses, and governments to act on their emissions reduction commitments has become even more urgent. Our sustainability commitment recognises this need with our goal to be net zero by 2025.

Kredinor is certified as Eco-lighthouse (Miljøfyrtårn) in Norway. The office premises in Oslo are energy and environmentally friendly, and certified by Breeam In-Use with status "Very Good".

Management tools have been established for energy consumption and all rubbish is sorted at source.

Emissions Report 2022

Consolidated statement of changes in equity

		NO	SW	FI
Scope 1*	Company Cars	1 232 kg/Co2 (28000x0,044)	0 kg/Co2	593 kg/Co2
Scope 2*	Energy use (kWh)	1 037 105	18.325	12.159
	Emissions (CO2) from Energy use (Location based method)*	45 632 kg (1037105 x 0,044)	238 kg (18325 x 0,013)	787 kg (12105 x 0,065)
Scope 3*	Travel (Co2 – tonnes)	0 kg (Climate compensated for 37,2 tonnes)	0 kg (climate compensated for 5,4 tonnes)	12,6

***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 = CO2e 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.

Kredinor AB in Sweden and Kredinor Oy in Finland both use 100 % renewable energy. Our new HQ did not use renewable energy in 2022, but now that Kredinor AS is the major tenant we will use 100 % renewable energy in 2023. We will compensate for the energy used until this is in place.

Climate compensation
Through our travel agent services in Norway, Sweden, and Finland we climate compensate for all flights. Whenever possible, we also choose airlines that offer biofuel. In 2022, Kredinor AS climate compensated for 55,2 tonnes.

Environmental impact from letters
Our digitalization strategy has significantly reduced our analog letters sent to customers and thereby also reduced our environmental impact. Between 2021 and 2022 Kredinor significantly decreased our paper used and GHG emissions by turning from print to digital over time. More than seven out of ten letters sent to customers in Norway was digital in 2022, reducing printed letters significantly.

Kredinor AB in Sweden and Kredinor Oy in Finland are not yet connected to digital post, hence 100 % of letters were printed in 2022. The legislation in Finland requires that collection letters are sent via regular mail, unless consumer has approved different distribution method.

Proportion of letters sent by Kredinor (NO)* per channel

Kredinor AS	2020	2021	2022
Digital	61 %	63 %	73 %
Print	39 %	37 %	27%

*Numbers are total from Kredinor’s and Modhi companies combined. Prior to the merger, Kredinor AS sent 79 % of all letters through digital channels in 2022.

SUSTAINABLE EMPLOYER

Kredinor aims to be the most attractive employer in debt collection and payment servicing, offering competitive benefits, a good working environment, and equal opportunity for growth and leadership. We believe the high sick leave is mainly due to merging two companies and the decision to close all branches in Norway during 2022 and 2023. Sick leave is followed up and preventive work is emphasized in the following.

New leadership program in place

We believe that good leadership is the key to a strong ethical culture in our organisation. To support our leaders to strengthen their ability to build a good culture, we have designed the Kredinor Leadership Development Program. During nine days, more than 50 leaders will be provided with deeper understanding of our business, how we can create success, and how we can achieve results through others, by facilitating good work processes and inspire our co-workers.

The leadership program combines three perspectives:

- To build a clear understanding of Kredinors strategy (business and sustainability), and where we are going
- To understand how value is created in our business to drive execution
- My role as a leader in being an architect of change and transformation

The leaders will be provided with different tools to use as a leader, and the opportunity to get to know themselves as a leader even better, by receiving feedback through a 360-process (getting feedback from people in their surroundings). The program will also facilitate networking with colleagues, where the leaders can give and get support even after the program has ended. The program is mandatory for all leaders on Level 2 and 3.

Employee satisfaction

We believe that employee engagement is an important strategic business objective. Engaged employees lead to long-term employee retention, higher employee performance, improved quality of work, and organizational success.

During 2022 Kredinor implemented a digital platform supporting managers to build on their employee potential, and follow up employee satisfaction continuously. Kredinor company target is an engagement score of >8,0 (scale 1-10). Between May 2022 and the end of December 2022 the overall engagement score went from 8,1 to 7,8 and the overall satisfaction score went from 7,5 in May to 7,4. The lower score isn't totally unexpected given the recent merger and our decision to close down the branch offices. During 2023 we will launch activities to improve the trust and engagement in the company.

Managers are responsible for following up on their own teams and acting on questions and comments from employees. In Kredinor we follow up and discuss results and development in Executive Management Team (EMT) meetings regularly while the results are also being followed up in each team.

To show appreciation to all employees for the hard work done to complete the merger between the two companies during 2022, Kredinor decided on a discretionary employee bonus for all employees.

Gender equality and balance in all management teams

Our ambition is to promote a diversified workforce as we want to bring in a wider perspective in to our management teams. From ARP-reporting for Kredinor in 2022 we committed to the following actions

- We will raise awareness of the content of job advertisements regarding wording, use of images and requirements, in order to attract us and maintain a great diversity in the candidate pool when we recruit.
- We must ensure that at least one candidate of each gender is represented in the final round of the interview process, provided that competence and experience meet the requirements.
- We will increase the proportion of employees with a multicultural background upwards in the organization.
- Through measures and focus, we expect the score for employee satisfaction to increase and return to the level that was in effect as of May 2022 or higher.
- We will implement a whistleblowing system for notification of objectionable conditions, to ensure professional and anonymous handling of notification cases.
- We will implement a module for talent development and succession planning, to minimize the risk of discrimination in internal promotions.

We are proud that we have already come far in this area at the Kredinor Group where the Board of Directors have 50 % - 50 % women and men. Top-management team (Level 2) have 60% women and 40% men, and on level 3 there are 46% women and 54% men. On level 4 we have 50% women and 50% men.

At the end of 2022 we had a total of 599 employees (547 in Norway; 23 in Sweden; 29 in Finland).

	All employees		Managers	
	Men	Women	Men	Women
Norway	45,9 %	54,1 %	50,7 %	49,3 %
Sweden	39,1 %	60,9 %	66,7 %	33,3 %
Finland	31,0 %	69,0 %	50,0 %	50,0 %
Total	44,9 %	55,1 %	51,9 %	48,1 %

New hires	Men	Women	Total
Norway	54,5 %	45,5 %	101
Sweden	57,1 %	42,9 %	7
Finland	14,3 %	85,7 %	7
Total	52,2 %	47,8 %	115

Employee turnover

Norway: 126* employees left Kredinor NO in 2022 (21,6% turnover)

Sweden: 6 employees left Kredinor SE in 2022 (22% turnover)

Finland: 2 employees left Kredinor FI in 2022 (7,7% turnover)

*High turnover can be explained by a good labor market after the pandemic, in addition to the fact that the merger between Kredinor and Modhi also has created uncertainty among the employees. Employees affected by the closure of locations are not included in the calculations.

Employee well being

The company has followed up both national, regional, and municipal guidelines to ensure safe working conditions the ongoing corona pandemic. The use of home offices has at times been extensive, but adapted to individual employees' living conditions given that the employees process large amounts of sensitive personal data.

Sick leave

The company is keen to follow up those on sick leave, and works continuously with measures and information work. Kredinor has an integrated follow-up module for those on sick leave in its HR system, which helps managers with work related to follow-up.

Group unit	Sick leave 2022	Sick leave 2021
Kredinor AS, Norway	6,9 % *	5,9 % **
Kredinor AB, Sweden	1,7 %	Data not available
Kredinor Oy, Finland	2,0 %	3,2 %

* Numbers include data from all companies in Norway that are Kredinor AS after the merger.
** Numbers only include data from Kredinor SA and Kredinor AS prior to the merger in 2022.

We believe the high sick leave is mainly due to merging two companies and the decision to close down all branches in Norway during 2022 and 2023. Sick leave is followed up and preventive work is emphasized in the following.

The company has an established company sports team, Kredinor GO, which facilitates physical activity and environmental measures in the business.

Parental leave
The company makes plans for those who are entitled to leave to be taken. In 2022, women took an average of 26.8 weeks, and men took an average of 13.2 weeks of parental leave.

Equal pay
In terms of pay, there are no differences between women and men in the individual job categories. The business works purposefully and according to plan to promote the objectives of the Discrimination Act. The activities are linked to open recruitment processes, pay, and working conditions. Development opportunities and protection against harassment and discrimination based on national origin, skin colour, language, religion, and outlook are provided.

To ensure correct and equal pay levels also in the future, the company is in the process of classifying all positions in a system with position matrices. This contributes to a correct and neutral assessment of salary levels based on the content of the position, and compliance of equal pay for work of equal value will be easier and more accurate to measure.

Whistleblowing
We encourage colleagues to speak up if something doesn't feel right, or if they see inappropriate behavior. We are in the process of establishing a new external and independent Whistleblowing system for everyone in the merged company to report concerns, in confidence or anonymously. Anyone reporting through our whistleblowing channel will receive support and guidance throughout, and all concerns are taken seriously and dealt with sensitively.

During 2022 we did not receive any incidents through our whistleblowing function, however, we received 31 informal notifications of which 30 notifications were handled by dialogue and joint discussions in departments and teams. One of the notifications received was raised to be investigated by HR. All notifications were resolved.

Code of Conduct as part of all employee contracts
As a result of the merger, new employee contracts are issued, and a consolidated and a new Code of Conduct is drawn up. This will be made available to all employees as part of the employment relationship during 2023. Kredinor will arrange for all employees to become familiar with the Code of Conduct through mandatory training, where employees must sign that they have read and understood the CoC. This will be tracked so that those who do not sign will be reminded. This will be included in the recruitment process together with an annual follow-up.

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

At the end of the year, 342 out of 547 employees in Norway (62,5%) were covered by collective bargain arrangements. Kredinor´s Swedish and Finnish operations are not part of collective bargaining agreements; however, all employees are allowed freedom of association. The intention is to engage in collective bargaining agreements when the local number of employees reaches 50.

Sustainable customer relations

Establishing sustainable customer relations is the very heart of our sustainability strategy. This is the area where we have a great responsibility and where we can make the greatest impact. Given our business and our skills, we can most significantly impact people's lives and society at large within the social aspects of sustainability, and specifically helping our customers by not adding to their burden.

We interact with about 1 million customers each year, and have built a strong expertise in how to engage and build an effective dialogue with our customers. Most customers interact thru "My Page", but in 2022 Kredinor also carried out approximately 700 000 phone calls and set up over 70 000 sustainable repayment plans with customers in debt.

Customer Satisfaction
In 2022 our customers gave us an average customer satisfaction of 4,8 on a 1-6 scale. These were the questions we asked them:

"We want to improve. Have your say on today's conversation with us. Answer this message with a number between 1 and 6, where 6 is very good and 1 is very bad."

If the score is low (1 or 2), a follow-up SMS is sent: "We want to improve. Can you specify in a little more detail what you were not satisfied with in the conversation?"

The same applies to high scores (5 or 6): "Thank you very much for the feedback. We want to maintain the best possible quality. What were you particularly satisfied with in the conversation?"

Our experience is that most people truly want to establish a reasonable payment plan and get back on their feet financially. But some find it hard to do so because they either don't have the right income, or because they have made, or keep making, unwise financial choices. Also, it is not always enough to pay off your debts to be back on track. Most of our customers are still categorised as so-called high-risk individuals and consequently often don't get access to affordable financial products and services.

People who fall into a difficult debt situation often experience a social stigma and this often prevents them from seeking help. Kredinor is in a position to support and help people in a financially vulnerable position through close customer engagement. Ultimately, it is a win-win helping financially vulnerable customers: Customers benefit by engaging with someone who understand their situation and can provide concrete support. Kredinor benefit by better response rates, better engagement rates, better brand perception, and more debt recovered.

We are facing a recession and high inflation, which makes the subject of financial vulnerability even more important moving forward. In 2023, Kredinor will develop clear processes on how to engage with financially vulnerable customers, and ensure proper training for our employees.

Good language skills are important for successful communication with debtors. Kredinor has employees with different backgrounds, and handles many different languages, both written and spoken. Increased language competence in business makes it possible to reach out to more customers/ users. In our last mapping our case handlers at Customer Service all together speak 20 languages: Norwegian, Swedish, Danish, English, German, Spanish, French, Polish, Ukrainian, Albanian, Berber, Russian, Latvian, Arabic, Vietnamese, Urdu, Punjabi, Hindi, Urdu, and Memoni.

An important factor to achieve successful collections is to treat our customers with respect and empathy. Therefore, we have put high customer satisfaction as a hard target in our sustainability strategy.

Complaints

Case category	# cases
Number of appeals to the Norwegian Financial Complaints Board	108*
Denied consideration by the board's secretariat or by the board	58
Withdrawn by the complainant	1
Resolved in favour of the complainant	11
Resolved in favour of the Kredinor AS	16
Case not handled because Kredinor waived fees in forehand	20
Open cases / on going	2

*Not including Sweden and Finland.

Kredinor AS (NO) had an average portfolio of approximately 1,2 million debt collection cases for collection at any given time in 2022. The proportion of board decisions that went against Kredinor in 2022 was in total 11 cases, representing 0,0085 per thousand of the cases being handled.

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 are thoroughly reviewed and published on our Intranet "Workplace".

Solving the core of the customers problem:
During 2022 we have analyzed, presented and implemented several new measures in line with our sustainability strategy and policy, making a true difference both for our customers and clients. In Kredinor we strive to not add to the burden, always helping our customer to make it.

The following measures have been decided and implemented during 2022:

Anti-Black Week Campaign
The "Black week" (end of November) 2022 we ran a campaign where we offered selected customers a reduction in debt and/or cost. The campaign led to payment and closing of 3.968 cases.

Elimination of fees on small debts
Kredinor has decided not to charge instalment fee on claims below NOK 5000.

Smartbetaler
As a debt collection company, it is both natural and important that we use our knowledge towards young people, partly because there is too little teaching about this in schools. We have developed the initiative Smartbetaler that teaches young people about personal finance, with the aim to prevent payment problems and debt collection in the future. By offering free lessons to upper secondary school students the objective is to help young people become conscious when it comes to consumption, manage their own finances, and have a well-functioning economy as adults. In 2022 we presented Smartbetaler at 2 school venues, reaching approximately 550 students.

Smartbetaler was developed in cooperation with Skolemeny.no network under the auspices of Finans Norge. Skolemeny is a network consisting of around 30 players who offer free tuition in personal finance to primary and secondary schools in Norway. The network was established in 2015 based on a mandate given by the Ministry of Children and Equality.

Clients
Kredinor offer educational webinars to our clients on a row of different subjects relating to collections. During 2022 we had 2500 (not unique) employees from clients participate in our webinars. In total we hosted 23 webinars and events in 2022.

We also focused on developing new contractual models based on customers' needs in collaboration with our clients, for example where Kredinor is being rewarded for payments prior to debt collection actions are taken.

Complaints concerning breaches of customer privacy and losses of customer data
For Kredinor AS in Norway the number of substantiated complaints concerning breaches of customer privacy in 2022 was 104:

12 complaints received from outside parties and substantiated by the organization, and
92* identified leaks, thefts, or losses of customer data.

Kredinor AB in Sweden experienced 2 complaints or leaks or losses of customer data in 2022.
Kredinor Oy in Finland did not experience any complaints from outside parties in 2022 but identified:
6 low-risk leaks.

*This is the total amount of leaks, thefts, or losses of customer data. Most of these are of minor severity, and have had a low risk to the security of personal data. Kredinor AB, Sweden is not included due to lack of data.

Community Engagement in 2022

At Kredinor we find it important to engage with the communities where we operate and collaborate with organizations that are working with challenges that are material to the core of our business. However, during 2022 the war in Ukraine dominated our engagement resulting in the decision to focus our community engagement efforts to support the people and children of Ukraine.

Red Cross, NOK 250.000 and additional donation to charities in Ukraine NOK 100.000
This was an open donation to provide emergency aid supporting Red Cross work with delivering food, bedding, water and hygiene items and providing medical care to wounded and first aid training. In addition, a donation to 5 major charities was made.

Save the children, Project in Ukraine, NOK 500.000
The employees refrained from Christmas presents from Kredinor in favour of supporting Save the Children in Ukraine.

Our contribution will go towards operating safe spaces where children can play, socialize and just be children again. It will also go to medical supplies and support to healthcare teams and hospitals, with a particular focus on mothers and newborns as well as supplies of food, fuel, water, hygiene kits and baby kits to families displaced or living near active conflict zones. And not least to deliver school equipment to children, repair destroyed schools and set up digital learning centers.

We support charitable purposes
Before the merger with Kredinor AS, the Modhi companies made significant contributions to socially beneficial purposes through Sparebank 1-Gruppen, where the subsidiaries' combined profits go to the owner banks in the form of dividends, which again are donated to charitable purposes. With SpareBank 1 Gruppen owning 50% of Kredinor AS, we will continue to contribute through the values we create for our owners going forward.

Supply chain and Partnerships

Our focus on sustainability and ethics has made it even more important to manage our supply chain and our partnerships responsibly. Our ambition is to work with companies that share our values of good business ethics.

After the merger Kredinor AS has a total number of 582 registered suppliers that Kredinor or Modhi made one or more purchases from during 2022. 375 of these used to be suppliers to Kredinor, and 259 used to be suppliers to Modhi. The majority of which are in professional services sectors such as IT, cyber, operations, management consultancy, legal, HR, and communications.

In 2022 Kredinor Oy in Finland had 94 suppliers and Kredinor AB in Sweden 104 suppliers. During 2023 the intention is to analyze and reduce the number of suppliers as well as putting a sustainability screening process into place. A Procurement Manager with group responsibility for the Nordics has been recruited.

During 2022 we implemented a supply chain assessment tool to provide insight on supplier management of issues across the key themes of labor and human rights, environment, ethics and sustainable procurement.

The Norwegian Transparency Act (Åpenhetsloven)
The Norwegian Transparency Act came into force on 1 July 2022. The legislation shall promote businesses' respect for human rights and decent working conditions, as well as ensure the public's access to information. From the date of entry into force, access was created to request access via an easily accessible form on Kredinor's website. There were no inquiries to aktsom@kredinor.no in 2022.

Security

Security comprises both physical and psychological security as well as information and technological security. The company has modern locations allowing for good and safe working conditions. Occasionally employees receive threats and there are routines in place for notifying threats and following up on personnel having experienced threats. Psychological security is important in a business handling difficult situations for other people. The strategy of Kredinor is ambitious and empowered and psychologically secure employees are important to handle a changing and demanding business environment.

Kredinor has a strategy of becoming a digital leader and is committed to staying at the forefront of digital innovation, which includes leveraging technology to improve operations, customer experience, and product offerings. This will demand investments both in technology and people, but it also demands high awareness with respect to risk assessments, control and security as huge amounts of information are stored. A separate IT security unit assists the business both with training, risk evaluations and other issues relevant for having control over information and systems. The Board of Directors approved Policy for IT Security in February 2023, and the establishment of an information security management system in accordance with the international standards ISO/IEC 27001 and ISO/IEC 27002 is being implemented. The Board of Directors will follow up on security-related issues in its work.

Sustainability Strategy

Kredinor is committed to delivering on the sustainability strategy and to meet stakeholders' expectations on environmental, social, and governance matters. The strategy for sustainability was approved in November and the policy for sustainability in December. The goal is to be considered the most sustainable debt collection agency in the industry. The promise is to always have the customers' best interest in mind.

Kredinor has joined UN Global Compact and reporting routines according to Miljøfyrtårn requirements in Norway is being established. A digital platform for supply chain management was implemented. As previously explained, extensive work with a company-wide governance structure and documentation has started. The sustainability report is to be found on pages 17-34.

Responsible Procurement

Kredinor has negotiated an agreement with SpareBank 1 allowing the company to be part of the purchasing association formed by the SpareBank 1 Alliance. This gives access to contracts negotiated for the Alliance and assistance from specialists on procurement when larger tenders and contracts are to be negotiated. Kredinor will choose suppliers who can adhere to Kredinor's Code of Conduct and ethical principles. Kredinor has implemented a digital platform where suppliers are classified according to ESG regulation and risk is calculated accordingly. Criteria for handling suppliers based on risk assessment will be in place shortly.

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 no securities of any kind listed on any marketplace.

Kredinor was reorganised from a cooperative to a limited liability company on 1st of May 2022. On 1st of October a merger between Kredinor and SpareBank 1 Gruppen's companies Modhi Finance and its subsidiaries was conducted. The work to establish a new governing structure for the consolidated companyis well underway. The Board of Directors and the executive management will look to the principles laid forth in the Norwegian Code of Practice for Corporate Governance (NUES) and the requirements of the Norwegian Accounting Act section §3-3b, second subsection, when establishing the governance structure for the company.

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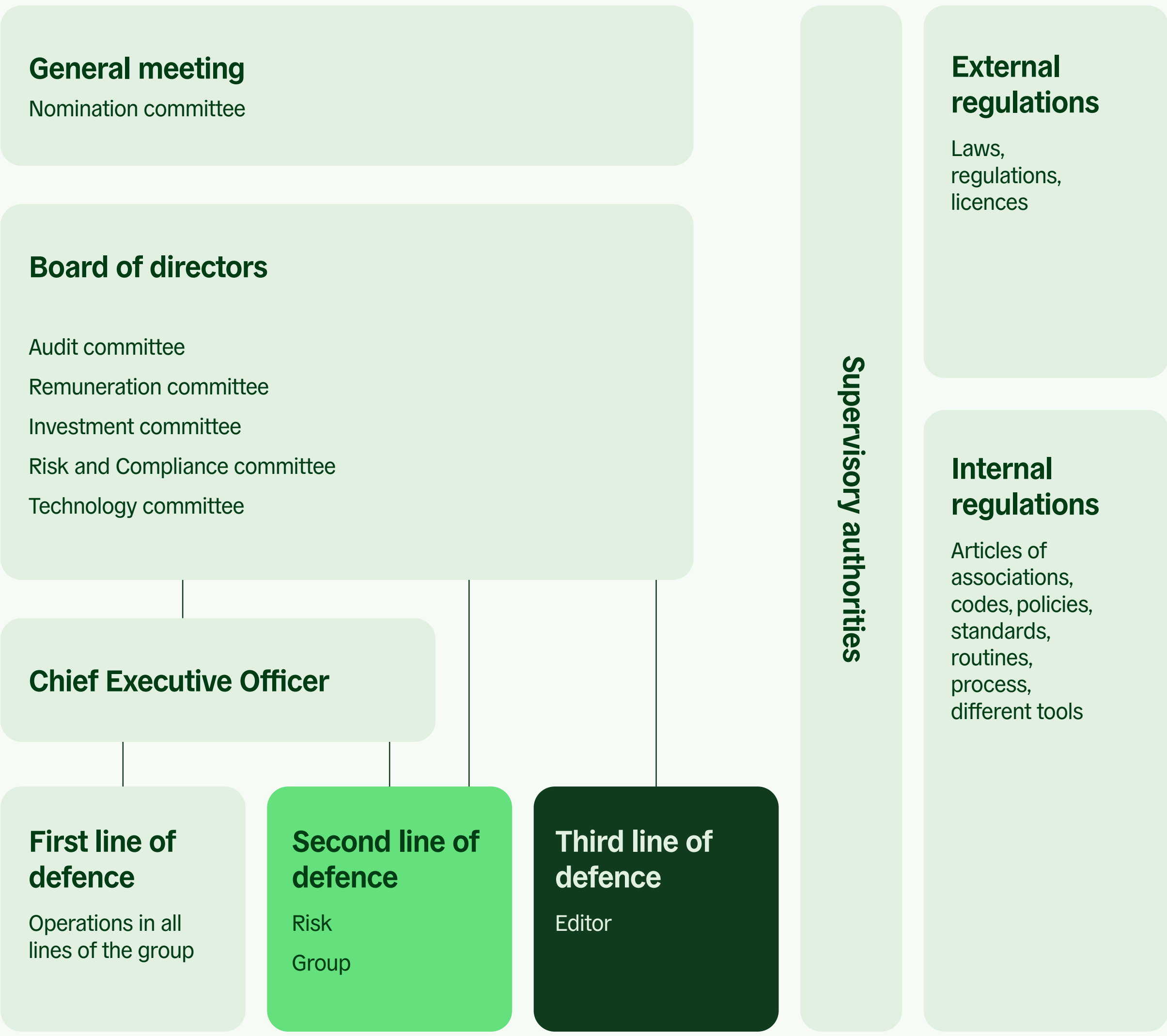
Kredinor's business

Kredinor is a Nordic company headquartered in Oslo with presences in Norway, Sweden, and Finland. Currently the Norwegian business is by far the largest, but growth is expected to be higher in Sweden and Finland. Kredinor has licenses in all countries and is obliged to complex regulation both in Norway and internationally, with possible severe consequences to lack of compliance. Kredinor delivers all relevant products and services ranging from invoicing services, third party collections, forward flows and portfolio investments.

General Meeting and the Nomination committee
The General Meeting is the highest authority in the governing structure of Kredinor AS. The company has one class of shares, and every share carries one vote in the General Assembly. The company has two equally large shareholders, Kredinorstiftelen and SpareBank 1 Gruppen. The annual General Meeting is held not later than 31st of May. The chairman of the board or another participant is chosen by the general meeting to chair the meeting. Other board members and the CEO meet in the General Meeting. The same applies to the company's auditor. The chairman of the election committee meets to present the committee's recommendation on the election of board members for G.

The Nomination committee consists of a Chair and 3 members. Both owners have appointed 2 members each. The members are elected for a period of 2 years.

Governing bodies in Kredinor
As per 31 December 2022



Board of Directors

The Directors are elected by the General Meeting which is formed by the two owners Kredinorstiftelsen and SpareBank 1 Gruppen. The Board of Directors is responsible for adopting the strategy, ensuring a relevant and efficient organisation, financial framework, governance, and control in line with the risk identified.

The Board of Directors appoints the Chief Executive Officer (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 issues are prepared and advised for further discussion and approval by the Board of Directors.

The Audit Committee shall contribute to strengthening and streamlining the Board's work on the follow-up, supervision and control of financial reporting, operational risk, and internal control systems. Processes for external financial reporting and the external auditor's plans and reporting are the main tasks of the committee.

The Remuneration Committee shall contribute to thorough and independent discussions on matters related to compensation and benefits, organisation, leadership, values and culture, competence, succession planning and performance of the People function, compensation and evaluation of the CEO's performance.

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

The Risk and Compliance Committee shall help to strengthen and streamline the Board's work on current exposure, assessment of results, the definition and utilisation of risk limits. It will ensure that framework and governing documentation for risk and compliance is satisfactory, and it will review compliance- and risk reports.

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 are to be found in the Report of the Board of Directors at page 35.

Operating model

The Executive Management Team (EMT) operates the business across countries and legal companies. This enables coordinated development and response to changes and opportunities in the industry as well as demands from clients and customers. The EMT is headed by the CEO.

All important decisions are discussed and made in consultation with the Executive Management Team. The board of directors of Kredinor AS subsidiaries are all elected from the Executive Management Team.

The operational organisation is structured in the following manner:

Commercial negotiates contracts with clients on Kredinor's behalf and coordinate all relations with existing and potential clients. Depending on clients' needs Kredinor offers services for invoicing, ledger control, reminder follow-up, and collection of overdue payments and debt. Commercial assists Kredinor's Investment unit when contracts on purchase of debt are negotiated.

Operations produce all services rendered by Kredinor in the Norwegian market in line with negotiated contract. In daily work Operations have all dialogue with the customers helping them to find viable and sustainable solutions to fulfil their payments obligations. Both contracts for clients (third party) and contracts on Kredinor's own account are produced.

Investments purchases debt from financial institutions and companies selling on arrears invoicing. Investments are analysed and prioritised according to the decision-making process in the company. As most collection serviced in Sweden and Finland are on behalf of Kredinor's own debt portfolios in those markets, the Swedish and Finish business is currently part of the Investments unit in the company.

Strategy coordinates all major initiatives of strategic importance to the company A separate sustainability team assists all parts of Kredinor to implement the company's strategy and policy on sustainability with relevant goals and related activities. Communication is a separate function in Strategy also working with branding and marketing.

Digital and Technology operates, develops, and sources all systems and technical solutions needed for Kredinor to be a digital leader. Our digital platform "Min side" interacts with over one million individual customers a year. This function has close cooperation with the organisation as well as external providers. Our aim is to have the best digital user-friendly solutions with high functionality, efficiency, regularity, and compliance.

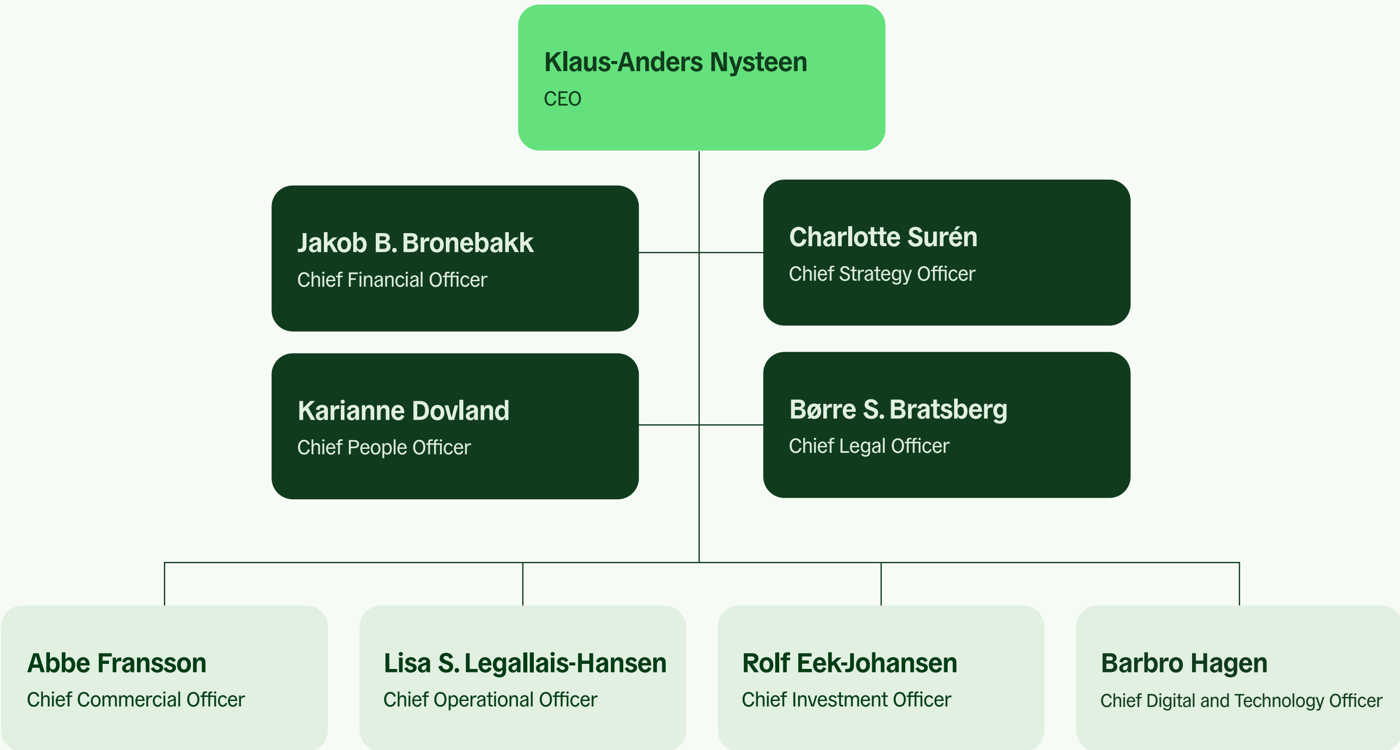
People provides administrative people management functions thus supporting managers in their work. A comprehensive internal training program is managed by People. This provides both developing the Kredinor culture and specific sessions on different lines of expertise.

Finance is responsible for financial planning, management, control, and reporting for the company. 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. Governance, Risk and Compliance are separate functions in Legal. The objective is to secure governance and control for the company, assisting the business, but also conducting controls and reporting status on regular basis.

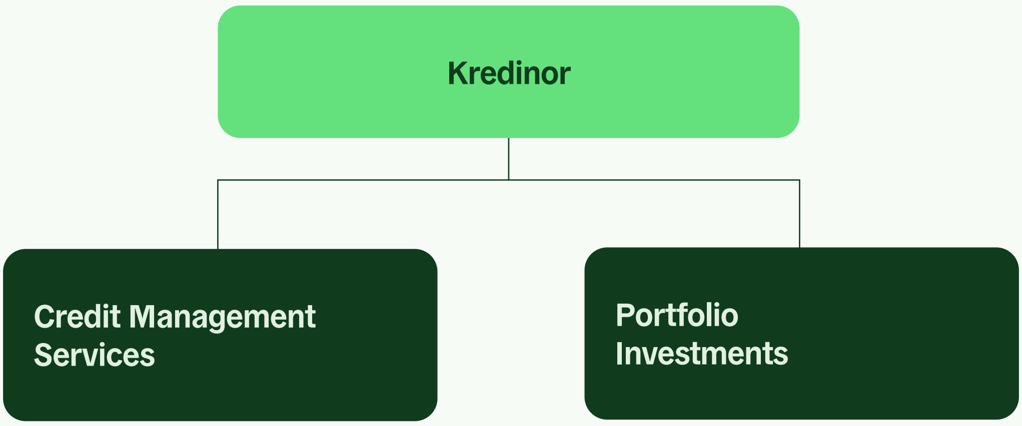
Transformation was until end February 2023 responsible for sustainability, securitisation of purchased debt, governance, risk, and compliance. From 1st of March 2023 these responsibilities are transferred to other units as described above.

Executive Management as per 31 December 2022:



Segment reporting

As per 31 December 2022
The financial reporting is segmented into third party collection and purchased debt reflecting differences in risk, capital allocation and to some extent methods.

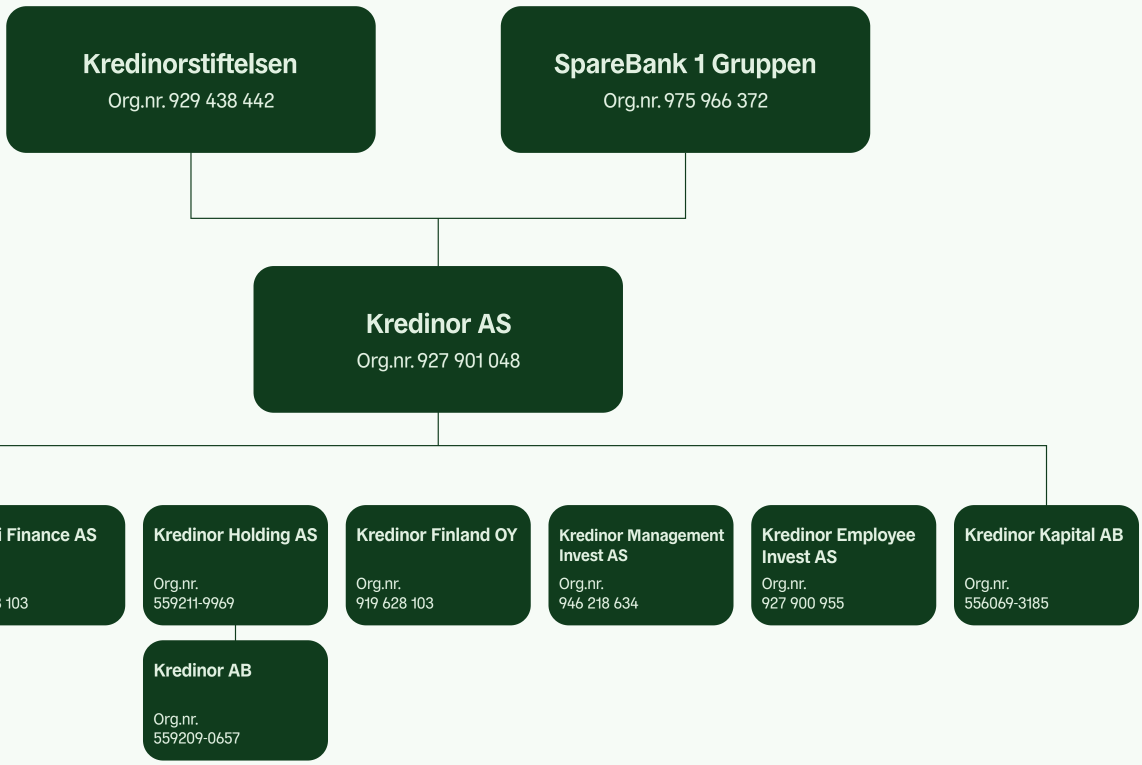


Legal structure

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 mother-daughter mergers to achieve an intended company structure.



Supervisory authorities

Kredinor´s Norwegian business is subject to supervision from the Financial Supervisory Agency, The Norwegian Data Protection Agency, and others. The business in Sweden and Finland are subject to similar authorities in their markets. The Board of Directors of Kredinor aim for open and constructive dialogue with such authorities. Reporting to The Financial Supervisory Authority in Norway:

- Semi-annual report for debt collection companies, applicable to Kredinor AS
- Internal Capital Adequacy Assessment Process, ICAAP, applicable to Kredinor Finans AS
- Internal Liquidity Adequacy Assessment Process, ILAAP, applicable to Kredinor Finans AS

Since the merger of the two financial companies first took place in 2023, reporting for the merged Kredinor Finans AS will start from 2023.

Governance in Kredinor
Leaders at Kredinor are accountable for good governance in accordance with the structure established. It is a leader's responsibility to understand the requirements set by governing documentation, secure compliance, and training of own personnel, and conduct internal control activities in own operations.

The internal governing documentation reflects requirements set by external regulations, but also requirements set by vision, values, goals, and strategies.

	Level	Type of documentation
External	Governing	Laws, Regulations, Licenses etc.
Internal	Overarching governing	Codes, Policies and Standardness
Internal	Operational governing	Processes, Routines, Templates, Methods, Tools, Documentation of other measures
Internal	Controlling	Logs, Minutes, Reports, Notes on Executed tasks, Risk assessments, Other evaluations, Revisions, Desicions etc.

Overarching governing documentation in the form of Code of Conduct and Ethics explains the overall framework and expectations for all leaders, employees, consultants working for Kredinor. This type of documents is approved by the Board of Directors. The standards give more detailed requirement and are primarily approved by the Chief Executive Officer or other executive directors. Standards mainly applying to all business, but occasionally standards are specialised for parts of the business.

Operational governing documentation gives more detailed descriptions on how things are done in the form of routines, processes, and other documentation. This documentation may apply to parts of business, or all business, but are generally approved by leaders at different levels or experts.

Controlling documentation will be in a variety of forms depending on the purpose and situation. It is clearly stated that all personnel are responsible for securing that controlling documentation is stored in ways easily found when needed.

Implementation and compliance with governing documentation
Leaders at Kredinor are responsible for implementing and complying with Kredinor's governing documentation in their respective areas of responsibility. Kredinor has established training programs for all employees and others working for Kredinor. Those will be adapted to reflect developments in governing documentation. Leaders are responsible for following-up the training in own line of the organisation, as well as the fulfilment score on mandatory training.

Kredinor has appointed operational owners of different governing documents. Those owners shall advise and support the organisation with implementation.

Report on Governance from the Board of Directors
The governance of the company has been conducted through separate governing structures for most of 2022 since the formal establishment of the merged company first took place on 1st of October 2022. Both Kredinor and Modhi had policies and governing structures in place and business has been performed accordingly during 2022. It has been confirmed that this governing documentation is sufficient for the time needed to transform and review policies, standards, routines, processes, and tools into Kredinor´s wide governance. This work has started, and the Board of Directors will discuss and approve new policies, Code of Conduct and Ethics and other relevant governing documentation during 2023. During 2023 the Board of Directors will have high priority on getting common governing documentation in place for the company. Since Kredinor AS was established 1st of May 2022, the Board of Directors have had 15 meetings. Kredinor SA and SpareBank 1 Gruppen laid the basis for the company in their discussions leading to the merger on 1st October 2022.. A business plan and strategy for Kredinor were concluded between the owners.

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

The performance and development of Kredinor is discussed and evaluated against financial situation, sustainability, and risk. The annual wheel of the work of the Board of Directors includes revision of goals, strategy, and risk profile.

The Code of Conduct describes this to all employees, and the vision "we help you make it" is strongly biased toward sustainable treatment and help to customers with severe financial problems. This is also reflected in the company's values and strategy. Ethical principles highlight the importance of integrity, transparency, business relations free from bribery, respect for human rights both as an employer and in terms of requirements for clients and suppliers.

Governance and control
Kredinor is organised with clear mandates at company level and the organisation is developed accordingly in the different lines. The Board of Directors has approved principles for delegation of power of attorney and delegation from the Board of Directors as well as policy for handling financial exposure.

Second line functions for risk and compliance are in place with direct reporting lines to the Board of Directors. The head of compliance also has the role as Data Protection Officer and Anti-Money Laundering Officer. The Board of Directors has asked for reporting on compliance and risk on a quarterly basis, while internal control will be reported annually. The first compliance report for Kredinor was received in December 2022.

Kredinor shall have a risk-based attitude 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. Work has started to handle risk commonly in the company and the Board of Directors will follow this work closely during 2023.

Internal control is handled in the different lines of the organisation as an integral part of daily work. The company has established reporting systems where all employees are urged to report deviations and incompliances when detected or suspected. This is important both to rectify mistakes and improve the business, and an important tool both for daily internal control and input for compliance reporting to the management and the Board of Directors. The Board of Directors has approved establishing a consolidated channel for Kredinor where reporting could be done to an external party, allowing for anonymous reporting. This channel may also be used also by third parties – customer, clients, suppliers, and others, improving their possibilities for raising concerns.

Code of Conduct and Ethic Code
Kredinor has an important role to play in society. Kredinor's vision "We help you make it" demands high awareness on all parts of the organisation. Kredinor finalised the work on its code of conduct and an ethic code in the first quarter 2023, and the Board of Directors approved the documents in March. These documents explain the expectations and requirements implied by the vision, the values and all legal framework and licenses the company is subject to. They form the basis for other governing documentation. Areas covered by these two documents are vision, values, strategy, sustainability, people, communication, governance, and ethics. They will be compulsory reading, and subject to training by all employees and others working for Kredinor.

Debt Collection
Kredinor has licensed business in all countries of operations. The collection work is documented in all countries and for all system platforms, and adaptation to routines and processes are done when needed under supervision of management. The Board of Directors gets information on the quality of the collection work in the compliance reports. In Norway a project started in 2022 with the aim to migrate all Norwegian collection to one system platform from three different platforms. The Board of Directors follows the progress of this project closely as it is important both to achieve efficient production and to make compliance controls easier.

Privacy
Kredinor follows the General Data Protection Regulations (GDPR) in line with implementation in each country of operations. Kredinor is both a data controller and data processor depending on products and services rendered. Kredinor has entered into outsourcing agreements with other parties being data processors for Kredinor. There are Data Protection Officers in each country and the necessary documentation is in place. Data Protection Impact Assessment (DPIA) and anonymisation of personal data are regulated in the governing documentation to secure handling of personal data for customers, employees, clients, and other relevant parties.

In Norway work has started to get common documentation, routines, and processes implemented. Compliance with the privacy regulations and regular controls of Kredinor's data processors are regularly reported in the compliance reports received by the Board of Directors.

Anti-Money Laundering (AML)
Debt collection in Norway is not subject to AML, but all business is subject to preventing fraud, bribery, and corruption. Kredinor invests in defaulted debt in subsidiaries subject to AML regulations. As money laundering is considered a major source of funding for severe crime, also crime violating human rights, it is an important part of Kredinor's sustainability work to fight money laundering.

In Norway the merger of the financial companies resulted in Modhi Finance AS being acquiring company renamed Kredinor Finans AS. Documentation governing AML is in place. It has been decided that Modhi's AML system will be continued as Kredinor's common AML solution in all countries. The Board of Directors follows the situation on AML closely through frequent compliance reporting and updates from the AML officer if needed.

Report of the Board of Directors

Kredinor is a limited company headquartered in Oslo, Norway, with subsidiaries in Sweden 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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From left: Linn Hagesæther (board member), Vegard Helland (board member), Bente Foshaug (board member), Elisabeth A. E. Selvik (board member), Sverre Gjessing (Chairman of the board), Sverre Olav Helsem (board member), Jill Rønningen (board member), Geir-Egil Bolstad (board member).

Our history

Kredinor was founded as an association in 1905 under the name Kreditorforeningen i Christiania. We 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 transferred to a limited company, in order to allow a merger with Modhi Finans, a debt collection and debt purchasing company owned by SpareBank 1 Gruppen.

As a result of the merger, Kredinor is now 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, 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 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 599 employees as of 31st of December, providing 516 full-time equivalent positions. Of the total of employees, 547 are in Norway, 23 in Sweden and 29 in Finland. Following a decision by the Board in December 2022, the remaining branch offices in Norway will close during the course of 2023, centralising the company's Norwegian operations in Oslo.

Our operations in 2022

During 2022, Kredinor handled over one million debt collection cases, and an additional eight hundred thousand reminder cases. More than a million customers visited our web page, and made over four hundred thousand payments. Most customers were able to resolve their case through our secure self-service portal. Customers are highly satisfied with our services, with a customer satisfaction rating of 4.8 out of 6.

Merger and integration
The merger of Kredinor with Modhi marks a milestone in our history, but it also means that five companies must merges to become two in Norway. Preparations for this began before the 01 October effective date of the merger, and the work started immediately after this date. As of 01 October 2022, we became one organisation, with one management team and one brand. The last merger of the legal entities occurred after the balance sheet date, in early January. The work continues in 2023, as we migrate our IT systems, merge our operational processes, and streamline our working practices.

Employee well-being, diversity and inclusion
Kredinor AS as of 31 December 2022 had 516 full-time equivalents compared to 400.35 as of 31 December 2021. The proportion of women is 55.1 per cent at Kredinor AS. Among women, part-time work accounts for 3.7 per cent of person-hours worked and among men 3.6 per cent. In the management team, the proportion of women is 50 per cent. The proportion of women on the board is 50 per cent. In terms of pay, there are no differences between women and men in the individual job categories. 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 colour, language, religion and beliefs are provided.

Kredinor measures sick leave. For the year 2022, absence due to illness was 6.9 per cent, an increase of 1 percentage point from 2021. Kredinor's goal is to have less than five per cent 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 its 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 in the business.

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.

Risk management and governance

Our risk management philosophy
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, 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 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 these risks.

The board finds the company's risk exposures as of the balance sheet date to be acceptable, and in line with our intended risk profile.

Responsibility for risk management and control
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 different lines of defences, with varying frequencies of reporting and proximity to the company's business operations and risk management.

Risk management at Kredinor is documented internally as the work is done, to comply with the regulations on risk management and internal control whilst minimising administrative burdens. Kredinor continuously assesses the risks associated with its operations. At least annually, Kredinor conducts a review of significant risks for all business areas in addition to risk analysis of ICT to ensure that risks are within acceptable limits. Managers of each business area carry out an annual assessment of internal control. In addition, an annual compliance survey is conducted among all employees to determine how well the employees are familiar with the company's policies, guidelines, and routines.

Kredinor is 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.

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 several Nordic countries (Norway, Sweden and Finland) also helps to reduce the consequence of changes that it does not have control over.

Financial risks

Liquidity risk
Our liquidity management ensures that there is sufficient liquidity to fulfil our financial obligations when they become due. This includes ensuring that Kredinor provides sufficiently stable and diversified long-term financing for its assets. Liquidity needs normally arise from acquisitions of portfolios, to cover ongoing operating costs and interest payments. Liquidity needs are normally met through a combination of long-term funding and cash flows from existing portfolios.

To manage liquidity risk, the company's board of directors has set capital and liquidity limits that the company must adhere to. Overall risk appetite, capacity and tolerance are determined through risk tolerance statements and risk limits that set determine the levels of risk that can be accepted before triggering measures or the implementation of contingency plans.

For the company's investment subsidiary, Kredinor Finans AS, the risk appetite, capacity and tolerance are determined through measures for risk-adjusted capital requirements, buffer capital utilisation, regulatory capital as well as confidence levels to meet future fluctuations. The company's risk-adjusted capital requirements are determined through ICAAP, reflecting how much capital must be held to absorb losses.

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 our 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 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 our ability to achieve its goals and growth plans.

Market risk
Market risk is the risk that adverse changes in the value of financial instruments held for long- or short-term investment will reduce our profitability or lead to an inability to fulfil our payment obligations. The majority of our financial instruments are portfolios of non-performing loans, the value of which may be adjusted by a write-down if the collection performance is lower than expected, and which is described under credit risk, above. In addition, we use interest rate derivatives to protect against changes in the NIBOR interest rate to which our financing is linked. This means that the market risk of our derivatives is offset by changes to the cost of our funding.

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 compliance function which is responsible for regular training of employees, as well as regular reports and audits of the operations to ensure that Kredinor is adhering to applicable regulations and laws. The Compliance functions reports directly to the board on quarterly basis.

Operational risk
Kredinor is exposed to risk related to financial loss or loss of reputation from breaches of regulation, inadequate or failing internal processes/systems, human error, or external events that are not a consequence of market risk. Kredinor works to ensure efficient and appropriate processes for managing and controlling risk associated with the new company structure following the merger between Kredinor and Modhi. We have invested in robust IT systems and technology, and there is a risk management process to ensure that operations are as efficient and effective as possible.

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, satisfactory training materials, a solid legal framework and a structured management and control environment have been established. The four operational risks that are considered to have the greatest financial or reputational consequences for Kredinor are: Legal risk, Conduct risk, ICT risk and Working environment risk.

Legal risk
Legal risk relates to losses, lack of profitability and increased costs for Kredinor's activities, because of litigation and court proceedings, which prevent our established business practices, or mean that existing contracts cannot be enforced. To reduce this risk, a separate legal function has been established, which assists the business with independent legal advice.

Conduct risk
Conduct risk is the risk of loss resulting from poor judgment from managers and employees. Kredinor has established clear codes of conduct that all employees must know of. Kredinor also has a set of common values that employees must comply with. Routines have also been established for assessing the suitability of senior executives.

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 SpareBank 1 Utvikling and Advania, 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 hurt our earnings 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 2022

Revenues
Revenues from customers of NOK 601,4 million in 2022, compared to NOK 731,6 millioon in 2021, a decrease of 17,8%. Revenues from our purchased portfolios (PI) business were NOK 321 million, compared to NOK 202 million in 2021, an increase of 59%.

The decrease in overall revenues is partly due to the impact of a negative revaluation of our purchased portfolios of NOK 175 million (compared to a decrease of NOK 38 million in 2021), and excludes approximately NOK 295 million of revenue recorded by Modhi in the period before the merger became effective on 1st October 2022 (which is accounted for directly in equity).

The decrease in CMS revenues was partly a result of the regulatory changes in 2020 which lowered fees for debt collection, and partly a result of some portfolios being sold by our clients, removing them from our third-party collections business in the process.

The increase in PI revenue was due to increased investments. Roughly half of the investments we made came in the fourth quarter, meaning that the full impact of this increased portfolio size will not materialise until 2023.

Expenses
Our total operating expenses for the year were NOK 712,9, compared to NOK 578,5 in 2021. This includes a number of non-recurring items related to our merger with Modhi Finance, and the closing down of our branch offices in Norway outside of Oslo, without which our operating expenses would have been approximately the same as the previous year.

Portfolio purchases
Kredinor purchased portfolios totaling NOK 4 410 million in 2022, compared to NOK 240 million in 2021. The majority of these, NOK 2 833 million, were acquired in the merger with Modhi Finance. Of the remaining increase, NOK 28.3 million was a currency translation effect, meaning that we made purchases of NOK 1 576 million in new portfolios.

Financing
Kredinor has throughout the year had sufficient access to financing in order to purchase the portfolios that have been offered it. In November, an agreement was signed with a syndicate of banks to refinance the existing secured revolving credit facility of Kredinor, and the various loans which Modhi Finance had from SpareBank 1 Gruppen and individual banks. As a result, Kredinor has a secured revolving credit facility (RCF) totaling NOK 4.200 million, of which NOK 3 614.6 million was drawn at the balance sheet date. After the balance sheet date, Kredinor issued a senior unsecured bond of NOK 1.000 million, following a well-received investor roadshow and book-building process. The senior unsecured bond proceeds were used to reduce the drawn RCF.

In addition to this, a subordinated debt of NOK 100 million (tier 2) which Modhi owed to SpareBank 1 Gruppen was not refinanced due to regulatory constraints, and remains outstanding. Repayment of this loan requires approval from the Norwegian Financial Services Authority, and cannot be made prior to the first call date in 2024.

Cash flow
Kredinor had cash flows of negative NOK 1 039,2 million from operating activities during the year, including cash flow from amortization of portfolios of NOK 555 million and from portfolio acquisitions of negative NOK 1 576 million. In addition, we had cash flows from 988 million from financing activities. Cash flow from investment activities were NOK 182, including from purchase of shares in subsidiares of NOK 314,9 million.

Liquidity
Our liquidity position was strong, with NOK 409,9 million in cash and cash equivalents available at the balance sheet date, in addition to NOK 586 million in undrawn but committed loan facilities.

Going concern
The annual accounts for 2022 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.

Events after the balance sheet date
The company issued a senior unsecured bond in February 2023, strengthening our investment capacity and providing more headroom to the financial covenants of our existing revolving credit facility. The company, as previously mentioned, also announced the closure of the remaining Norwegian branch offices, so that our Norwegian employees will be co-located in Oslo.

Outlook for 2023 and beyond

Macroeconomic situation & risks
The macroeconomic situation globally, and in the Nordic countries where Kredinor operates, has remained relatively strong in the aftermath of the Covid-19 pandemic. Unemployment is low, and the economy is growing. However, inflationary pressures following the supply chain disruptions and fiscal support of the Covid-19 pandemic, and further energy price increases after Russia's invasion of Ukraine in February 2022, have combined to increase the risk that central banks will increase interest rates.

Regulatory situation & risks
The regulatory situation in our sector has changed recently, with the first major adjustments to statutory fee levels for many years. Fees were reduced, especially for smaller claims, and rules were changed to require claims to be merged if the customer, client and agency were the same. This reduces the fee income for debt collection companies, while reducing the burden of debt collection faced by the customer. There may be a further decrease in statutory fees as part of the new debt collection law which is expected to be enacted in late 2023 or 2024, but it is not clear what the impact will be. In any case, these regulatory changes reinforce the importance of cost-effectiveness in debt collection, and help to push our industry in a more sustainable direction.

There are also a variety of EU regulations regarding debt collection, non-performing loans and securitization which may impact on our business. By increasing the incentives for banks to sell non-performing loans, and providing a regulatory framework around debt purchasing and servicing, this could benefit companies such as Kredinor, who have a debt collection license and are in the business of acquiring portfolios. Finally, the entry into force in Norway of the EUs securitization regulation should make it possible for Norwegian non-performing loans to be securitised, opening up additional sources of risk capital and improving the effectiveness of our capital structure.

Strategic direction: customer focus
A key element in our outlook for 2023 and beyond are the strategic initiatives which aim to increase our focus on the customer. We strongly believe that all value creation in debt collection comes from meeting the customer, and helping them to pay their debts – without this, our industry creates little value. In addition to working to improve our already best-in-class customer-facing digital offerings, we are therefore piloting products and services which can help customers pay down their debt faster, avoid defaults on debt in the future, and maintain a sustainable and healthy financial position.

Strategic direction: new products and services
Given the pressure from regulatory changes on fee incomes, increasing our income from other sources is key to our future growth and financial success. We are therefore developing other, auxiliary products and services which can create value for our clients, and therefore provide a new revenue stream for Kredinor. An example of this is our AML Check service, which allows banks to fulfil their legal requirement to screen transactions for money-laundering and other illegal activity.

Strategic direction: capital light
The current business model of most debt purchasing companies is to borrow in the high-yield bond market, or from banks at similarly high rates, in order to purchase portfolios from banks and other sellers of non-performing loans. This is a highly inefficient model, since funding costs in our sector are significantly higher than those of the banks from which we purchase portfolios. In addition, the uncertainty around valuation and performance of portfolios means that both equity and bond investors require a high rate of return, and therefore discount companies in the sector. We feel that a better model would be to share the risks inherent in portfolio investments more appropriately, using less of our own balance sheet. We are therefore exploring securitisation as a way of retaining exposure to non-performing loans portfolios, and increasing the revenue to our credit management services operation, while removing most of the portfolios from our balance sheet. This will initially be possible for Swedish and Finnish portfolios, but with the regulatory changes mentioned above this should also become an option for Norwegian portfolios.

Consolidated income statement
For the years ended 31 December 2022

NOK thousand	Note	2022	2021
Revenue from contracts with customers	2.1	601 359	731 625
Interest revenue from purchased loan portfolios	2.2, 4.3	321 020	201 911
Net gain/(loss) from purchased loan portfolios	2.2, 4.3	-175 258	-38 059
Other income	2.2	2 787	53 443
Total revenue and other income		**749 908**	**948 919**
Employee benefit expenses	2.3	422 315	383 404
Depreciation and amortization	3.1, 3.3, 3.4	40 809	44 093
Impairment losses	3.4	7 534	10 957
Other operating expenses	2.4	290 628	195 060
Operating profit		**-11 379**	**315 405**
Finance income	4.8	36 778	382
Finance expense	4.8	158 312	73 111
Change in financial instruments measured at fair value	4.6	9 410	14 380
Net financial items		**-112 123**	**-58 349**
Profit before tax		**-123 502**	**257 056**
Income tax expense	5.1	-41 541	44 338
Net profit or loss for the year		**-81 961**	**212 718**
Attribute to:			
Non-controlling interests			
Shareholders of the parent company		**-81 961**	**212 718**
Other comprehensive income			
Net profit or for the period		-81 961	212 718
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		2 999	-1 285
Other comprehensive income/(loss) after tax		**2 999**	**-1 285**
Total comprehensive income/(loss)		**-78 963**	**211 433**
Total comprehensive income attributable to:			
Equity holders of the parent company		**-78 963**	**211 433**

Consolidated statement of financial position

NOK thousand	Note	31.12.2022	31.12.2021	01.01.2021
Goodwill	3.2	392 737	9 397	25 816
Intangible assets	3.1	214 471	-	718
Deferred tax asset	5.1	10 273	3 652	6 282
Right-of-use assets	3.4	25 793	145 557	182 260
Property, plant & equipment	3.3	33 209	37 592	42 820
Purchased loan portfolios	4.1, 4.3	5 713 876	1 849 423	1 815 357
Other non-current financial assets	4.1, 4.6	21 353	-	-
Other non-current receivables		3 809	4 262	3 989
Total non-current assets		**6 415 521**	**2 049 883**	**2 077 242**
Trade and other receivables	2.5	14 098	28 548	35 192
Other current assets		14 443	34 035	38 699
Cash and cash equivalents	4.7	409 918	288 685	300 709
Other current financial assets	4.1, 4.6	-	-	-
Total current assets		**438 459**	**351 268**	**374 600**
Total assets		**6 853 980**	**2 401 151**	**2 451 842**

NOK thousand	Note	31.12.2022	31.12.2021	01.01.2021
Share capital		143 229		
Share premium		2 458 077		
Other equity		39 674	876 192	668 768
Total equity	**4.9**	**2 640 980**	**876 192**	**668 768**
Interest-bearing liabilities	4.2	3 714 617	998 562	1 062 688
Deferred tax liabilities	5.1	-	-	-
Lease liabilities	3.4, 4.4	19 345	137 001	160 518
Employee benefit obligations		-	-	-
Other non-current financial liabilities	4.1, 4.6		3 549	17 929
Other non-current liabilties		1 018		
Total non-current liabilities		**3 734 980**	**1 139 112**	**1 241 135**
Trade and other payables	2.6	51 334	27 639	28 968
Income tax payable	5.1	-231	46 503	60 126
Interest-bearing liabilities	4.2		-	101 572
Lease liabilities	3.4, 4.4	27 869	23 517	21 742
Other current financial liabilities	4.1, 4.6	3 096	-	-
Other current liabilities	2.6	395 952	288 188	329 532
Total current liabilities		**478 020**	**385 847**	**541 940**
Total liabilities		**4 213 000**	**1 524 959**	**1 783 075**
Total equity and liabilities		**6 853 980**	**2 401 152**	**2 451 842**

Oslo, 29 March 2022

Sverre Kristian Gjessing Chairman of the board	Bente Foshaug Board member	Sverre Olav Helsem Board member
Elisabeth Agnes Essholt Selvik Board member	Linn Kvitting Hagesæther Board member	Geir-Egil Bolstad Board member
Vegard Helland Board member	Jill Rønningen Board member	Klaus-Anders Nysteen Chief Executive Officer

Consolidated statement of changes in equity

NOK thousand	Share capital	Share premium	Other capital reserves	Cumulative translation differences	Retained Operating 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 reorganization (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 **			-211 985		-30 000	-241 985
Transaction costs						-
Other changes booked to equity *					-12 126	-12 126
Balances at 31 Decmber 2022	**143 229**	**2 458 077**	-	**1 714**	**37 960**	**2 640 980**

* Changes booked to equity consist of correction of VAT in Finland previous periods and IFRS-adjustments booked directly to equity.
** Dividend of MNOK 212 consist of the subsidiaries previously owned by Modhi Finance AS at date of acquisition of Modhi Group. Dividend of MNOK 30 given to Kredinorstiftelsen.

NOK thousand	Share capital	Share premium	Other capital reserves	Cumulative translation differences	Retained Operating profit	Total equity
Balances at 1 January 2021 (pre IFRS)			-		**689 628**	**689 628**
Transition effects from NGAAP to IFRS (note 7.1)					**-20 860**	**-20 860**
Balances at 1 January 2021	-	-	-	-	**668 768**	**668 768**
Profit/loss for the period					212 718	212 718
Other comprehensive income/loss				-1 285		-1 285
Other changes booked to equity *					-3 292	-3 292
Total comprehensive income/loss	-	-	-	**-1 285**	**209 426**	**208 141**
Balances at 31 December 2021	-	-	-	**-1 285**	**878 194**	**876 909**

* Changes booked to equity consist of correction of IFRS-adjustments booked directly to equity.

Consolidated statement of cash flows

NOK thousand	Note	2022 (01.01.2022-31.12.2022)	2021 (01.01.2021-31.12.2021)
Cash flow from operating activities			
Profit or loss before tax		**-123 502**	**257 056**
Adjustments to reconcile profit before tax to net cash flows:			
Finance income	4.8	-36 778	-382
Finance costs	4.8	158 312	73 110
Change in finacial instruments measured at fair value		-9 410	-14 380
Gain/loss from sale of fixed assets		-	14 327
Portfolio amortization and revaluation	4.3	555 255	206 567
Depreciation and amortisation	3.1, 3.3, 3.4	48 344	50 812
Working capital adjustments:			
Changes in trade and other receivables	2.5	49 553	9 784
Changes in trade and other payables	2.6	3 192	-42 673
Changes in other items		54 156	753
Debt portfolios:			
Purchase of debt portfolios	4.3	-1 576 822	-240 633
Other items			
Tax paid	5.1	-46 734	-60 126
Interest received		3 976	382
Interest paid		-118 753	-65 723
Net cash flows from operating activities		**-1 039 211**	**188 875**
Cash flows from investing activities			
Development expenditures	3.1	-114 339	
Purchase of property, plant and equipment	3.3	-18 555	-6 072
Purchase of shares in subsidiaries, net of cash acquired	6.2	314 900	
Net cash flows from investing activities		**182 006**	**-6 072**
Cash flow from financing activities			
Proceeds from issuance of equity	4.9	117 320	
Proceeds from borrowings	4.4	904 903	35 000
Repayments of borrowings	4.4	-	-200 697
Payments for principal for the lease liability	3.4, 4.4	-34 124	-29 129
Net cash flows from financing activities		**988 099**	**-194 826**
Net increase/(decrease) in cash and cash equivalents		**130 894**	**-12 024**
Cash and cash equivalents at the beginning of the period	4.7	288 685	**300 709**
Net foreign exchange difference	4.7	-9 661	
Cash and cash equivalents at 31 December		**409 918**	**288 685**

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, 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 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 29 March 2023.

1.2 Basis of 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 has completed a merger with Modhi Finance AS during the reporting period, which has been 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. Any adjustments made to the fair values of the assets and liabilities acquired have been included in the determination of the goodwill or gain arising from the acquisition. The fair value of the assets and liabilities acquired has been determined based on management's best estimates and assumptions, supported by independent valuations where necessary. The financial statements also include the results of any post-acquisition transactions or events that have been appropriately accounted for in accordance with IFRS.

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. Kredinor AS was established during the reporting period, but as this was done as a reorganization from Kredinor SA (a cooperative company) the accounts have been prepared using Kredinor SA comparables.

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 Significant judgements, estimates and assumptions

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 that involved a higher degree of judgement or complexity, 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.

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.

2.1 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 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-paty 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	2022	2021
3PC	552 985	660 329
Other revenue	48 374	71 296
Total revenue	**601 359**	**731 625**

Geographic information	2022	2021
Norway	601 362	398 249
Sweden	276	23 749
Finland	-279	12 784
Total revenue	**601 359**	**731 625**

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

2.2 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.

2022 Split by geographical markets	Interest revenue from purchased loan portfolios	'Net gain/(loss) purchased loan portfolios	Net revenue
Norway	275 163	-202 635	72 528
Sweden	22 935	-1 544	21 391
Finland	22 921	25 826	48 747
Total	**321 020**	**-178 354**	**142 666**

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

2021 NOK thousand	Interest revenue from purchased loan portfolios	'Net gain/(loss) purchased loan portfolios	Net revenue
Norway	201 911	-38 059	163 852
Total	**201 911**	**-38 059**	**163 852**

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

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	31.12.2022	31.12.2021
Other operating income	2 787	
Disposal subsidiary	-	53 443
Total Other Income	**2 787**	**53 443**

2.3 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 payment obligations.

NOK thousand	31.12.2022	31.12.2021
Salaries	273 725	262 517
Social security costs	53 334	44 819
Bonuses	14 169	30 261
Pension costs	27 400	23 738
Other employee expenses	53 686	22 069
Total employee benefit expenses	**422 315**	**383 404**
Average number of full-time employees (FTEs)	516	409

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	31.12.2022	31.12.2021
Net present value for current service cost	-	-
Change in pension plan	-	-
Interest cost in the pension liability	340	272
Expected return on assets	-684	-552
Administration costs	26	26
Net pension cost incl. administration costs	**-318**	**-254**
Plan deviations/estimate changes recognized in the income statement	342	17
Social security tax	-45	-36
Net pension expense	**-21**	**-273**
Costs of the AFP scheme including employer's tax	4 034	4 834
Costs of the deposit scheme including employer's tax	23 387	19 177
Total net pension expense	**27 400**	**23 738**

NOK thousand	**31.12.2022**	**31.12.2021**
Earned pension liability 31.12.	17 787	18 212
Calculated effect of future salary regulation	-	-
Calculated pension liability 31.12.	17 787	18 212
Pension asset at market value 31.12.	18 585	18 800
Estimate deviation/plan change not recognized in profit or loss	-2 934	-3 147
Social security tax	-529	-527
Net pension liability/asset	**-4 262**	**-4 262**
Pension agreement DNB (additional agreement)	876	7 714
Total pension liability/(asset)	**-3 385**	**3 452**

The calculations are based on these conditions:		
Discount rate	3,00 %	1,90 %
Estimated salary increase	3,50 %	2,75 %
Estimated pension increase	2,63 %	1,73 %
Estimated G-regulation	3,25 %	2,50 %
Expected return on plan assets	5,20 %	3,70 %
Expected withdrawal percentage AFP scheme	100 %	100 %
Expected turnover	0,00 %	0,00 %
Social security tax	14,10 %	14,10 %

2.4 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	31.12.2022	31.12.2021
Direct operating expenses	26 432	37 276
External services	107 768	41 445
Legal fee expense	26 415	5 227
IT costs	22 671	57 984
Lease expenses	5 907	7 125
Other operating expenses	101 436	46 003
Total other operating expenses	**290 628**	**195 060**

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 signi cant nancing 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 recognized at the time of payment from the debtor. Recovered outlay is presented as Revenue from contracts with customers.

Auditor fees NOK thousand	31.12.2022	31.12.2021
Statutory audit fee	2 816	1 358
Other certification services	68	157
Tax advisory	537	606
Other services	344	1 276
Total auditor fees (excl. VAT)	**3 765**	**3 397**

2.5 Trade and other receivables

ACCOUNTING POLICIES

Trade and other receivables
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	31.12.2022	31.12.2021	01.01.2021
Trade receivables from customers at nominal value - external	19 194	35 120	43 163
Allowance for expected credit losses	-5 096	-6 572	-7 971
Trade receivables	**14 098**	**28 548**	**35 192**

Other receivables	**31.12.2022**	**31.12.2021**	**01.01.2021**
Outlays	-	67	6 218
Prepaid expenses	14 385	-	-
Other	5 686	33 968	32 481
Other receivables	**20 071**	**34 035**	**38 699**

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

2.6 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	31.12.2022	31.12.2021	01.01.2021
Trade payables	51 334	27 639	28 968
Trade and other payables	**51 334**	**27 639**	**28 968**

NOK thousand	31.12.2022	31.12.2021	01.01.2021
Client funds payable *)	98 205	95 514	101 567
Public duties	55 063	34 983	46 791
Other	242 684	157 691	181 174
Other current liabilities	**395 952**	**288 188**	**329 532**

*) The corresponding client funds cash balance is reported as part of cash in note 4.6

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 lives 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.

	Customer relationships	Statistics	Technology	Software	Projects in progress *	Total
Acquisition cost 1 January 2021	-	-	-	**8 845**	-	**8 845**
Additions						-
Additions through acquisition						-
Disposals				**-8 845**		**-8 845**
Currency translation effects						-
Acquisition cost 31 December 2021	-	-	-	-	-	-
Additions			95 334		19 005	**114 339**
Additions through acquisition (see note 6.2)	99 900	26 400	71 800	4 619		**202 719**
Disposals						-
Currency translation effects						-
Acquisition cost as at 31 December 2022	**99 900**	**26 400**	**167 134**	**4 619**	**19 005**	**317 058**
Acc.dep. & impairment 1 January 2021	-	-	-	**8 127**	-	**8 127**
Amortisation charge for the year				56		**56**
Disposal				-8 183		**-8 183**
Impairment						
Currency translation effects						
Acc.dep. & impairment 31 December 2021	-	-	-	-	-	-
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						
Impairment through acquisition			12 264			
Currency translation effects						
Acc.dep. & impairment 31 December 2022	**2 498**	**1 100**	**97 324**	**1 666**	-	**102 587**
Carrying amount 01.01.2021	-	-	-	718	-	718
Carrying amount 31.12.2021	-	-	-	-	-	-
Carrying amount 31.12.2022	**97 403**	**25 300**	**69 810**	**2 953**	**19 005**	**214 471**
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.
* 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, see note 6.2 for more information.

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 3PC and NPL.

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 2021	**25 816**
Additions through acquisition (see note 6.2)	-
Disposals	-16 419
Currency translation effects	
Gross amount as at 31 December 2021	**9 397**
Additions through acquisition (see note 6.2)	383 400
Disposals	
Currency translation effects	
Gross amount as at 31 December 2022	**392 797**
Accumulated impairment as at 1 January 2021	**-**
Impairment for the year	-
Accumulated impairment as at 31 December 2021	**-**
Impairment for the year	-
Accumulated impairment as at 31 December 2022	**-**
Carrying amount as at 01 January 2021	**25 816**
Carrying amount as at 31 December 2021	**9 397**
Carrying amount as at 31 December 2022	**392 737**

For impairment testing, goodwill acquired through the business combinations in 2022 was allocated to the 3PC CGU and NPL CGU. Reference is made to note 6.2 for further information on the business combinations.

Recognised goodwill in the group amounts to 392.737 as of 31.12.2022. 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) in accordance with note 6.2.

Book value of goodwill:	2022	2021
NPL	48 840	-
3PC	334 500	-
Other units	9 397	9 397
	392 737	**9 397**

Goodwill is tested for impairment at least annually, or when there are indications of impairment. The impairment test was performed as of year end 2022.

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 2022

Book value of goodwill:	NPL	3PC
Discount rate	8,8 %	8,9 %
Growth rate	2,0 %	2,0 %

CGU NPL
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 3PC
The calculation of the value in use for the CGU 3PC 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 3PC 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 8,9 % for 3PC and 8,8 % for NPL has been used when discounting the cash flows. This is based on a risk free interest rate of 3,2 %, plus a risk premium of 5,85 %. 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.

Sensitivity analysis for key assumptions
3PC and NPL was acquired in 2022 and the management believe that the purchase price was fair. For 3PC, the impairment test indicated that the recoverable amount of the goodwill is MNOK 698, which exceeds the book value with MNOK 363. For NPL, the impairment test indicated that the recoverable amount of the goodwill is MNOK 12.262, which exceeds the book value with MNOK 12.213.

Both 3PC and NPL, 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	Facilities under construction	Holiday properties	System development, office machinery, vehicles etc.	Total
Acquisition cost 1 January 2021	**5 802**	**7 159**	**285 640**	**298 601**
Additions through acquisition				-
Additions	5 944		4 784	10 728
Disposals	-5 802		-890	-6 692
Currency translation effects	5 944	7 159	289 534	302 637
Acquisition cost 31 December 2021		**862**	**14 992**	**15 854**
Additions through acquisition	10 393	15	8 147	18 555
Additions			-26 520	-26 520
Disposals				-
Currency translation effects	169	-79	-90	-
Additions/disposals	16 506	7 957	286 063	310 526
Acquisition cost 31 December 2022				
	-	**2 225**	**253 556**	**255 781**
Acc.dep. & impairment 1 January 2021		**152**	**13 711**	**13 863**
Depreciation for the year			-4 238	-4 238
Impairment for the year			-362	-362
Depreciation on disposals	-	2 377	262 667	265 044
Currency translation effects		184	2 490	2 674
Acc.dep. & impairment 31 December 2021		**350**	**9 248**	**9 598**
Depreciation for the year				-
Depreciation through acquisition				-
Impairment for the year	-	2 911	274 405	277 316
Depreciation on disposals				
Currency translation effects	5 802	4 934	32 084	42 820
Acc.dep. & impairment 31 December 2022	**5 944**	**4 782**	**26 867**	37 593
	16 506	**5 045**	**11 658**	**33 209**
Carrying amount 01.01.2021	**3 894**	**4 934**	**26 140**	**34 968**
Carrying amount 31.12.2021	**5 944**	**4 782**	**20 923**	**31 649**
Carrying amount 31.12.2022	**6 286**	**4 782**	**5 804**	**33 209**

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 2021 or 2022.

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 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 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:

Right-of-use assets	Office space	Other leased assets	Total
Carrying amount of right-of-use assets 1 January 2021	**182 260**		**182 260**
Additions through acquisitions (note 6.2)			
Addition of right-of-use assets	-		-
Depreciation of right-of-use assets	-25 745		-25 745
Impairment/Modification *	-10 957		-10 957
Currency translation effect	-		-
Carrying amount of right-of-use assets 31 December 2021	**145 557**		**145 557**
Additions through acquisitions (note 6.2)	58 262	677	58 938
Addition of right-of-use assets			-
Depreciation of right-of-use assets	-25 857	-123	-25 980
Impairment/Modification *	-152 722		-152 722
Currency translation effect			-
Carrying amount of right-of-use assets 31 December 2022	**25 239**	**554**	**25 793**

* Related to moving from premises before end of contract

Remaining lease term or remaining useful life (years)	1-5
Depreciation plan	Straight-line method

Expenses in the period related to practical expedients and variable payments	**2022**	**2021**
Short-term lease expenses	5 107	-
Total lease expenses in the period	**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.

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	31.12.2022	31.12.2021	01.01.2021
Less than one year	18 718	29 903	29 129
One to two years	9 748	27 453	29 903
Two to three years	4 489	13 213	27 453
Three to four years	3 921	-	13 213
Four to five years	3 267	-	-
More than five years	-	-	-
Total undiscounted lease liabilities	**40 143**	**70 568**	**99 698**

Summary of the lease liabilities in the financial statements	2022	2021
Carrying amount 1 January	**160 518**	**182 260**
Additions through acquisition (note 6.2)	58 938	-
New and remeasured leases recognized during the year *	-145 188	-
Cash payments	-34 124	-29 129
Interest expense on lease liabilities	7 069	7 387
Currency translation effects	-	-
Total lease liabilities	**47 214**	**160 518**

* Modification of lease term

	31.12.2022	31.12.2021	01.01.2021
Current lease liabilities in the statement of financial position	27 869	23 517	21 742
Non-current lease liabilities in the statement of financial position	19 345	137 001	160 518
Total cash outflow for the year ended 31 December	34 124	29 129	7 387

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 measured subsequently at amortized cost:
The Group's financial assets and financial liabilities are classified as measured at amortized 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 amortized 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 trade receivables, 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 amortizated 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-recognized 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. See note 4.1 regarding NPL.

Impairment of financial assets
Financial assets measured at amortized cost are considered for impairment by recognizing 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 recognizes 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.

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 de-recognized 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 derecognized 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 recognized in the consolidated statement of comprehensive income.

NOK thousand 31 December 2022	Note	Financial instruments at amortised cost	Financial instruments at amortised cost	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	2.5	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	2.6	51 334		**51 334**
Other current financial liabilities	4.1	3 096		**3 096**
Other current liabilities	2.6	98 205		**98 205**
Total financial liabilities		**3 867 252**	**-**	**3 867 252**

31 December 2021	Note	Financial instruments at amortised cost	Derivatives at fair value through profit or loss	Total
Non-current assets				-
Purchased loan portfolios	4.3	1 849 423		**1 849 423**
Other non-current financial assets	4.1, 6.3			-
Current assets				-
Trade and other receivables	2.5	28 548		**28 548**
Cash and cash equivalents	4.7	288 685		**288 685**
Total financial assets		**2 166 656**		**2 166 656**
Non-current liabilities				-
Non-current interest-bearing liabilities	4.2	998 562		**998 562**
Other non-current financial liabilities	4.1		3 549	**3 549**
Total current liabilities				
Trade and other payables	2.6	27 639		**27 639**
Other current liabilities		95 514		**95 514**
Total financial liabilities		**1 121 715**	**3 549**	**1 125 264**

NOK thousand 1 January 2021	Note	Financial instruments at amortised cost	Derivatives at fair value through profit or loss	Total
Non-current assets				-
Purchased loan portfolios	4.3	1 815 357		1 815 357
Other non-current financial assets	4.1, 6.3	-		-
Current assets				
Trade and other receivables	2.5	35 192		35 192
Cash and cash equivalents	4.7	300 709		300 709
Total financial assets		**2 151 258**		**2 151 258**
Non-current liabilities				-
Non-current interest-bearing liabilities	4.2	1 062 688		1 062 688
Other non-current financial liabilities	4.1		17 929	17 929
Total current liabilities				
Trade and other payables	2.6	28 968		28 968
Current interest-bearing liabilities		101 572		101 572
Other current liabilities		101 567		101 567
Total financial liabilities		**1 294 795**	**17 929**	**1 312 724**

4.2 Interest bearing liabilities

Specification of the Group's interest-bearing liabilities as per 31 December 2022

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	
Loan, SpareBank1 Gruppen (NOK)	Nibor 6mnd +8%	100 000	100 000	18.03.2029
Total non-current interest-bearing liabilities			**3 714 617**	

The loans that the Group reported per 1.1.2021 and 31.12.2021 were from a loan syndicate consisting of DNB and Nordea. In November 2022, these loans were refinanced with a new Revolving Credit Facility (RCF) with DNB, Nordea and Swedbank as loan syndicate.

The reconciliation of changes in liabilities incurred as a result of financing activities are presented in note 4.4.

31.12.2021 **Non-current interest-bearing liabilities**	**Interest rate**	**Notional amount (T)**	**Book value (NOK)**	**Maturity**
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	659 809	659 809	15.04.2023
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	133 191	133 191	15.04.2023
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	219 000	219 000	15.04.2023
- Incremental borrowing costs capitalised			-13 438	
Total non-current interest-bearing liabilities			**998 562**	

01.01.2021 **Non-current interest-bearing liabilities**	**Interest rate**	**Notional amount (T)**	**Book value (NOK)**	**Maturity**
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	684 809	684 809	15.04.2023
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	133 191	133 191	15.04.2023
Loan, DNB /Nordea/Swedbank (NOK)	Nibor 3mnd + 4%	249 000	249 000	15.04.2023
- Incremental borrowing costs capitalised			-4 312	
Total non-current interest-bearing liabilities			**1 062 688**	

Current interest-bearing liabilities	**Interest rate**	**Notional amount (T)**	**Book value (NOK)**	**Maturity**
Overdraft account (NOK)		101 572	101 572	na

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

	31.12.2022	31.12.2021	01.01.2021
Secured balance sheet liabilities:			
Interest-bearing liabilities to financial institutions	3 614 617	998 562	1 062 688

Shares in subsidiaries are pledged as security for secured liabilities.

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

The senior secured revolving credit facility agreement entered into includes financial covenants as follows:
- Group loans ratio defined as Group loans divided over Pro-forma Group Cash EBITDA shall not exceed 3,5.
- Portfolio Loans Ratio defined as Portfolio Loans divided over book value of approved portfolios shall not exceed 65%.
-The aggregate collection on approved portfolios shall constitute minimum 95% of the ERC for the same set of approved portfolios. There has not been any breach of financial covenants for the Group's interest bearing debt in the current period.

There has not been any breach of financial covenants for the Group's interest bearing debt in the current period.

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 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	2022	2021
Balance 1 Jan	**1 849 423**	**1 815 357**
Acquisitions	4 410 144	240 633
Collection	-701 016	-370 419
Interest revenue from purchased loan portfolios	321 020	201 911
Net gains from purchased loan portfolios	61 027	55 191
Net loss from purchased loan portfolios	-236 285	-93 250
Disposals	-	-
Currency differences	9 563	-
Balance 31 Dec	**5 713 876**	**1 849 423**

4.4 Maturity profile of financial liabilities

Contractual undiscounted cash flows from financial liabilities is presented below:

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	130 224	130 224	3 953 370	23 180	105 795	**4 342 794**
Total financial liabilities		**130 224**	**130 224**	**3 953 370**	**23 180**	**105 795**	**4 342 794**

Remaining contractual maturity

31.12.2021	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	21 505	21 505	1 030 490			**1 073 500**
Total financial liabilities		**21 505**	**21 505**	**1 030 490**	-	-	**1 073 500**

Remaining contractual maturity

01.01.2021	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	23 186	23 186	1 130 874			**1 177 246**
Current interest-bearing liabilities	4.2						-
Total financial liabilities		**23 186**	**23 186**	**1 130 874**	-	-	**1 177 246**

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

2022	01.01.2022	Cash flow effect	Non-cash changes Interest	Other changes	Acquisition	31.12.2022
Non-current interest-bearing liabilities	998 562					**998 562**
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**	**-34 124**	**7 069**	**-145 188**	**58 938**	**1 045 776**

2021	01.01.2021	Cash flow effect	Non-cash changes Interest	31.12.2021
Non-current interest-bearing liabilities	1 062 688	-64 126		**998 562**
Current interest-bearing liabilities	101 572	-101 572		-
Lease liabilities	182 260	-29 129	7 387	**160 518**
				-
Total liabilities from financing	**1 346 520**	**-194 827**	**7 387**	**1 159 080**

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:

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 31.12.2022					
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, asset (note 4.6)					
Total	**3 096**	**3 096**	-	-	**3 096**
Financial assets as of 31.12.2021					
Forward flow derivatives, asset (note 4.6)					
Interest rate swap, asset (note 4.6)					
Total	-	-	-	-	-
Financial liabilities as of 31.12.2021					
Forward flow derivatives, liability (note 4.6)					
Interest rate swap, asset (note 4.6)	3 549	3 549		3 549	
Total	**3 549**	**3 549**	-	**3 549**	-
Financial assets as of 01.01.2021					
Forward flow derivatives, asset (note 4.6)					
Interest rate swap, asset (note 4.6)					
Total	-	-	-	-	-
Financial liabilities as of 01.01.2021					
Forward flow derivatives, liability (note 4.6)					
Interest rate swap, asset (note 4.6)	17 929	17 929		17 929	
Total	**17 929**	**17 929**	-	**17 929**	-

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-perming 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 recognized 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 is a derivative contract through which two counterparties agree to exchange one steam of future interest paymennts for another, based on a specified principal amount.
The Group use interest rate swaps to reduce the level 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 1.80%. 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 2022	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**	**9 410**

Derivatives per 31 December 2021	Nominal value	Due date	Positive market value	Negative mar-ket value	Amount recognised in income statement
Interest rate swaps	466 000	22.01.2024		3 549	
Total				**3 549**	**14 380**

Derivatives per 1 January 2021	Nominal value	Due date	Positive market value	Negative market value
Interest rate swaps	466 000	22.01.2024		17 929
Total				**17 929**

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	31.12.2022	31.12.2021	01.01.2021
Bank deposits, unrestricted	260 108	157 722	157 481
Bank deposits, restricted - client funds *	126 306	95 514	101 567
Bank deposits, restricted	23 504	35 449	41 661
Total in the statement of financial position	**409 918**	**288 685**	**300 709**

* 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	2022	2021
Interest income	3 866	-
Other finance income	110	382
Foreign exchange gain	32 802	-
Total financial income	**36 778**	**382**

Finance expenses	2022	2021
Interest expenses	119 078	65 330
Interest expense on lease liabilities	7 069	7 387
Foreign exchange loss	32 489	-
Other finance costs	-325	393
Total financial expenses	**158 312**	**73 111**

Financial instruments	2022	2021
Change in fair value of derivatives	9 410	14 380
Change in financial instruments measured at fair value	**9 410**	**14 380**

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 2021			
Share capital increase - 11. oktober	1 000	30,00	30
At 31 December 2021	**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**

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 31.12.2022	Total shares	Ownership/ Voting rights
Kredinorstifelsen	716 146 000	50 %
SpareBank1 Gruppen AS	716 146 000	50 %
Total	**1 432 292 000**	**100 %**

Shares held by management and the Board of Directors at the end of the reporting period is disclosed in note 6.3.

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 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.

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 X months)	Increase / decrease in basis points	Effect on profit after tax (+/-) (NOK thousands)	Effect on equity (NOK thousands)
31 December 2022	+/- 100	32 486	25 339
31 December 2021	+/- 100	5 326	4 154
1 January 2021	+/- 100	5 967	4 654

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 frames 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	31.12.2022	+/- 10%	-2 218	-488
Increase / decrease in NOK/SEK	31.12.2022	+/- 10%	1 356	298

10 % is used as it is considered to be a reasonable fluctuation in EUR and SEK 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

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 thewefore 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 174 797 as at 31.12.2022 (61 705 as at 31.12.2021 and 36 405 as at 01.01.2021). The tax loss carried forward from may be offset against future taxable income and will not expire. Deferred tax assets not recognised relate to losses carried forward in Sweden and Finland.

All amounts in NOK thousand

Current income tax expense:	2022 (01.01.2022-31.12.2022)	2021 (01.01.2021-31.12.2021)
Tax payable	-	
Change deferred tax/deferred tax assets (ex. OCI effects)*	-41 541	44 338
Total income tax expense	**-41 541**	**44 338**

Current income tax payable consist of:	2022 (01.01.2022-31.12.2022)	2021 (01.01.2021-31.12.2021)
Income tax payable for the year as above	-	-
- of which paid in fiscal year	-	-
Income tax payable	**-**	**-**

Deferred tax assets:	31.12.2022	31.12.2021	01.01.2021
Property, plant and equipment	-12 492	-5 418	-6 673
Other current assets	-2 595	449	320
Pension liabilities	3 404	-3 452	-2 201
Liabilities	-	-127 981	-90 968
Financial derivatives	132 494	119 801	70 740
Other	-160	42	193
Losses carried forward (including tax credit)	-174 797	-61 705	-36 405
Basis for deferred tax assets:	**-54 145**	**-78 264**	**-64 995**
Calculated deferred tax assets			
- Deferred tax assets not recognised	7 451	61 663	36 439
Net deferred tax assets in the statement of financial position	**10 273**	**3 652**	**6 282**

* 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:

Reconciliation of income tax expense	2022 (01.01.2022-31.12.2022)	2021 (01.01.2021-31.12.2021)
Profit or loss before tax	**-123 502**	**257 056**
Tax expense 22% (Norwegian tax rate)	-27 171	56 552
Permanent differences*	187	-7 443
Effect of different tax rates	-2 811	2 579
Effect of group adjustments on deferred assets	-5 162	-
Effect of changes from previous periods	-1 277	-3 339
Non-taxable and non-deductible items	-	-
Deferred tax assets not recognized current year	-5 307	-4 012
Recognised income tax expense	**-41 540**	**44 338**

* 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 2022 are presented below:

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

The following subsidiaries are included in the consolidated financial statements as of 31 December 2021

Consolidated entities 31.12.2021	Country	Ownership	Registered office	Result 2021	Equity 31.12.2021
Kredinor SA	Norway	100 %	Oslo	93 093	718 801
Emendo Kapital AS	Norway	100 %	Oslo	-	42
Kredinor Finans AS	Norway	100 %	Oslo	64 481	949 948
Kredinor Sverige AB	Sweden	100 %	Stockholm	-12 407	5 555

The following subsidiaries are included in the consolidated financial statements as of 1 January 2021

Consolidated entities 01.01.2021	Country	Ownership	Registered office	Result 2020	Equity 31.12.2020
Emendo Kapital AS	Norway	100 %	Oslo	-	42
Kredinor Finans AS	Norway	100 %	Oslo	74 824	885 467
Kredinor Danmark A/S*	Denmark	100 %	Ballerup	4 050	26 762
Kredinor Sverige AB	Sweden	100 %	Stockholm	-9 409	14 689

* Sold in 2021

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 2022

Company/Group	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Modhi Group	3PC and NPL	01.10.2022	100 %	Kredinor AS

Modhi Group
On 30 September 2022, The Group acquired 100% of the voting shares of Modhi Finance AS, a company based in Norway , specialising in debt collection and portfolio purcases.

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, 30 September, 2022. For tax and economic purposes, the effective date was 1 October 2022 .

The acquisition-date fair value of the total consideration transferred was MNOK 1 767.8 in shares in Kredinor AS. Transaction costs of 34.142 were expensed and are included in M&A costs.

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

Amounts in NOK thousands	3PC	NPL	01.10.2022 Modhi Group
Customer relationship	99 900	-	**99 900**
Statistics	26 400	-	**26 400**
Tecnnology	5 700	66 100	**71 800**
Deferred tax asset	1 700	1 200	**2 900**
Purchased loan portfolios	-	2 833 300	**2 833 300**
Right-of-use assets	29 145	29 794	**58 938**
Other financial assets	400	-	**400**
Other fixed assets	400	100	**500**
Inventory	2 100	3 600	**5 700**
Trade and other receivables	7 500	300	**7 800**
Other current assets	17 500	10 800	**28 300**
Cash and cash equivalents	36 800	278 100	**314 900**
Total assets	**227 545**	**3 223 294**	**3 450 838**
Long term debt	-	1 265 400	**1 265 400**
Deferred tax liabilities	28 400	3 400	**31 800**
Other long term liabilities	-	548 800	**548 800**
Lease liabilities	29 145	29 794	**58 938**
Trade and other payables	5 400	3 300	**8 700**
Income tax payable	2 000	23 200	**25 200**
Other current liabilities	25 200	102 400	**127 600**
Total liabilities	**90 145**	**1 976 294**	**2 066 438**

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Amounts in NOK thousands	3PC	NPL	01.10.2022 Modhi Group
Total identifiable net assets at fair value	**137 400**	**1 247 000**	**1 384 400**
Purchase consideration transferred	471 900	1 295 900	1 767 800
Goodwill arising on acquisition	**334 500**	**48 900**	**383 400**

Purchase consideration transferred			01.10.2022 Modhi Group
Shares in Kredinor AS	471 900	1 295 900	1 767 800
Total purchase consideration transferred	**471 900**	**1 295 900**	**1 767 800**

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Analysis of cash flows on acquisition	3PC	NPL	01.10.2022 Modhi Group
Net cash acquired with the subsidiary	36 800	278 100	314 900
Cash paid	-	-	-
Net cash flow from acquisition	**36 800**	**278 100**	**314 900**

The table below shows the Group's revenue and profit before tax for the twelve months period ended 31 December 2022 if the business combination had taken place at the beginning of the year:

Amounts in NOK thousands	2022
Revenue for the Group	749 908
Revenue from Modhi Group pre acquisition	423 124
Pro forma revenue	**1 173 032**

Amounts in NOK thousands	2022
Profit or loss before tax for the Group	-123 502
Profit or loss from Modhi pre acquisition	49 889
Pro forma profit before tax	**-73 614**

Acquisitions during 2021
In 2021, no acquisition was made by the Group.

6.3 Remuneration to Executive Management

Remuneration to the Board of Directors
The remuneration to 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
The company paid an annual bonus to all employees in 2022 according to the long-established bonus scheme.
There was no bonus scheme for the Executive Management in 2022.

Pension
Members of the Executive Management has the same pension agreement as the other employees for 2022:
- 5,5% for salary between 0 - 7,1G.
- 8% for salary between 7,1 - 12.

There is an extra disability pension for salary that exceed 12G. All members of Executive Management has this.
42% of the pension basis.

Severance arrangements
The CEO has an agreement with six months' severance pay if the board terminates the employment agreement. Other members of the management group do not have such an agreement.
There is a closing agreement to one member of Executive Management.

Loans and guarantees
At the end of 2022 no loan or prepayments were granted to Board of Directors and to Executive Management.

Other commitment
Some of the members of Executive Management has operating allowance for car in their employment agreement.

Remuneration to Executive Management for the year ended 31 December 2022

All amounts in NOK thousand

Name	Title	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**

Remuneration to Executive Management for the year ended 31 December 2021

We paid out bonus for 2021 in 2022. Bonus for 2022 will be paid out in 2023.

All amounts in NOK thousand

Name	Title	Salary	Bonus	Pension	Other compensation	Total remuneration
Tor Berntsen	CEO	3 324	56		26	3 406
Total		**3 324**	**56**	**-**	**26**	**3 406**

Tor Berntsen was CEO until 30.11.2021. Klaus-Anders Nysteen took up the position of CEO from 01.03.2022. Ole Marius Thorstensen served as temporary CEO in the interim period (01.12.2021 until 28.02.2022).

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

All amounts in NOK thousand

Name	Title	31.12.2022	31.12.2021
Sverre Kristian Gjessing	Chairman of the Board	400	375
Venke Nordahl Grøstad	Member of the selection committee	32	30
Camilla Weber	Member of the selection committee	32	30
Odd Kjetil Liland	Leader of the selection committee	53	50
Sverre Olav Helsem	Board member	160	150
Sven Sune Bakke Bo	Board member, ended 31.12.22	256	150
Bente Foshaug	Board member	160	-
Rune Strande	Board member, ended 31.12.22	256	150
Annicken Hjelle	Board member, ended 31.12.22	256	150
Alexander Skofteby	Board member, ended 31.12.22	256	-
Elisabeth Selvik	Board member	160	150
Sverre Michaelsen	Board member	160	150
Heidi Hagen Stensrud	Board member	-	150
Anne Gretland	Board member	-	150
Odd Kjetil Liland	Board Member KFI	145	65
Total		**2 325**	**1 750**

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.

No transactions that have been entered into with related parties (outside the Group) for none of the relevant financial periods.

Section 7 - Other disclosures

7.1 First time adoption of IFRS

These financial statements, for the period ended 31 December 2022 are the first the Group has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2022, together with the comparative period ended 31 December 2021, as described in the basis of preparation (Note 1.2). In preparing the financial statements, the Group's opening statement of financial position was prepared as at 01 January 2021, the Group's date of transition to IFRS.

This note explains the accounting principles made by the Group when transitioning to IFRS from its previous reporting framework; Generally Accepted Accounting Principles in Norway ("NGAAP") as of 01.01.2021, as well as for the period ended 31 December 2021.

Exemptions applied
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2021. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under the Local GAAP or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1.C1 IFRS 1.C4(b)-(f) IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2021.

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2021. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

Effect of transition to IFRS

The main differences recognised at the transition to IFRS relates to:
- Revenue recognition (WIP adjustments)
- The recognition of right-of-use assets and lease liabilities with corresponding depreciation and interest expenses, which was previously expensed as part of operating expenses
- Reversal of goodwill amortisation
- Derivatives
- Positive revaluations of NPL portfolios
- Expected loss model (IFRS 9)

The impact of the IFRS adjustments on the consolidated statement of financial position when transitioning from NGAAP as at 01 January 2021, and 31 December 2021 are described in detail below. Additionally, the impact of the IFRS adjustments on the consolidated statement of comprehensive income and the consolidated statement of cash flows are described in detail further below.

Reconciliation of transitional effects

Reconciliation of equity and financial position as at 01 January 2021:

All amounts in NOK thousand		01.01.2021				
	Note	NGAAP (reported)	Reclassification	Effect of transition to IFRS	IFRS	
ASSETS						
Goodwill	3.2	25 816		-	25 816	C
Intangible assets	3.1	718		-	718	
Deferred tax asset	5.1	21 845		-15 563	6 282	
Right-of-use assets	3.4	-		182 260	182 260	A
Property, plant & equipment	3.3	42 820		-	42 820	
Purchased loan portfolios	4.3	1 724 389		90 968	1 815 357	B
Other non-current financial assets	4.1, 4.6				-	
Other non-current receivables		-	3 989	-	3 989	
Total non-current assets		**1 815 588**	**3 989**	**257 665**	**2 077 242**	
Trade and other receivables	2.5	37 491		-2 299	35 192	E
Other current assets		38 699			38 699	
Earned, not invoced, debt collection income		72 110	56 971	-129 081	-	D
Cash and cash equivalents	4.7	199 142		101 567	300 709	G
Other current financial assets		6 190	-6 190		-	
Total current assets		**353 632**	**50 781**	**-29 813**	**374 600**	
Total assets		**2 169 220**	**54 770**	**227 852**	**2 451 842**	
EQUITY AND LIABILITIES						
Equity						
Share capital					-	
Share premium					-	
Other equity		689 628		-20 860	668 768	
Total equity	**4.9**	**689 628**		**-20 860**	**668 768**	
Liabilities						
Interest-bearing liabilities	4.2	1 062 688		-	1 062 688	
Deferred tax liabilities	5.1	-		-	-	
Lease liabilities	3.4, 4.4	-		160 518	160 518	A
Employee benefit obligations		2 201	-2 201	-	-	
Other non-current financial liabilities	4.1, 4.6	-		17 929	17 929	F
Total non-current liabilities		**1 064 889**	**-2 201**	**178 447**	**1 241 135**	
Trade and other payables	2.6	28 968		-	28 968	
Earned not yet received, debt collection income		53 078		-53 043	-	D
Income tax payable	5.1	60 126		-	60 126	
Interest-bearing liabilities		101 572		-	101 572	
Lease liabilities	3.4, 4.4	-		21 742	21 742	
Other current financial liabilities	4.1, 4.6	-		-	-	
Other current liabilities		170 959	56 971	101 567	329 532	G
Total current liabilities		**414 703**	**56 971**	**70 266**	**541 940**	
Total liabilities		**1 479 592**	**54 770**	**248 713**	**1 783 075**	
Total equity and liabilities		**2 169 220**	**54 770**	**227 852**	**2 451 842**	

Reconciliation of equity and financial position as at 31 December 2021:

All amounts in NOK thousand		31.12.2021				
	Note	NGAAP	Reclassification	Effect of transition to IFRS	IFRS	
ASSETS						
Goodwill	3.2	3 056		6 341	9 397	C
Intangible assets	3.1	-		-	-	
Deferred tax asset	5.1	30 008		-26 356	3 652	
Right-of-use assets	3.4	-		145 557	145 557	A
Property, plant & equipment	3.3	37 592		-	37 592	
Purchased loan portfolios	4.3	1 721 442		127 981	1 849 423	B
Other non-current financial assets	4.1, 6.3				-	
Other non-current receivables			4 262	-	4 262	
Total non-current assets		**1 792 098**	**-**	**253 523**	**2 049 883**	
Trade and other receivables	2.5	30 847		-2 299	28 548	E
Other current assets		34 035		-	34 035	
Earned, not invoced, debt collection income		62 317	44 850	-107 167	-	D
Cash and cash equivalents	4.7	193 171		95 514	288 685	G
Other current financial assets		7 714	-7 714	-	-	
Total current assets		**328 084**	**37 136**	**-13 952**	**351 268**	
Total assets		**2 120 182**	**37 136**	**239 571**	**2 401 151**	
EQUITY AND LIABILITIES						
Equity						
Share capital					-	
Share premium					-	
Other equity		843 779		32 413	876 192	
Total equity	**4.9**	**843 779**		**32 413**	**876 192**	
Liabilities						
Interest-bearing liabilities	4.2	998 562		-	998 562	
Deferred tax liabilities	5.1	-		-	-	
Lease liabilities	3.4, 4.4			137 001	137 001	A
Employee benefit obligations		3 452	-3 452	-	-	
Other non-current financial liabilities	4.1, 4.6			3 549	3 549	F
Total non-current liabilities		**1 002 014**	**-3 452**	**140 550**	**1 139 112**	
Trade and other payables	2.6	27 639			27 639	
Earned not yet received, debt collection income		39 794		-39 794	-	D
Income tax payable	5.1	46 503			46 503	
Interest-bearing liabilities	4.2	-		-	-	
Lease liabilities	3.4, 4.4	-		23 517	23 517	
Other current liabilities		160 453	44 850	82 885	288 188	G
Total current liabilities		**274 389**	**44 850**	**66 608**	**385 847**	
Total liabilities		**1 276 403**	**41 398**	**207 158**	**1 524 959**	
Total equity and liabilities		**2 120 182**	**41 398**	**239 571**	**2 401 151**	

Reconciliation of total comprehensive income for 2021:

All amounts in NOK thousand		31.12.2021			
	Note	NGAAP	Effect of transition to IFRS	IFRS	
Revenue from contracts with customers	2.1	660 329	71 296	731 625	D
Interest revenue from purchased loan portfolios	2.2, 4.3	220 089	-18 178	201 911	B
Net gain/(loss) from purchased loan portfolios	2.2, 4.3		-38 059	-38 059	B
Other income	2.2	110 847	-57 404	53 443	
Total revenue and other income		**991 265**	**-42 346**	**948 919**	
Employee benefit expenses	2.3	383 404	-	383 404	
Depreciation and amortization	3.1, 3.3, 3.4	24 689	19 404	44 093	A,C
Impairment losses	3.2	-	10 957	10 957	A
Other operating expenses	2.4	231 591	-36 531	195 060	
Operating profit or loss		**351 581**	**-36 176**	**315 405**	
Finance income	4.8	382		382	
Net gain/(loss) from purchased loan portfolios		-93 250	93 250	-	B
Finance expense	4.8	65 723	7 387	73 111	
Change in financial instruments measured at fair value	4.6	-	14 380	14 380	F
Net financial items		**-158 592**	**100 243**	**-58 349**	
Profit or loss before tax		**192 989**	**64 067**	**257 056**	
Income tax expense	5.1	37 553	6 785	44 338	A,B,F
Net profit or loss for the year		**155 436**	**57 282**	**212 718**	
Other comprehensive income					
Net profit or for the period		155 436	57 282	**212 718**	
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		-1 285		-1 285	
Other comprehensive income/(loss) after tax		**-1 285**	**-**	**-1 285**	
Total comprehensive income/(loss)		**154 151**	**57 282**	**211 433**	

Reconciliation of statement of cash flows for 2021:

Cash flows from operating activities (NOK thousands)		31.12.2021			
	Note	NGAAP	Effect of transition to IFRS	IFRS	
Cash flow from operating activities					
Profit or loss before tax		**192 989**	**64 067**	**257 056**	
Adjustments to reconcile profit before tax to net cash flows:					
Finance income	4.8	-382		-382	
Finance costs	4.8	65 723	7 387	73 110	A
Change in finacial instruments measured at fair value			-14 380	-14 380	F
Gain/loss from sale of fixed assets		14 327		14 327	
Portfolio amortization and revaluation	4.3	243 580	-37 013	206 567	B
Depreciation and impairment	3.1, 3.3, 3.4	20 451	30 361	50 812	A,C
Working capital adjustments:					
Changes in trade and other receivables	2.5	19 577	-9 793	9 784	
Changes in trade and other payables	2.6	-25 119	-17 554	-42 673	
Changes in other items		753		753	
				-	
Debt portfolios:					
Purchase of debt portfolios	4.3	-240 633		-240 633	
Other items					
Tax paid	5.1	-60 126		-60 126	
Interest received		382		382	
Interest paid		-65 723		-65 723	
Net cash flows from operating activities		**165 799**	**23 076**	**188 875**	
Cash flows from investing activities					
Purchase of property, plant and equipment	3.3	-6 072		-6 072	
Net cash flows from investing activities		**-6 072**	-	**-6 072**	
Cash flow from financing activities					
Proceeds from borrowings	4.4	35 000		35 000	
Repayments of borrowings	4.4	-200 697		-200 697	
Payments for principal for the lease liability	3.4, 4.4		-29 129	-29 129	A
Net cash flows from financing activities		**-165 697**	**-29 129**	**-194 826**	
Net increase/(decrease) in cash and cash equivalents		**-5 971**	**-6 053**	**-12 024**	
Cash and cash equivalents at the beginning of the period	4.7	199 142	101 567	300 709	
Net foreign exchange difference	4.7			-	
Cash and cash equivalents at 31 December		**193 171**	**95 514**	**288 685**	

IFRS adjustments of consolidated financial position as at 1 January 2021 and 31 December 2021 and total comprehensive income and statement of cash flows for 2021:

A: Leases

Under NGAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, as explained in Note 3.l), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of tnok 182 260 (31 December 2021: tnok 145 557) of right-of-use assets and tnok 182 260 (31 December 2021: tnok 160 518) of lease liability. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. An impairment loss of tnok 10 957 related to premises not longer in use is included in the right-of-use asset at 31 December 2021. At the same time a reversal of provision under NGAAP of tnok 12 629 is included in Other current liabilities. The effect on Total comprehensive income for 2021 was an increase of tnok 25 745 in Depreciation and amortization, an increase of tnok 10 957 in Impairment losses, a decrease of tnok 41 758 in Other operating expenses and a decrease in Tax expense of tnok 513. In the statement of cash flows cash payments for the principal portion of the lease liability is classified within financing activities. The interest calculated using the effective interest method is classified within operating activities.

B: Positive revaluations of NPL portfolios

The accounting threatment under NGAAP and IFRS (as explained in Note 4.3) is basically the same except that positive revaluations are not accepted under NGAAP. Following the implementation of IFRS 9, the portfolios can subsequently have a positive revaluation when there are changes representing an increase in expected cash flows compared to the carrying amount. A positive revaluation will lead to recognition of a gain in the income statement. Changes in expected cash flows should be adjusted in the carrying amount of the NPL portfolios and recognised in profit or loss as a gain or loss in line 'Net gain/(loss) from purchased loan portfolios'. As a result, the Group recognised an increase of tnok 90 968 (31 December 2021: 127 981) of Purchased loan portfolios, a decrease of tnok 20 013 (31 December 2021: 28 156) in deferred tax asset and an increase of tnok 70 955 (31 December 2021: 99 825) in retained earnings. The effect on Total comprehensive income for 2021 was an increase of tnok 37 013 in Interest revenue from purchased loan portfolios and Net gain/(loss) from purchased loan portfolios and an increase in Tax expense of tnok 8 143.

C: Goodwill

Under NGAAP, goodwill is amortised. Under IFRS, goodwill is not amortised. Instead goodwill is tested annually for impairment or more frequent if events or changes in circumstances indicate that it might be impaired. The Group has chosen the exemption to not restate business combinations that have occured prior to the transition date thus the goodwill at transition date equal the carrying amount under NGAAP. At 31 December 2021 amortised goodwill for 2021 is reversed. As a result the Group recognised an increase in goodwill of tnok 6 341.

D: Revenue recognition (WIP adjustments)

Under NGAAP Fees, commissions etc. from debt collection are recognised as income by allocating payments to cases, adjusted for any change received, unearned debt collection income, and earned not yet received debt collection income. The size of these depends on the size of the amount and recovery date. Other services such as legal services and invoicing and ledger administration, are recognised as they are performed/delivered. Under NGAAP, debt collection under "work in progress" are recognised in accordance with the degree of completion method with no mark-up in accordance with the Regulations on Annual Financial Statements for Debt Collection Companies. The calculation is based on direct production costs for cases under "work in progress" as of year end, adjusted for the degree of completion and historic recovery rates. Estimated expenses for active cases are recognised against fees received for such cases. Under IFRS, as explained in Note 2.1, revenue is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. As described in Note 2.1 the group have made the assesment that the amount of variable consideration in the transaction price is required to be constrained as its 'highly probable' that a significant revenue reversal will occur. As a consequence revenue related to debt collection is recognised as received. As a result the carrying amount of WIP are reversed under IFRS. As a result the Group recognised a decrease of tnok 129 081 (31 December 2021: 107 167) of earned, not invoiced, debt income, a decrease of tnok 53 043 (31 December 2021: 39 794) of earned not yet received and a decrease in equity of tnok 76 038 (31 December 2021: 67 373). The effect on Total comprehensive income for 2021 was an increase of tnok 8 665 in Revenue from contracts.

E: ECL related to facoring without recourse
Under NGAAP accounts and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. In addition, an unspecified provision is made for other trade receivables to cover estimated losses. Under IFRS, as explained in Note 2.5 the impairment requirements for accounts receivables in IFRS 9 – Financial Instruments are based on an expected credit-loss (“ECL”) model. The ECL model is a forward-looking model which requires the Group to recognise a loss allowance for accounts receivables based on lifetime expected credit losses at each reporting date. This means that the Group will have to consider historic, current and forward-looking information when considering its expected. As a result the Group recognised a decrease of tnok 2 299 (31 December 2021: 2 299) of trade and other receivables, an increase of tnok 506 (31 December 2021: 506) of deferred tax asset and a decrease of tnok 1 793 (31 December 2021: 1 793) in equity.

F: Derivatives
Under NGAAP derivatives are "off-balance". Under IFRS derivatives are measued at fair value through profit and loss. As a result the Group recognised an increase of tnok 17 929 (31 December 2021: 3 549) of Other non-current financial liabilities, and increase in deferred tax asset of tnok 3 944 (31 December 2021: 781) and a decrease in equity of tnok 13 985 (31 December 2021: 2 768). The effect on Total comprehensive income for 2021 was an increase of tnok 14 380 in Change in financial instruments measured at fair value and an increase in tax expense of tnok 3 164.

G: Client funds
Under NGAAP client funds and liabilities are presented net. Under IFRS client funds and liabiliies are presented gross. As a result the Group recognised an increase of tnok 101 567 (31 December 2021: 95 514) of cash and cash equivalents and an increase of of tnok 101 567 (31 December 2021: 95 514) of other current liabilities.

7.2 Changes in IFRS and new standards

Standards issued but not yet effective
The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

Changes in accounting policies
Amendments and interpretations to IFRS apply for the first time in 2022, but did not have any material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The amendments and interpretations that applied for the first time in 2022 include:

- Amendments to IFRS 3 - Reference to the Conceptual Framework - effective in 2022 financial statements
- Amendments to IAS 16: Proceeds before Intended Use - effective in 2022 financial statements
- Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract - effective in 2022 financial statements
- Amendments to IFRS 1: Subsidiary as a first-time adopter - effective in 2022 financial statements
- Amendments: IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities - effective in 2022 financial statements
- Amendments to IAS 41: Taxation in fair value measurements - effective in 2022 financial statements
- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 - effective in 2022 financial statements

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, when they become effective. Adopting the standards not yet effective are not expected to have any material impact on the Group's financial performance or financial position.

- IFRS 17 Insurance Contracts - effective in 2023 financial statements
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective in 2023 financial statements
- Amendments to IAS 8: Definition of Accounting Estimates - effective in 2023 financial statements
- Amendments to IAS 1: Disclosure of Accounting Policies - effective in 2023 financial statements

7.3 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
There have been no other significant non-adjusting events subsequent to the reporting date.

Income statement for the parent company

11

Income statement
Kredinor AS

NOK thousands	Note	2022	2021
Operating revenues and operating expenses			
Debt collection services	1	580 766	624 045
Other operating income	1,2	73 102	74 204
Total operating revenues		**653 868**	**698 249**
Personnel expenses	3	366 136	356 288
Depreciation of fixed assets and intangible assets	4,5	18 355	15 603
Other operating expenses	3	308 830	215 667
Total operating expenses		**693 321**	**587 558**
Earnings		**-39 453**	**110 691**
Financial income and financial expenses			
Income on investment in subsidiaries		2 942	16 128
Interest income from enterprises in the same group	2	79 686	55 069
Other interest income		2 301	205
Other financial income		25 185	4 901
Impairment of other financial fixed assets		-	4 519
Other interest expense		107 117	65 327
Other financial expenses		17 481	213
Results of financial items		-14 484	6 244
Profit before tax		**-53 937**	**116 936**
Tax	6	-9 202	23 843
Net income		**-44 735**	**93 093**
Transfers			
Allocated to other equity	7	-44 735	93 093
Total transfers		-44 735	93 093

Balance
Kredinor AS

NOK thousands	Note	31.12.2022	31.12.2021
Assets			
Fixed assets			
Intangible assets			
Deferred tax assets	6	14 406	2 359
Goodwill	4	370 500	3 056
Total intangible assets		**384 906**	**5 415**
Property, plant and equipment			
Plots, buildings, etc. real estate	5	4 631	4 782
Operating equipment, inventory, etc.	5	47 376	32 810
Total property, plant and equipment		**52 007**	**37 593**
Financial fixed assets			
Investments in subsidiaries	8	2 094 962	735 723
Loans to enterprises in the same group	2	3 394 109	945 799
Pension funds	9	3 798	
Total financial fixed assets		**5 492 869**	**1 681 521**
Total fixed assets		**5 929 782**	**1 724 529**
Current assets			
Receivables			
Accounts receivable	10	-	24 654
Other current receivables	10	50 020	33 613
Disbursements	10	28	43
Accrued, unbilled collection income	11	65 955	62 317
Consolidated receivables	2	668 881	571
Total receivables		**784 884**	**121 197**
Investments			
Other market-based financial instruments			7 714
Total investments			**7 714**
Bank deposits, cash, etc.	12	149 860	109 413
Total current assets		**934 744**	**238 324**
Total assets		**6 864 527**	**1 962 853**

Balance
Kredinor AS

NOK thousands	Note	31.12.2022	31.12.2021
Equity and debt			
Equity			
Share capital	7	143 229	
Premiums	7	2 458 077	
Total invested equity		**2 601 306**	
Retained earnings			
Uncovered losses	7	-44 735	
Other equity			718 801
Total retained earnings		**-44 735**	**718 801**
Total equity		**2 556 571**	**718 801**
Debt			
Provision for liabilities			
Pension obligations	9		3 452
Total provisions for liabilities			**3 452**
Other long-term liabilities			
Debt to credit institutions	13,14	3 614 617	998 562
Total other long-term liabilities		**3 614 617**	**998 562**
Current liabilities			
Received, unearned debt collection income	11	33 252	39 794
Accounts payable		47 558	23 350
Tax payable	6	-	25 015
Government fees owed		40 992	34 548
Consolidated debt	2	3 457	917
Other current liabilities		568 080	118 413
Total current liabilities		**693 339**	**242 037**
Total liabilities		**4 307 956**	**1 244 051**
Total equity and liabilities		**6 864 527**	**1 962 853**

Oslo, 29 March 2022

Sverre Kristian Gjessing Chairman of the board	Bente Foshaug Board member	Sverre Olav Helsem Board member
Elisabeth Agnes Essholt Selvik Board member	Linn Kvitting Hagesæther Board member	Geir-Egil Bolstad Board member
Vegard Helland Board member	Jill Rønningen Board member	Klaus-Anders Nysteen Chief Executive Officer

Cash flow statement

NOK thousands	2022	2021
Cash flows from operating activities		
Ordinary profit before tax	-53 937	116 936
Tax paid for the period	-25 015	-33 330
Loss/gain on sale of fixed assets	-	-4 898
Ordinary depreciation and amortisation	18 355	15 603
Change receivables and other income	426 980	51 977
Change in current liabilities	-638 742	4 179
Changes in pension obligations and provisions for liabilities	-7 250	1 251
Change in other time limit entries	45 385	1 202
Net cash flow from operating activities	**-234 224**	**152 921**
Cash flows from investment activities		
Disbursements on purchases of fixed assets and	-10 393	-5 944
Payments on sale of shares in subsidiaries	-	79 961
Change lending	-	-
Changes in financial investments	-	-1 524
Net cash flow from investment activities	**-10 393**	**72 493**
Contractant flows from financing activities		
Repayment of debt to/Admission of loans from credit institutions	2 616 054	-165 697
Equity grants in daughter	117 320	0
Change loans to subsidiaries	-2 448 311	-29 710
Net cash flow from financing activities	**285 063**	**-195 408**
Net change in cash position	**40 446**	**30 006**
Holdings of bank deposits and cash per 1.1.	109 413	79 407
Holdings of bank deposits and cash as of 31.12.	**149 860**	**109 413**
Liquid assets		
Non-restricted bank deposits and cash	11 128	74 413
Restricted bank deposits	138 732	35 000
Total	**149 860**	**109 413**

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 31.12.2022:
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%)

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.

Purchased portfolios of outstanding receivables
Purchased portfolios consist of overdue receivables and are considered a financial asset. A portfolio consists of several individual receivables with similar characteristics where the receivables are considered uncertain. At the time of acquisition, each portfolio is measured and recognized at fair value with the addition of directly attributable transaction expenses. Subsequent measurement takes place at amortized cost using the effective interest rate method. Management estimates the portfolio's future cash flow based on the portfolio's principal, previous resolution rate, age and type. It is assumed that the cash flows, and the expected life of the portfolio, can be reliably estimated. Payments from the portfolio are recognised as income annually based on the effective interest rate. Losses are measured as the difference between the amortized cost of the portfolio and the present value of future cash flow discounted by the original effective interest rate. Estimated losses are recognised in the result. Receivables transferred to long-term monitoring are recorded as realised losses. Payments on previously depreciated receivables are accounted for as received on previously written losses.

Financial derivatives
Accounting treatment of financial derivatives (interest rate swaps) is recorded in accordance with the hedge accounting rules.
The company has hedged future cash flows of interest payments using interest rate swaps as a hedging instrument.
The purpose of the hedge is to reduce the risk of fluctuations in interest costs on long-term loans. Interest payments on long-term loans are hedging objects.
Interest payments and interest income are recorded net and presented on the accounting line "Other Interest expense". Realised and unrealised gains and losses on the hedging instrument are not recognised in the income statement until the underlying hedging object affects the income statement.

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 2021 only apply to Kredinor SA.

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.

Note 1 Operating revenues

	2022	2021
Debt collection revenues	580 766	624 045
Other operating income	73 102	74 204
Income from repayment loans	-	-
Profit from the sale of business	-	-
Total	**653 868**	**698 249**

Kredinor AB's operations ceased on 29.12.2021 and did not have debt collection cases pending at this time.

Geographic information	**2022**	**2021**
Norway	653 868	698 249
Sum	**653 868**	**698 249**

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	
Subsidiary	2022	2021	2022	2021
Kredinor Finans AS	1 920 799	945 799	23 095	490
Modhi Finance AS	5 798	-	645 729	-
Kredinor Holding AB	9 453	-	-	-
Kredinor AB	732 608	-	-	-
Kredinor Finland Oy	725 452	-	-	-
Kredinor Kapital AB	-	-	-	23
Emendo Kapital AS	-	-	58	58
Total	**3 394 109**	**945 799**	**668 881**	**571**

Long-term receivables on Kredinor Finans AS consist of several long-term loans with different maturities.
The short-term loan to Kredinor AB has been written down by NOK 2.6 million.
All loans are assessed in accordance with the agreement between the companies. No collateral has been provided for the loans.

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

Maturity profile long-term receivables on subsidiaries

	0-5 years	>5years	Without decay	Total
Loan amount	**4 062 990**	-	-	**4 062 990**

	Other current liabilities	
	2022	**2021**
Subsidiary		
Kredinor Finans AS	40	817
Modhi Finance AS	3 317	
Emendo Kapital AS	99	99
Total	**3 456**	**917**

Transactions with companies in the same group of companies

Parent company	2022	2021	
Kredinor Finans AS	66 524	54 711	Interest income
Kredinor Finans AS	24 509	29 764	Operating income
Kredinor Sverige AB	-	358	Interest income
Kredinor Sverige AB	-	-	Operating income
Modhi Finance AS	13 162		Interest income

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

Labour costs	2022	2021
Salaries	267 099	275 499
Employer's National Insurance contributions	48 841	41 257
Pension costs	22 686	21 866
Other benefits	27 510	17 666
Sum	**366 136**	**356 288**
Full-time equivalents employed in the financial year	531	400

Benefits to senior executives	General Manager	Board of directors
Fixed salary/board fees	3 583	2 320
Bonus	1 000	
Other benefits	152	
Severance agreements	109	
Pension expenses (cf. Note 10)		

Tor Berntsen was general manager of the company until 30.11.2021. In the period 1.12.2021 to 28.2.2022, the company had acting general manager before
Klaus-Anders Nysteen took over as general manager on 1.3.2022.

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	2022	2021
Statutory audit (incl. technical assistance with annual accounts)	443	560
Other attestation services	-	92
Tax advice (incl. technical assistance with tax papers)	263	594
Other assistance	-	1 200
Total remuneration to the auditor	**707**	**2 445**

Note 4 Intangible assets and goodwill

	Goodwill/ Customer Agreements	
	2022	2021
Acquisition cost 01.01.	**66 501**	**66 501**
Additions	380 000	-
Disposals	-2 132	-
Acquisition cost 31.12.	**444 369**	**66 501**
Accumulated depreciation and amortization 01.01.	**63 446**	**57 105**
Impairments	-	-
Depreciation	12 555	6 341
Disposals	-2 132	-
Accumulated depreciation and amortization 31.12.	**73 869**	**63 446**
Carrying value 31.12.	**370 500**	**3 055**
Depreciation of the year	12 555	6 341
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. The subsidiary Soprano AS merged in 2014 with the parent company Kredinor SA and the consolidated accounts. Recorded values were retained at the time of the merger.
Goodwill/customer agreements from the purchase of Soprano are assessed to have a lifetime of 10 years.

Note 5 Property, plant and equipment

	Plant under construction	Holiday properties	System development, office machines, inventory, cars, etc.	Total
Acquisition cost 01.01.	**5 944**	**7 159**	**289 534**	**302 637**
Merger access			**61 740**	**61 740**
Additions	**10 393**	-	-	10 393
Disposals	-	-	-	-
Acquisition cost 31.12.	**16 337**	**7 159**	**351 274**	**374 770**
Accumulated depreciation and amortization 01.01.	-	**2 377**	**262 666**	**265 043**
Accumulated depreciation and amortization 01.01. Merger			**47 403**	**47 403**
Impairments	-	-	-	-
Depreciation	-	152	10 166	10 318
Disposals	-	-	-	-
Accumulated depreciation and amortization 31.12.	-	**2 529**	**320 235**	**322 764**
Carrying value 31.12.	**16 337**	**4 630**	**31 039**	**52 007**
Depreciation of the year	-	152	10 166	- 10 318
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	2022	2021
Property, plant and equipment	-10 435	-14 891
Profit and Loss Account	824	1 029
Receivables	-2 595	-1 942
Other accounting differences	46 126	-65
Repayment loans	0	0
Pension obligations	3 798	-3 135
Total temporary differences	**37 718**	**-19 004**
Difference not included in the calculation of deferred tax		0
Deficit to carry forward	-93 700	-4 367
Basis for deferred tax	**-55 982**	**-23 370**
Deferred tax	-12 316	-5 142
Tax IB added by merger *	0	2 783
Deferred tax on the balance sheet	**-12 316**	**-2 359**

* Tax IB added by merger has been restated to include Modhi Norway AS and Modhi Collect AS

	2022	2021
Profit before tax	-53 937	116 936
Permanent differences	11 825	-8 392
Basis for tax expense for the year	-42 112	108 544
Change in temporary differences in results	-56 721	-134
Basic tax payable in the income statement	**-98 833**	**108 410**
+/÷ Group contributions received/made	-	-
Application of deficit to carry forward	-	-
Basis for tax payable on the balance sheet	**-98 833**	**108 410**

Distribution of the tax cost	2022	2021
Tax payable on taxable income	-	23 850
Effect of different tax rates	-	-
Wealth tax payable	-	1 164
Total tax payable*	**-**	**25 014**
Change in deferred tax/tax assets	-9 265	29
Too much allocated in previous years	62	-1 202
Tax expense	**-9 202**	**23 842**

Reconciliation of tax expense for the year		
Accounting profit before tax	-53 937	116 936
Estimated tax	-11 866	25 726
Tax expense in the income statement	-9 202	23 842
Difference	**2 664**	**-1 884**

The difference consists of the following:		
22% of permanent differences	2 602	-1 846
Unrecognised deferred tax assets of net income for the year	-	-
Effect different tax rate	-	-
Wealth tax	-	1 164
Other differences/too much allocated in previous years	62	-1 202
Total explained difference	**2 664**	**-1 884**

Tax payable on the balance sheet	2022	2021
Tax payable in tax expense	-	23 850
Wealth tax payable	-	1 164
Total tax payable	-	25 014
Tax payable as a result of changes in timing in previous years	-	-
Tax payable on the balance sheet	**-**	**25 014**

Note 7 Equity

	Share capital	Share premium	Other equity	Total
Change in equity for the year				
Equity 01.01.	30			30
Impairment equity	-30			-30
Kredinor SA deposits	71 615	644 531		716 146
Deposit Modhi Finance	66 106	1 701 734		1 767 840
Cash deposits	5 509	111 811		117 320
Results for the year	-		-44 735	-44 735
Equity 31.12.	**143 229**	**2 458 077**	**-44 735**	**2 556 571**

Modhi Norge AS and Modhi Collect AS were merged into Kredinor AS with accounting effect as of 1 October 2022. The merger has been carried out with accounting and tax continuity.

Note 8 Investing 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
Modhi Finance AS	Oslo	100 %			1 246 417
Kredinor Holding AB	Sverige	100 %			78 799
Kredinor Finalnd OY	Finland	100 %			33 964
Kredinor Employee Invest AS	Oslo	100 %			60
Kredinor Management Invest AS	Oslo	100 %	42	-	42
Kredinor Finans AS	Oslo	100 %	949 948	64 481	735 681
Carrying value 31.12.					**2 094 962**

The carrying value of the shares in Kredinor AB has been written down to zero as of 31.12.

Note 9 Pensions

The company and the group are obliged to have an occupational scheme pursuant to the Act relating to compulsory occupational pensions. The company's and the Group's pension schemes satisfy the requirements of this Act. The company and the group have defined benefit schemes that include a total of 24 people in the company and 24 people in the group. The company also has a contractual pre-pension scheme (AFP). The new AFP scheme, which is effective from 1 January 2011, is to be regarded as a defined-benefit multi-enterprise scheme, but is recognised as a defined contribution scheme until reliable and sufficient information is available so that the Group can account for its proportional share of pension costs, pension obligations and pension funds in the scheme. The company's obligations under AFP are therefore not recognised in the balance sheet as debt. The general manager has a supplementary pension scheme for salaries in excess of 12G. The obligation related to the defined contribution scheme shall be financed by annual payments up to the time of retirement to a pension savings scheme in a bank. The operating defined contribution scheme is paid from retirement age and in a peridoe of 10 years unless otherwise agreed.

Income statement parent company	2022 Secured	2021 Secured
Present value of this year's pension accrual	-	-
Interest cost of pension obligation	340	272
Gross pension cost	340	272
Expected return on pension funds	-684	-552
Management cost/interest guarantee	26	26
Net pension cost incl. administration costs	-318	-255
Plan deviations/estimate changes recorded in the results	342	17
Employer's National Insurance contributions	-45	-36
Premiums paid	-	-
Net pension cost defined benefit scheme	**-21**	**-273**
Costs of AFP scheme incl. employer's National Insurance contributions	4 597	4 834
Costs of a defined contribution scheme incl. employer's National Insurance contributions	22 824	17 305
Total net pension cost	**27 400**	**21 866**

Balance sheet parent company	**2022 Sikret**	**2021 Sikret**
Accrued pension obligations 31.12.	17 787	18 212
Estimated effect of future wage reg.	-	-
Estimated gross pension liability 31.12.	**17 787**	**18 212**
Pension funds (at market value) 31.12.	18 585	18 800
Not recognised estimate deviations/plan changes	-2 934	-3 147
Employer's National Insurance contributions	-529	-527
Net pension obligation/funds	**-4 262**	**-4 262**
Pension agreement DNB (supplementary agreement)	876	7 714
Capitalised pension liability	**-3 385**	**3 452**

Note 9 Pensions

Balance Group	2022 Secured	2021 Secured
Accrued pension obligations 31.12.	17 787	18 212
Estimated effect of future wage reg.	-	-
Estimated gross pension liability 31.12.	17 787	18 212
Pension funds (at market value) 31.12.	18 585	18 800
Not recognised estimate deviations/plan changes	-2 934	-3 147
Employer's National Insurance contributions	-529	-527
Net pension obligation/funds	-4 261	-4 262
Pension agreement DNB (supplementary agreement)	876	7 714
Capitalised pension liability	**-3 385**	**3 452**

Economic prerequisites	**2022**	**2021**
Discount rate	3,00 %	1,90 %
Expected wage adjustment	3,50 %	2,75 %
Expected pension regulation	2,63 %	1,73 %
Expected G-regulation	3,25 %	2,50 %
Expected return on pension funds	5,20 %	3,70 %
Expected withdrawal percentage AFP scheme	100 %	100 %
Expected annual departure	0,00 %	0,00 %

Note 10 Receivables

	2022	2021
Trade receivables at face value	-	26 504
Provisions for losses on trade receivables	-	-1 850
Disbursements	28	43
Repayment loans		-
Lending factoring at face value		-
Loss provision factoring		-
Other receivables	50 020	33 613
Receivables to companies in the same group	668 881	571
Total receivables	**718 929**	**58 880**

In the company, accounting provisions for losses on receivables are made on the basis of individual assessment.

Note 11 Work in progress

Debt collection cases under execution are handled in accordance with the continuous settlement method without profit pursuant to the Regulations relating to annual accounts for debt collection activities.
Estimated costs for non-closed debt collection cases are recorded against the fees received on unclosed cases.

	2022	2021
Receivables Unaccrued unbilled collection income	65 955	62 317
Included in current liabilities Received unearned debt collection income	33 252	39 794

Note 12 Restricted bank deposits, client liability/client funds

Restricted bank deposits	2022	2021
Deposit	11 985	13 859
Tax withholding funds	19 650	10 091
Other restricted funds	107 097	11 050
Sum	**138 732**	**35 000**

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 108,408 and the associated client liability amounts to NOK 95,205. The difference corresponds to payments that have not been distributed as of 31.12.2022.
Client funds and associated client liability for the legal practice are presented in accordance with Section 3a (3) of the Lawyers' Regulations.
Net on the balance sheet. The outstanding bank constitutes NOKt 147 and the associated client responsibility amounts to NOK 146.

Note 13 Debt to credit institutions

The loan that the company reported on 31.12.2021 was from a loan syndicate consisting of DNB and Nordea. In November 2022, these loans were refinanced with a new loan syndicate with DNB, Nordea and Swedbank.

The interest rate is set at NIBOR 3 months plus 3.25% - 4.5%.

The company's loan facilities contain financial loan terms as follows:
- "Group loans ratio" defined as group loans divided by "Pro-forma Group Cash EBITDA" shall not exceed 3.5.
- "Portfolio loans ratio" defined as "Portfolio loans" divided by the book value of approved portfolios shall not exceed 65%.
- The total collection of approved portfolios shall constitute at least 95% of the ERC for the same portfolio.

Other interest-bearing liabilities are recognised in the balance sheet at NOK 3,614,617. The amount is the net establishment cost of borrowing.
The establishment cost is amortized over the life of the loan.

Note 14 Financial derivatives

In 2019, the company entered into interest rate swap agreements with a contract period of five years.
The table below shows the company's interest rate swap agreement as of 31.12.2022.

Contracting party	Curren-cy	Currency amount	Kredinor pays	Kredinor receives	Start / Maturity	Market value
DNB	ENOUGH	233 000	1,80 %	Nibor 3 mnd	21.01.19 / 22.01.24	3 776
Nordea	ENOUGH	233 000	1,80 %	Nibor 3 mnd	22.01.19 / 22.01.24	4 464
Total		**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 15 Related party transactions

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

Note 16 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 17 Events after the balance sheet date

In February, the company issued an unsecured bond of NOK 1 billion. This is used for repayment on the RCF loan and has strengthened the liquidity of the Group as well as the company's ability to purchase new portfolios of non-performing debt.

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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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 2022 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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 2022 and its financial performance and cash flows for the year then ended in accordance with 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 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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.

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 CEO) 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 contains the information required by 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 there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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.

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.

Oslo, 31 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant (Norway)

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Kjetil Rimstad
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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 amortizations
Cash Revenue	Total revenue adding portfolio amortizations 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 amortization, 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 amortization
ERC	Estimated remaining collection
FRE	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