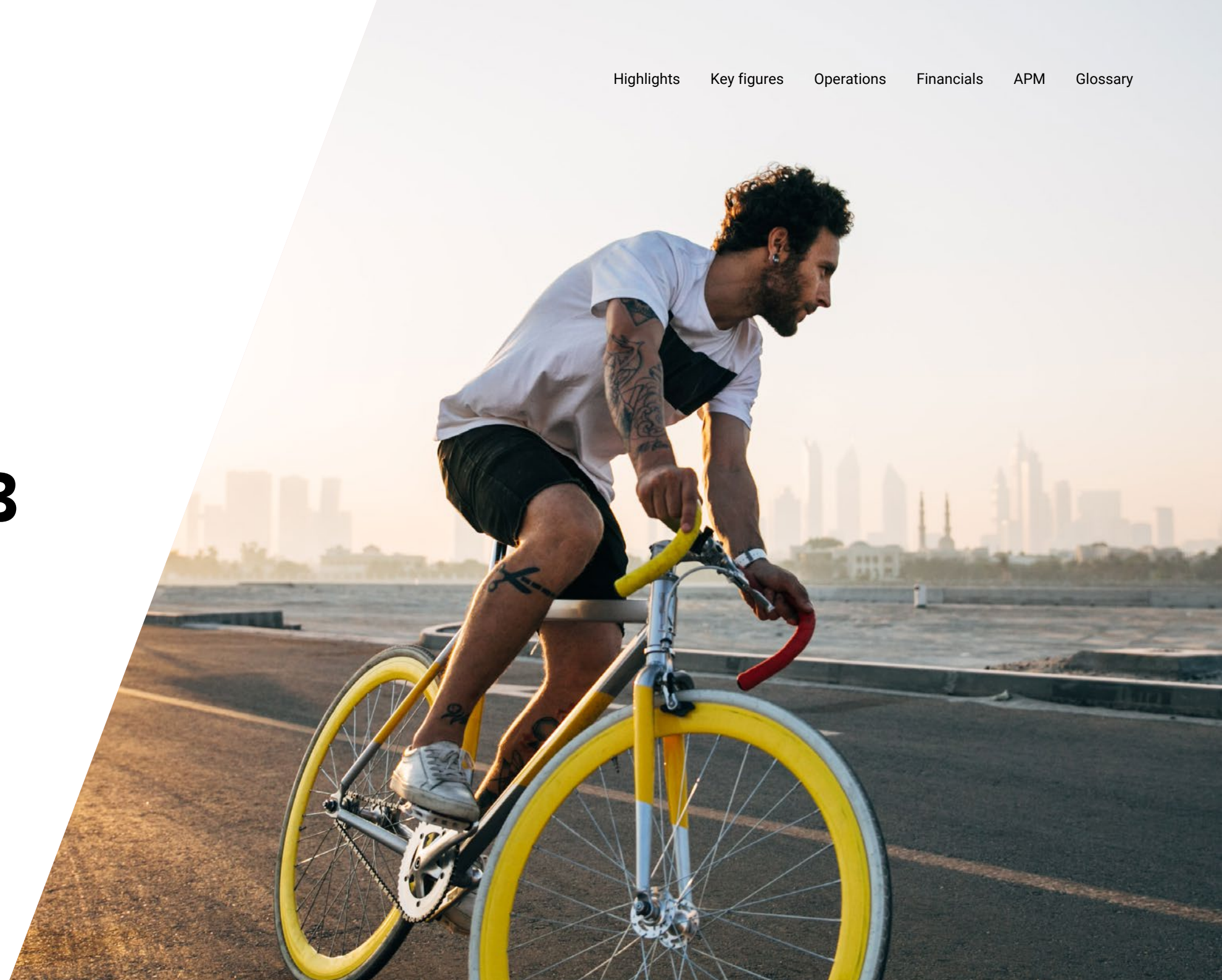



AXACTOR



Report
Q3 2023



Axactor helps people and society to a better future



We are passionate, proactive
and act with integrity

/ Highlights¹

Third quarter 2023

- Total income growth of 9% from the third quarter 2022, to EUR 64.3 million (58.9). In constant currency, the growth was 12%
- Gross revenue ended at EUR 84.4 million, up 3% from the third quarter 2022 (82.3), or up 5% in constant currency
- EBITDA of EUR 34.4 million (30.0), with a margin of 54% (51%)
- Continued Cash EBITDA growth, to EUR 55.1 million (53.9)
- Annualized return on equity for the quarter of 6% for both continuing operations (10%) and in total for the shareholders (10%). The annualized return so far this year is thus 8% both for continuing operations (10%) and in total for the shareholders (9%)
- NPL investments in the third quarter of EUR 19.1 million (68.6), with average gross IRR for the total NPL book increasing to 17.8% (16.8%)
- Successfully placed new NOK 2,300 million bond, with proceeds primarily used to repay the EUR 200 million ACR02 bond. Axactor now has no material debt maturities until June 2026
- Maintained focus on cross-border cooperation with the centralization of responsibilities for the omni-channel communication platform and the debtor portal across the Nordic countries
- Human resources development KPIs show improved gender balance and reduced pay-gap between genders, while sick-leaves remain at an acceptable level despite significant ongoing reorganization initiatives

¹ The highlights section refers to Axactor's continuing operations, unless explicitly stated otherwise. For more information, please refer to [note 11](#) Discontinued operations

/ Key figures

Key figures presented are for continuing operations unless otherwise stated. See [note 11](#) for more information on discontinued operations. Key figures that can not be directly found in the Group's consolidated statements are reconciled in the APM tables.

EUR million	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Gross revenue	84	82	258	248	337
Total income	64	59	191	177	240
EBITDA	34	30	98	88	119
Cash EBITDA from continuing operations	55	54	166	161	218
Net profit/(loss) after tax from continuing operations	6	10	24	30	41
Return on equity to shareholders, annualized ¹	6%	10%	8%	9%	9%
Return on equity, continuing operations, annualized	6%	10%	8%	10%	10%
Equity ratio	29%	29%	29%	29%	29%
Acquired NPL portfolios	19	69	92	195	288
Book value of NPL portfolios	1,254	1,192	1,254	1,192	1,253
Estimated remaining collections (ERC)	2,586	2,367	2,586	2,367	2,545
Number of employees (FTEs)	1,309	1,205	1,309	1,205	1,301
Price per share, last day of period (NOK)	5.48	5.42	5.48	5.42	5.88
Market capitalization (NOK million)	1,656	1,638	1,656	1,638	1,777

¹ Return on equity to shareholders includes continuing and discontinued operations

Gross revenue
EUR million

84

3% y/y

ERC, NPL
EUR million

2,586

9% y/y

Return on equity

6%

continuing operations

EBITDA
EUR million

34

54% margin

Cash EBITDA
EUR million

55

Equity ratio

29%

/ Operations

The third quarter of 2023 was yet another solid quarter for Axactor with gross revenue of EUR 84.4 million (82.3). The third quarter was as usual negatively impacted by the holiday season, but operationally this was handled in a good way across all markets. Gross revenue of EUR 71.7 million (69.3) was achieved for the NPL segment, with an NPL collection performance of 98%. Total income for the 3PC segment landed at EUR 12.7 million (13.0) a 3% decrease compared to the corresponding quarter last year. The main reason for the reduced income within the 3PC segment is that Axactor has terminated several unprofitable contracts in order to increase margins. The main operational focus during the quarter has been to optimize efficiency through right-sizing of the organization, while maintaining the activity level for both amicable and legal collection activities.

Axactor observes that the current macroeconomic climate with high inflation and increasing interest rates is leading to changes in the market dynamics for NPL sales in Europe. The trends in Southern Europe seems however to have different characteristics from Northern Europe. In Southern Europe the banks are continuing to sell NPL portfolios under the new market conditions, at a lower price compared to recent years. In the Nordic countries and Germany, banks seem less willing to accept the lower market prices and are to a large extent delaying sales.

Due to a significant price pressure maintained over time, Axactor has initiated a full review of all 3PC contracts with the aim to

renegotiate or cancel all low-margin contracts. As a result, Axactor has launched a reorganization of its operations in Finland and intends to exit the Finnish 3PC segment. The reorganization also includes a close-down of the operational center in Jyväskylä, consolidating all Axactor's Finnish operations in Helsinki. The Finnish reorganization comes in addition to the previously announced changes to the Swedish organization, including the wind down of the Swedish 3PC business. These changes aim to improve profitability and efficiency within the organizations.

In Norway the 3PC segment is still gaining traction within the bank and financial institutions sub-segment, with the launch of a new

product focusing on "early collection" for a significant international bank. Axactor intends to roll out this new product to other existing and new customers as well.

Cross-country collaboration enabled by common platforms

The omni-channel communication platform used by the contact centers and the debtor portal for self-service solutions are among the most important tools in Axactor's contact with debtors. To further align future development of the systems, and to improve efficiency, the traffic control function for the Nordic countries has been centralized. Through this centralization of responsibilities, Axactor expects to leverage synergies for the benefit of all stakeholders, including customers and debtors.

Utilizing the opportunities provided by the PSD2 directive

With the surge in fin-tech companies after the implementation of the Revised Payment Services Directive (PSD2), Axactor seeks new opportunities to increase efficiency. Successful partnerships with fin-tech providers of open banking solutions shows interesting potential, and through established partnerships Axactor now has the opportunity to engage more actively with debtor's real-time financial situation. This improves Axactor's ability to find sustainable solutions to handle debtors' financial distress.

Information security, compliance awareness and trainings

Regular access control routines continue to be a priority, especially as a means to minimize access to Axactor data and improving control over data flows within internal systems. A project was completed in August involving all countries, external partners and vendors, where all parties were onboarded onto a new advanced platform enabling administration access based on least privileged rights.

All employees have received various information security and data privacy trainings in the third quarter. This year, the Group has had a new supplier of the information security trainings, strengthening the focus on phishing awareness and prevention. To test the employees' vulnerability to phishing attempts, Axactor executed a simulated phishing attempt during the quarter. Results indicate a 2% improvement for employees detecting the simulated attempt, compared to a similar simulation last year.

Investment process

During the year, the Group's investment processes and procedures have been updated and improved, to account for changes in market practices and regulatory landscape. The updates secure higher quality data to base investment decisions on, effectively reducing the inherent risk level. A continued focus on improvements remains a key factor in the Group's success. Within the current volatile macroeconomic environment, a keen focus on quality is equally more important.

On 16 December 2022, the European Banking Authority (EBA) published its final draft Implementing Technical Standards (ITS), specifying the templates to be used by credit institutions for the provision of information to be provided to prospective buyers when selling non-performing loans (the NPL data templates). Axactor positively observes that the ITS were implemented on 26 September 2023 and have now entered into force across the Member States.

Continuous focus on people

Analyses have been performed during the quarter of the different ESG KPIs related to human resources development. The results of the analyses show that the gender balance has improved over-all, expect for the members of the country management teams. The base salary pay-gap between men and women overall has improved, the median base salary increased, and the annual total compensation ratio decreased.

The over-all turn-over is still above Axactor's internal targets. Due to the operational efficiency and restructuring initiatives, the turn-over is expected to remain at a high level for the remainder of the year as well. On a more positive note, the sick-leave levels are at, or below, market levels despite the challenging reorganization initiatives ongoing. Despite the high turn-over, Axactor is pleased to see that the employees are very satisfied with Axactor as an employer. This was evidenced by the annual employee satisfaction

survey conducted in October, where all countries were certified as a Great Place To Work. Spain was certified for the first time, while the other five countries maintained their certification.

Financials

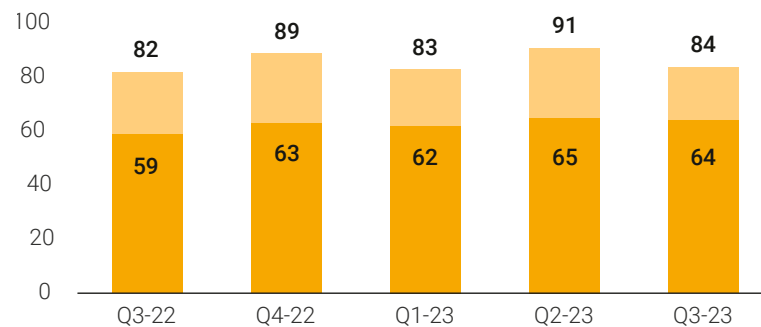
Axactor's operations is split into two business segments: NPL and 3PC. The portfolios of purchased real estate (REO) are in a run-off mode and treated as discontinued operations effective from the fiscal year 2022. All comments and numbers in the following text refer to continuing operations unless explicitly stated otherwise. This also applies to figures for previous periods.

Revenue

Total income for the third quarter grew 9% compared to the corresponding quarter last year, to EUR 64.3 million (58.9). The gross revenue for the quarter ended at EUR 84.4 million, up 3% from EUR 82.3 million in the third quarter 2022. The main growth driver was the accretive investments into new NPL portfolios during 2022.

Total income and Gross revenue

EUR million

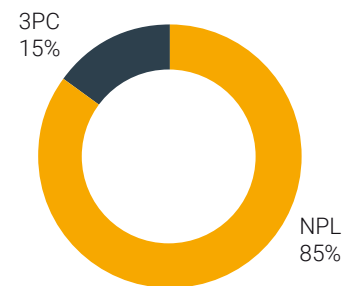


The total income and gross revenue were affected by adverse currency movements of NOK and SEK against EUR. Excluding currency effects, the growth rate was 12% for total income and 5% for gross revenue.

The NPL segment delivered a total income of EUR 51.6 million for the quarter, up 13% from the third quarter 2022 (45.8). Gross revenue grew 4% to EUR 71.7 million (69.3), with a collection performance of 98% (99%). The NPL amortization rate fell from 33% to 24%, partially explained by increased average IRR on the portfolios. Additionally, net NPL revaluations and changes in fair value forward flow commitments of combined EUR -2.9 million were recognized during the third quarter (-1.0).

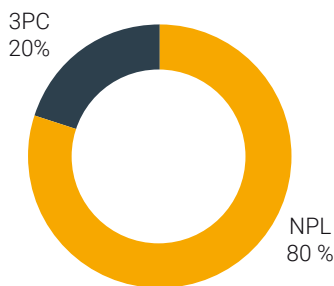
Gross revenue mix Q3 2023

%



Total income mix Q3 2023

%



The 3PC segment total income ended at EUR 12.7 million, down 3% from the third quarter 2022 (13.0). The previously announced review of all 3PC customers continue, and during the third quarter Axactor initiated a close-down of its 3PC business in Finland. The Swedish 3PC business is already in a run-off mode, with the last customers expected to be offboarded during the fourth quarter. The review will continue through the fourth quarter, aiming to exit or renegotiate all contracts not providing a sufficiently attractive margin. Simultaneously, the Italian 3PC business is thriving with increasing volumes and attractive margins, while Spain saw a return to growth for the 3PC segment after two consecutive quarters of negative development.

Operating expenses

Total operating expenses before depreciation and amortization was EUR 29.9 million for the third quarter, up from EUR 28.8 million in the corresponding quarter last year. The increase is mainly related to higher volumes within the NPL segment, and the operating expenses as a percentage of gross revenue remained flat at 35%.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.3 million for the quarter (2.2).

Operating results

Total contribution margin from the business segments was EUR 44.3 million for the quarter, compared to EUR 40.1 million

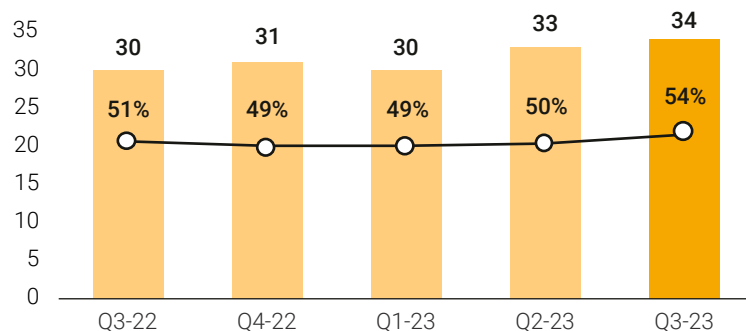
in the third quarter last year. The contribution margin over total income thus ended at 69%, a slight increase from the third quarter 2022 (68%).

The NPL segment delivered a contribution margin of EUR 40.1 million in the third quarter, up from EUR 35.5 million in the same quarter last year. The total operating expenses for the NPL segment ended at EUR 11.5 million (10.3), including EUR 0.4 million in cost of repossessed assets sold (0.3). The margin over total income ended at 78%, the same level as for the third quarter 2022.

The contribution margin for the 3PC segment was EUR 4.2 million, down from EUR 4.6 million in the third quarter 2022. Operating expenses for the segment increased by 1% to EUR 8.5 million (8.4). The margin over total income thus declined from 35% in the third quarter 2022, to 33% in the third quarter 2023.

EBITDA and EBITDA margin

EUR million and %



EBITDA for the quarter ended at EUR 34.4 million, up 15% from EUR 30.0 million in the same quarter last year. The increase is primarily a result of the total income growth, combined with a strict focus on keeping costs down. The EBITDA margin thus increased to 54% (51%).

The difference between contribution margin and EBITDA is comprised of unallocated SG&A and IT costs, which amounted to EUR 9.9 million for the quarter. This compares to EUR 10.1 million in the corresponding quarter 2022.

Cash EBITDA ended at EUR 55.1 million for the third quarter, up 2% from EUR 53.9 million in the corresponding quarter last year. The improvement was mainly driven by the increased gross revenue. Adding EUR 0.1 million in contribution from discontinued operations (1.7), cash EBITDA was EUR 55.2 million (55.6).

Operating profit (EBIT) was EUR 32.1 million for the third quarter, compared to EUR 27.8 million in the third quarter last year.

Net financial items

Total net financial items for the quarter were negative EUR 24.1 million (negative 13.8). The main part of the financial items was made up of interest expense on borrowings of EUR 22.2 million (14.0). The increase from the third quarter last year is partly attributable to higher gross debt, but also to the significant increases in EURIBOR, NIBOR and STIBOR compared to the third quarter 2022. Axactor has hedged parts of its interest expenses

through an interest rate cap, limiting the effect of the increased interest rates.

Other financial expenses of EUR 1.7 million was booked in the quarter (0.2), including EUR 1.6 million in early repayment fee related to the refinancing of the ACR02 bond loan. Additionally, a net foreign exchange impact of EUR -0.4 million was recognized in the quarter, compared to EUR -0.1 million in the third quarter 2022. During the third quarter 2022, a EUR 0.4 million gain on re-purchase of bonds at sub-par value was recognized. The total financial revenue thus fell to EUR 0.2 million in the third quarter 2023 (0.5).

Discontinued operations

Discontinued operations is comprised of the portfolios of real estate assets acquired during 2017 and 2018. It is the operating segment formerly reported as REO, but excluding repossessed assets from Axactor's secured NPL portfolios. Total income for the discontinued operations ended at EUR 0.4 million for the quarter (2.3), while EBITDA ended at EUR -0.6 million (-1.4). The net profit was EUR -0.7 million, compared to EUR -1.6 million in the third quarter 2022. The stock of secured assets is down to EUR 3.9 million at the end of the third quarter (13.2), and Axactor expect to sell off the remaining assets and close down the business line during 2023.

Earnings and taxes

Earnings before tax ended at EUR 8.0 million for the third quarter (14.0), while net profit ended at EUR 6.1 million (10.2). The effective

tax rate was thus 24% for the quarter (27%). Adding discontinued operations, the net profit was EUR 5.4 million (8.6).

The net profit including discontinued operations for the third quarter ended at EUR 6.0 million for shareholders of the parent company (9.7), and at EUR -0.6 million for non-controlling interests (-1.1). The resulting earnings per share was thus EUR 0.020 both on a reported basis and fully diluted (0.032), based on the average number of shares outstanding in each period.

Cash flow

The following text regarding cash flow includes contribution from both continuing and discontinued operations.

Net cash flow from operating activities, including NPL investments, amounted to EUR 29.5 million (-17.5) for the quarter, of which the amount paid for NPL portfolios was EUR 20.0 million (70.5).

The deviation between the investment in NPL portfolios and the cash paid for NPL portfolios in the period relates to deferred payments on certain portfolios. Excluding portfolio investments, the cash flow from operating activities fell to EUR 49.5 million, from EUR 53.0 million in the third quarter 2022. The decrease is partially attributable to a EUR 1.6 million reduction in the cash EBITDA from discontinued operations, while the cash EBITDA from continuing operations increased by EUR 1.2 million. During the third quarter, a net tax refund of EUR 1.2 million was recognized, compared to a net payment of EUR 2.6 million in the third quarter last year. Additionally, an increase in the net working capital of EUR 6.9 million was recognized in the quarter, primarily related to delayed payments from bailiffs (decrease of 0.1).

Total net cash flow from investments, not including investments in NPL portfolios, was EUR -0.7 million for the third quarter, compared to -1.0 million in the third quarter 2022.

Total net cash flow from financing activities was EUR -25.3 million for the quarter (6.2). The proceeds from the new NOK 2,300 million bond were primarily used to repay the EUR 200 million ACR02 bond, and together with the movements on the RCF Axactor recognized a net repayment on credit facilities of EUR 2.1 million for the quarter (net drawdown of 19.6). Interests paid increased from EUR 12.3 million in the third quarter last year, to EUR 18.8 million in the third quarter 2023. The lower interest paid compared to the interest cost in the net financial items is related to timing differences on recognition of proceeds from the interest rate cap. A total of EUR 3.6 million of loan fees relating to refinancing processes were paid during the quarter (0.0).

Total net cash flow was thus EUR 3.5 million for the quarter (-12.3), leaving total cash and cash equivalents at EUR 48.4 million at the end of the period (26.2). This includes EUR 6.1 million in restricted cash (6.2) and EUR 1.0 million allocated to the discontinued operations (2.6).

Equity position and balance sheet considerations

Total equity for the Group was EUR 415.3 million at the end of the third quarter (404.7), including non-controlling interests of EUR -8.7 million (-3.6). The main reason for the increased equity compared to last year is the profits recognized during the last twelve months.

The resulting equity ratio at the end of the third quarter 2023 was 29%, the same level as in the third quarter last year.

Return on equity

Annualized return on equity for shareholders, including discontinued operations, ended at 6% for the quarter, down from 10% in the third quarter last year. The annualized return on equity for continuing operations also ended at 6% (10%). The root cause of the reduced return is the increased financing cost and costs associated with the refinancing activities during the quarter, and financial expenses increased by 70% compared to the third quarter 2022. The return on equity so far in 2023 stands at 8% for both the continuing operations (10%) and in total for shareholders (9%).

Looking forward, Axactor will aim for further improvements of key drivers such as economies of scale, changes in the business mix, and accretive portfolio investments. At the same time, the increased interest rates will continue to put negative pressure on the return on equity development compared to last year.

Capital expenditure and funding

Axactor invested EUR 19.1 million in NPL portfolios during the third quarter (68.6). The invested amount is still above the replacement capex and the estimated remaining collections grew by 1% from the second quarter 2023, to EUR 2,586.1 million (2,367.2). The total NPL investments from January to September 2023 are EUR 92.0 million, compared to EUR 195.0 million in the same period 2022. The estimated NPL investment commitments for the final quarter of 2023 stand at EUR 11.7 million, securing close to EUR 105 million in investments for the year. The investment commitments for 2024 stand at EUR 8.4 million at the end of the third quarter 2023.

During the third quarter, Axactor placed a new NOK 2,300 million bond (equivalent to EUR 204.2 million), maturing in September 2027. The new bond will be listed on Oslo Børs with the ISIN NO0013005264, presumably during the fourth quarter 2023 and with the ticker ACR04. The proceeds from the bond issue were primarily used to repay the former EUR 200 million ACR02 bond, that had a maturity in January 2024. To optimize the net currency exposure for the Group, Axactor has repaid on the NOK tranche of the RCF and drawn an equivalent amount on the EUR tranche, as well as entered into two cross currency interest rate swaps, swapping a total of NOK 830 million to EUR. As a result, the NOK bond does not materially change the Group's currency exposure.

Axactor also has another EUR 300 million bond loan outstanding with the ticker ACR03, maturing in September 2026. Adjusting for treasury bonds, the outstanding face value of the bond is EUR 281.1 million (281.1). During the third quarter 2023, an amendment to two of the ACR03 covenants was implemented. The Interest Cover Ratio was reduced from minimum 4.0x to minimum 3.0x, while the Total Secured Loan to Value Ratio was reduced from maximum 65% to maximum 60%. As compensation to the bond holders, Axactor has paid an amendment fee of 0.5% of the nominal amount of the outstanding bonds.

Axactors multi-currency revolving credit facility (RCF) has a total size of EUR 545 million, of which EUR 488.5 million were drawn per the end of the third quarter (442.5). Additionally, the agreement has a EUR 275 million accordion option, contingent on separate credit approval. The RCF agreement has a maturity of 30 June 2026, with

an option for a further two-year extension contingent on separate credit approval.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 956.3 million at the end of the third quarter 2023 (888.4), including EUR 4.2 million allocated to discontinued operations (12.9).

Axactor is in compliance with all loan covenants as per the end of the third quarter 2023.

Outlook

The increasing interest rates and macroeconomic uncertainty observed across Europe will continue to have an impact on Axactor's markets going forward. With increasing funding costs for the industry, NPL prices must adjust to compensate for the increased cost of capital. Axactor sees highly accretive gross IRR levels on the limited volume acquired, with new deals coming in at gross IRR levels north of 30%. This compares to an average for Axactor's back book of 18%. The transaction volume is however limited, as sellers are taking some time to adjust their price expectations. Axactor is confident that a new and fair price level will be reached for the broader market as supply is expected to increase through higher default rates. Axactor will remain capital disciplined and only invest in portfolios where prices have been sufficiently adjusted to compensate for recent macroeconomic movements. The NPL segment is nonetheless expected to see continued gross revenue growth compared to last year, as investments are still above the replacement capex and made at more attractive IRR levels.

The strategic review of the 3PC segment will continue, aiming to renegotiate or terminate all low-margin contracts. The Swedish 3PC business is already in run-off mode with the last clients expected to be offboarded during the fourth quarter. The Finnish 3PC business will be gradually phased out over the coming months as well, with the decision to exit the segment made in the third quarter. Although the Spanish, and in particular the Italian 3PC business is performing well, the 3PC segment is thus not expected to see top-line growth over the coming quarters. As a result, the 3PC segment will remain a relatively small part of Axactor's overall operations.

Axactor expect the current trends to remain through the final quarter of the year, and into the early stages of 2024. The operations in Southern Europe are performing well with limited impacts from the current high inflation and increasing interest rates, while the Nordic countries and Germany see debtors opting for longer payment plans with lower monthly installments at the expense of larger settlements. The cash flow from the Nordic bailiffs also remain negatively impacted by adjustments to important factors such as debtors' right to an additional payment free month in Finland and a large increase in the monthly amount debtors are entitled to keep in Sweden.

The executive management and Board continue to closely monitor the general macroeconomic situation and its potential business impacts.

/ Interim condensed consolidated financial statements

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Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Continuing operations						
Interest income from purchased loan portfolios	5, 6	53,337	47,586	157,488	137,127	187,490
Net gain/(loss) purchased loan portfolios	5, 6	-2,730	-2,405	-8,322	-5,463	-8,185
Revenue from sale of repossessed assets	5	584	637	1,993	4,157	4,526
Other operating revenue		13,119	13,040	40,332	40,854	55,846
Other income		-	-	-	15	15
Total income	3, 5	64,311	58,858	191,491	176,690	239,692
Cost of repossessed assets sold, incl impairment						
		-442	-276	-1,177	-1,203	-1,496
Personnel expenses		-16,197	-16,041	-49,784	-48,318	-64,655
Other operating expenses		-13,239	-12,499	-42,981	-39,397	-54,587
Total operating expenses		-29,878	-28,816	-93,942	-88,918	-120,738
EBITDA		34,432	30,041	97,549	87,773	118,955
Amortization and depreciation		-2,304	-2,238	-6,814	-6,538	-8,895
Operating profit		32,128	27,803	90,734	81,235	110,060
Financial revenue	4	238	527	3,198	2,534	3,194
Financial expenses	4	-24,350	-14,335	-62,015	-42,820	-59,061
Net financial items		-24,112	-13,808	-58,817	-40,286	-55,867
Profit/(loss) before tax from continuing operations		8,016	13,996	31,918	40,948	54,193
Income tax expense		-1,925	-3,828	-7,571	-10,665	-13,549
Net profit/(loss) after tax from continuing operations		6,091	10,168	24,347	30,284	40,644

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Discontinued operations						
Net profit/(loss) after tax from discontinued operations	11	-677	-1,610	-3,181	-5,439	-8,066
Net profit/(loss) after tax		5,414	8,558	21,166	24,845	32,578
Attributable to:						
Non-controlling interests:						
Net profit/(loss) after tax from continuing operations		-208	-148	-434	672	489
Net profit/(loss) after tax from discontinued operations		-392	-947	-1,887	-3,174	-4,668
Net profit/(loss) after tax		-600	-1,095	-2,320	-2,502	-4,179
Shareholders of the parent company:						
Net profit/(loss) after tax from continuing operations		6,298	10,316	24,781	29,612	40,156
Net profit/(loss) after tax from discontinued operations		-284	-662	-1,294	-2,264	-3,399
Net profit/(loss) after tax		6,014	9,653	23,487	27,347	36,757
Earnings per share:						
From continuing operations, basic and diluted:		0.021	0.034	0.082	0.098	0.133
From continuing and discontinued operations, basic and diluted:		0.020	0.032	0.078	0.091	0.122

Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Net profit/(loss) after tax	5,414	8,558	21,166	24,845	32,578
Items that will not be reclassified subsequently to profit and loss					
Remeasurement of pension plans	-	-	-	-	238
Net gain/(loss) on equity instruments designated at fair value through OCI	-	-	-	-	16
Items that may be reclassified subsequently to profit and loss					
Foreign currency translation differences - foreign operations	6,607	-2,684	-13,029	-9,375	-11,343
Fair value net gain/(loss) on cash flow hedges during the period	-	4,527	-	9,678	9,876
Cumulative net (gain)/loss on cash flow hedges reclassified to profit or loss	-744	-	-2,825	-	-245
Other comprehensive income/(loss) after tax	5,863	1,843	-15,855	303	-1,458
Total comprehensive income/(loss) for the period	11,277	10,401	5,312	25,148	31,120
Attributable to:					
Non-controlling interests	-600	-1,095	-2,320	-2,502	-4,179
Shareholders of the parent company	11,877	11,496	7,632	27,651	35,299

Interim condensed consolidated statement of financial position

EUR thousand	Note	For the quarter end / YTD		
		30 Sep 2023	30 Sep 2022	Full year 2022
Assets				
Non-current assets				
Intangible assets				
Goodwill		59,720	61,195	61,069
Deferred tax assets		3,923	12,218	5,356
Other intangible assets		15,355	16,947	16,617
Tangible assets				
Property, plant and equipment		2,110	2,472	2,372
Right of use assets	8	11,453	12,211	11,757
Financial assets				
Purchased loan portfolios	6	1,253,619	1,191,969	1,252,642
Other non-current assets		1,796	12,381	607
Total non-current assets		1,347,976	1,309,393	1,350,420
Current assets				
Reposessed assets		2,789	2,208	3,230
Accounts receivable		6,777	5,935	6,376
Other current assets		30,855	16,038	29,021
Restricted cash		6,117	6,214	7,026
Cash and cash equivalents		41,318	17,433	29,045
Total current assets		87,857	47,829	74,699
Assets classified as held for sale	11	5,346	16,746	12,660
Total assets		1,441,178	1,373,968	1,437,778

EUR thousand	Note	For the quarter end / YTD		
		30 Sep 2023	30 Sep 2022	Full year 2022
Equity and liabilities				
Equity				
Share capital	10	158,369	158,369	158,369
Other paid-in equity		270,705	270,284	270,381
Retained earnings		19,787	-13,347	-3,699
Other components of equity		-24,871	-7,017	-9,016
Non-controlling interests		-8,728	-3,627	-5,441
Total equity		415,263	404,663	410,593
Non-current liabilities				
Interest-bearing debt	7	949,167	872,019	445,590
Deferred tax liabilities		8,066	11,850	6,143
Lease liabilities	8	8,813	9,789	9,404
Other non-current liabilities		3,511	1,522	3,423
Total non-current liabilities		969,557	895,180	464,561
Current liabilities				
Accounts payable		6,804	7,683	7,141
Interest-bearing debt	7	2,914	3,474	499,709
Taxes payable		20,737	21,091	17,578
Lease liabilities	8	3,203	2,782	2,835
Other current liabilities		17,838	24,886	24,741
Total current liabilities		51,496	59,916	552,005
Liabilities directly associated with assets classified as held for sale	11	4,864	14,209	10,619
Total liabilities		1,025,916	969,305	1,027,185
Total equity and liabilities		1,441,178	1,373,968	1,437,778

Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Operating activities						
Profit/(loss) before tax from continued operations		8,016	13,996	31,918	40,948	54,193
Profit/(loss) before tax from discontinued operations	11	-677	-1,610	-3,181	-5,439	-8,066
Taxes paid		1,180	-2,618	-4,843	-5,470	-10,713
Adjustments to reconcile profit before tax to net cash flows:						
Net financial items, continuing operations	4	24,112	13,808	58,817	40,286	55,867
Net financial items, discontinued operations	11	80	232	348	889	1,059
Portfolio amortizations and revaluations		20,522	23,446	68,780	71,242	97,218
Change in fair value of forward flow commitments		-428	-	-1,786	-	-
Cost of repossessed assets sold, incl impairment		442	276	1,177	1,203	1,496
Cost of REOs sold, incl impairment	11	717	3,049	4,514	13,481	18,318
Depreciation and amortization		2,304	2,238	6,814	6,538	8,895
Calculated cost of employee share options		83	116	324	366	462
Change in working capital		-6,899	91	-6,679	163	1,291
Cash flow from operating activities before NPL and REO investments		49,452	53,025	156,204	164,208	220,019
Purchase of loan portfolios	6	-19,984	-70,452	-98,286	-196,984	-290,816
Purchases related to REO/repossessed assets		-11	-44	-71	-148	-227
Net cash flow from operating activities		29,457	-17,471	57,847	-32,924	-71,025

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Investing activities						
Investment in subsidiaries, net of cash acquired		-	-	-	-3,085	-3,085
Purchase of intangible and tangible assets		-823	-1,084	-2,777	-3,794	-4,862
Interest received		153	113	238	158	203
Net cash flow from investing activities		-670	-971	-2,539	-6,721	-7,744
Financing activities						
Proceeds from borrowings	7	241,556	58,856	341,822	260,080	354,051
Repayment of debt	7	-243,631	-39,270	-319,368	-197,453	-222,001
Interest paid		-18,807	-12,341	-49,988	-35,891	-51,067
Loan fees paid	7	-3,568	1	-15,017	-82	-83
Lease payments, principal amount	8	-832	-719	-2,290	-1,921	-2,755
Repayments to non-controlling interests		-	-357	-967	-2,100	-2,238
Net cash flow from financing activities		-25,282	6,171	-45,805	22,633	75,907
Net change in cash and cash equivalents		3,505	-12,273	9,502	-17,013	-2,861
Cash and cash equivalents at the beginning of period, incl. restricted cash		44,547	38,474	39,679	43,953	43,953
Currency translation		391	-	-737	-738	-1,413
Cash and cash equivalents at end of period, incl. restricted cash		48,444	26,202	48,444	26,202	39,679

Interim condensed consolidated statement of changes in equity

EUR thousand	Equity attributable to the shareholders of the parent company							Non-controlling interest	Total equity
	Restricted		Non-restricted				Total		
	Share capital	Other paid in equity	Retained earnings	Translation reserve	Cash flow hedge reserve	Other reserves			
Balance on 31 Dec 2021	158,150	269,919	-40,475	-7,074	-230	-16	380,273	976	381,249
Result of the period			27,347				27,347	-2,502	24,845
Other comprehensive income of the period				-9,375	9,678		303		303
Total comprehensive income for the period	-	-	27,347	-9,375	9,678	-	27,651	-2,502	25,148
Repayments to non-controlling interests							-	-2,100	-2,100
Share-based payment		366					366		366
Bonus issue	219		-219				-		-
Balance on 30 Sep 2022	158,369	270,284	-13,347	-16,449	9,448	-16	408,289	-3,627	404,663
Result of the period			9,410				9,410	-1,677	7,733
Other comprehensive income of the period			238	-1,968	-48	16	-1,761		-1,761
Total comprehensive income for the period	-	-	9,648	-1,968	-48	16	7,649	-1,677	5,972
Repayments to non-controlling interests							-	-138	-138
Share-based payment		96					96		96
Bonus issue							-		-
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	-	416,033	-5,441	410,593
Result of the period			23,487				23,487	-2,320	21,166
Other comprehensive income of the period				-13,029	-2,825		-15,855		-15,855
Total comprehensive income for the period	-	-	23,487	-13,029	-2,825	-	7,632	-2,320	5,312
Repayments to non-controlling interests							-	-967	-967
Share-based payment		324					324		324
Balance on 30 Sep 2023	158,369	270,705	19,787	-31,446	6,575	-	423,991	-8,728	415,263

Notes to the interim condensed consolidated financial statements

Note 1 Reporting entity and accounting principles

The parent company Axactor ASA (the Company) is a company domiciled in Norway. These condensed consolidated interim statements ("interim financial statements") comprise the Company and its subsidiaries (together referred to as "the Group"). The Group is primarily involved in debt management, specializing on both purchasing and collection on own portfolios and providing collection services for third-party owned portfolios. The activities are further described in [note 3](#).

This unaudited interim report has been prepared in accordance with IAS 34. The accounting principles applied correspond to those described in the Annual report 2022. This interim report does not contain all the information and disclosures available in the annual report and the interim report should be read together with the Annual report 2022.

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. Significant accounting policies and significant judgements, estimates and assumptions are more comprehensively discussed in the Annual report 2022. The significant judgements made by management applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. Management continues to assess the data and information available at the reporting date.

Note 2 Financial risks

All economic activities are associated with risk. Axactor's risks are managed within the Group in accordance with the policies established by the Board. For more information on financial risks and risk management, one is referred to [note 3](#) of the Group's financial statements in the Annual report 2022.

Interest rate and currency risk

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group's interest rate exposure. On 30 September 2023, the Group holds two interest rate caps with a strike of 0.5% EURIBOR and maturity 15 December 2023. The two contracts hedge the interest rate risk of EUR 573 million in borrowings, equaling a hedging ratio of 59%. Per 30 September 2023, the fair value of the interest rate hedging derivatives was positive EUR 4.4 million, reported as part of other current assets in the consolidated statement of financial position.

The Group aims to reduce currency risk by keeping interest bearing debt in the same currencies as the Group's assets. On 7 September 2023 the Group refinanced its EUR 200 million bond (ACR02) by issuing a new 4-year unsecured bond of NOK 2,300 million (ACR04). On the same date, the NOK debt previously held through the RCF was exchanged to EUR and the Group entered into two cross currency interest rate swaps, swapping NOK 830 million to EUR. The maturity date of the swaps corresponds to that of the NOK bond. Hence, there is no material change in the Group's exposure to NOK debt at the end of the third quarter compared to the

second quarter of 2023. Per 30 September 2023, the fair value of the swap was positive EUR 1.2 million, included in 'Other non-current assets' in the consolidated statement of financial position.

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. On 30 September 2023, the Group had an unused part of the RCF agreement of EUR 56.5 million and an uncommitted accordion option of EUR 275.0 million, in addition to unrestricted cash and cash equivalents of EUR 42.3 million (including cash related to discontinued operations). The Group had positive cash flow from operating activities before NPL investments of EUR 156.2 million in the first nine months of 2023, and cash flows from operating activities amounted to EUR 57.8 million for the same period.

The table of contractual maturities analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date (for both continuing and discontinued operations). The contractual maturity is based on the earliest date on which the Group may be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows of liabilities classified as financial instruments. Contractual maturities of lease liabilities are presented in [note 8](#). For NPL investment commitments, expected cash flows are presented.

The maturity calculation is made under the assumption that Axactor has a constant revolving credit facility draw in the period. The table includes both interest and principal cash flows. The loan repayment amounts presented are subject to change dependent on changes in variable interest rates. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. When applying the interest rate curves at the end of the reporting period, the Group's interest rate caps are expected to reduce the interest payments for borrowings. The effect of the interest rate caps is hence included in the following table.

The Group's estimated remaining collections from purchased loan portfolios for the next 15 years are presented below the table of contractual maturities (see also [note 6](#)).

Axactor was compliant with all covenants in the first nine months of 2023.

EUR thousand	Contractual maturities per 30 Sep 2023							
	Q4-23	Q1-24	Q2-24	Q3-24	1-2 years	2-4 years	4+ years	Total
NPL investment commitments, non-cancellable ¹	11,652	2,689	2,279	1,292	-	-	-	17,912
NPL investment commitments, cancellable ¹	-	2,135	-	-	-	-	-	2,135
Revolving credit facility	8,833	8,715	8,778	8,598	34,391	513,769	-	583,084
Bond ACR03 (ISIN NO0011093718)	6,608	6,591	6,515	6,515	26,059	307,109	-	359,395
Bond ACR04 (ISIN NO0013005264)	9,647	9,516	9,525	9,404	37,616	279,611	-	355,317
Interest rate caps	-4,772	-	-	-	-	-	-	-4,772
Other non-current liabilities	-	-	-	-	1,800	-	1,711	3,511
Accounts payable	6,804	-	-	-	-	-	-	6,804
Other current liabilities	18,525	-	-	-	-	-	-	18,525
Total contractual maturities	57,297	29,645	27,096	25,808	99,866	1,100,489	1,711	1,341,912

¹ Expected cash flows based on the last three months' actual deliveries. Per 30 September 2023, cash flows are limited to EUR 70.8 million by contracted capex limits. The NPL commitments that are cancellable are cancellable with three to twelve months' notice

EUR thousand	ERC per 30 Sep 2023							
	Q4-23	Q1-24	Q2-24	Q3-24	1-2 years	2-4 years	4+ years	Total
Estimated remaining collections (ERC)	74,526	78,715	84,143	74,973	301,768	530,255	1,441,744	2,586,124

Note 3 Operating segments

Axactor delivers credit management services and the Group's revenue is derived from the following two operating segments:

- Non-performing loans (NPL)
- Third-party collection (3PC)

The NPL segment invests in portfolios of non-performing loans, presented as 'Purchased loan portfolios' in the consolidated statement of financial position. Subsequently, the outstanding loans are collected through either amicable or legal proceedings.

The 3PC segment's focus is to perform debt collection services on behalf of third-party clients. The operating segment applies both amicable and legal proceedings to collect the non-performing loans, and normally receive a commission for these services. Other services provided include, amongst others, helping creditors to prepare documentation for future legal proceedings against debtors, handling of invoices between the invoice date and the default date and sending out reminders. For these latter services, Axactor normally receives a fixed fee.

Axactor reports its business through reporting segments which correspond to the operating segments. Segment profitability and country profitability are the two most important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Segment revenue reported represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in [note 1](#). Segment contribution margin represents contribution margin earned by each segment without allocation of management fee, central administration costs, other gains and losses and financial items. The measurement basis of the performance of the segment is the segment's contribution margin.

For the quarter end 30 Sep 2023

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	71,129	-	-	71,129
Portfolio amortization and revaluation	-20,522	-	-	-20,522
Revenue from sale of repossessed assets	584	-	-	584
Other operating income:				
Change in fair value forward flow commitments	428	-	-	428
Other operating revenue and other income	-	12,691	-	12,691
Total income	51,619	12,691	-	64,311
Cost of repossessed assets sold	-442	-	-	-442
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-11,050	-8,521	-	-19,571
Contribution margin	40,128	4,170	-	44,298
SG&A, IT and corporate cost			-9,866	-9,866
EBITDA				34,432
Amortization and depreciation			-2,304	-2,304
Operating result				32,128
Total operating expenses	-11,491	-8,521	-9,866	-29,878
Contribution margin (%)	77.7%	32.9%	na	68.9%
EBITDA margin (%)				53.5%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.0%	67.1%	na	23.7%
SG&A, IT and corporate cost / Gross revenue				11.7%

For the quarter end 30 Sep 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	68,627	-	-	68,627
Portfolio amortization and revaluation	-23,446	-	-	-23,446
Revenue from sale of repossessed assets	637	-	-	637
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	13,040	-	13,040
Total income	45,818	13,040	-	58,858
Cost of repossessed assets sold	-276	-	-	-276
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-10,030	-8,424	-	-18,455
Contribution margin	35,511	4,616	-	40,127
SG&A, IT and corporate cost			-10,085	-10,085
EBITDA				30,041
Amortization and depreciation			-2,238	-2,238
Operating result				27,803
Total operating expenses	-10,307	-8,424	-10,085	-28,816
Contribution margin (%)	77.5%	35.4%	na	68.2%
EBITDA margin (%)				51.0%
Opex ex SG&A, IT and corporate cost / Gross revenue	14.9%	64.6%	na	22.8%
SG&A, IT and corporate cost / Gross revenue				12.3%

Year to date 30 Sep 2023

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	217,947	-	-	217,947
Portfolio amortization and revaluation	-68,780	-	-	-68,780
Revenue from sale of repossessed assets	1,993	-	-	1,993
Other operating income:				
Change in fair value forward flow commitments	1,786	-	-	1,786
Other operating revenue and other income	-	38,546	-	38,546
Total income	152,945	38,546	-	191,491
Cost of repossessed assets sold	-1,177	-	-	-1,177
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-34,423	-26,092	-	-60,515
Contribution margin	117,345	12,454	-	129,799
SG&A, IT and corporate cost			-32,250	-32,250
EBITDA				97,549
Amortization and depreciation			-6,814	-6,814
Operating result				90,734
Total operating expenses	-35,600	-26,092	-32,250	-93,942
Contribution margin (%)	76.7%	32.3%	na	67.8%
EBITDA margin (%)				50.9%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.2%	67.7%	na	23.9%
SG&A, IT and corporate cost / Gross revenue				12.5%

Year to date 30 Sep 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	202,906	-	-	202,906
Portfolio amortization and revaluation	-71,242	-	-	-71,242
Revenue from sale of repossessed assets	4,157	-	-	4,157
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	40,854	15	40,869
Total income	135,821	40,854	15	176,690
Cost of repossessed assets sold	-1,203	-	-	-1,203
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-30,391	-25,778	-	-56,169
Contribution margin	104,227	15,076	15	119,318
SG&A, IT and corporate cost			-31,545	-31,545
EBITDA				87,773
Amortization and depreciation			-6,538	-6,538
Operating result				81,235
Total operating expenses	-31,594	-25,778	-31,545	-88,918
Contribution margin (%)	76.7%	36.9%	na	67.5%
EBITDA margin (%)				49.7%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.3%	63.1%	na	23.1%
SG&A, IT and corporate cost / Gross revenue				12.7%

Full year 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	276,524	-	-	276,524
Portfolio amortization and revaluation	-97,218	-	-	-97,218
Revenue from sale of repossessed assets	4,526	-	-	4,526
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	55,846	15	55,861
Total income	183,831	55,846	15	239,692
Cost of repossessed assets sold	-1,430	-	-	-1,430
Impairment repossessed assets	-65	-	-	-65
Direct operating expenses	-41,980	-34,674	-	-76,654
Contribution margin	140,356	21,172	15	161,543
SG&A, IT and corporate cost			-42,588	-42,588
EBITDA				118,955
Amortization and depreciation			-8,895	-8,895
Operating result				110,060
Total operating expenses	-43,475	-34,674	-42,588	-120,738
Contribution margin (%)	76.4%	37.9%	na	67.4%
EBITDA margin (%)				49.6%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.5%	62.1%	na	23.2%
SG&A, IT and corporate cost / Gross revenue				12.6%

Note 4 Financial items

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Financial revenue					
Interest on bank deposits	153	113	238	158	203
Net foreign exchange gain ¹	-	-	-	-	550
Gain on purchase of bonds in own bond loans (note 7)	-	377	115	2,323	2,349
Other financial income	86	37	2,846	52	91
Total financial revenue	238	527	3,198	2,534	3,194
Financial expenses					
Interest expense on borrowings ²	-22,248	-14,031	-58,783	-41,827	-57,902
Net foreign exchange loss ¹	-445	-87	-1,140	-303	-
Other financial expenses	-1,658	-216	-2,091	-690	-1,158
Total financial expenses	-24,350	-14,335	-62,015	-42,820	-59,061
Total net financial items	-24,112	-13,808	-58,817	-40,286	-55,867

¹ Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position. The amount includes changes in fair value of currency derivatives, which was positive EUR 1.2 million for the third quarter 2023

² Interest expense on borrowings includes net interest paid on overdrafts in the Group's cash pool

The Group started with hedge accounting at the end of 2021, related to the hedging of EUR 200 million in floating rate issued loans for a duration of three years. At the end of 2022, the Group changed the amount and duration of the hedge. The current hedge agreements hedge EUR 573 million in floating rate issued loans for a duration of one year.

As the Group started applying hedge accounting at the end of 2021, and the material part of the hedged future cash flows are still expected to occur, the Group is required to apply hedge accounting for the material part of the original amount and duration of the agreement, even though the duration has changed. This causes a mismatch between interest paid and interest expensed for the hedge accounting period. During the first nine months of 2023, the hedging reduces interest paid with EUR 8.9 million and interest expensed with EUR 3.6 million. There is hence a timing difference from hedge accounting, where interest expensed on borrowings is reduced by EUR 5.3 million less than interest paid on borrowings year to date 2023.

In June 2023, Axactor signed a renewal agreement for its revolving credit facility. A modification gain of EUR 1.9 million is included in the line item 'Other financial income' from the second quarter of 2023.

Other financial expenses include an early repayment fee of EUR 1.6 million related to repayment of ACR02 in September 2023.

Note 5 Income

The Group delivers credit management services in six European countries: Finland, Germany, Italy, Norway, Spain and Sweden. Axactor also owns some portfolios through entities based in Luxembourg.

The Group's income from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

The information in the table presented is based on the location of the debtors and the country of the company performing the collection (which correspond). This is not necessarily the same as the country owning the portfolio. The same principle is used for the allocation of the non-current assets. Non-current assets presented in the table consists of intangible assets, goodwill, property, plant and equipment and right of use assets.

Total income

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Finland	3,760	4,307	10,723	12,278	16,100
Germany	11,068	8,907	30,803	26,147	35,112
Italy	9,810	6,912	27,838	20,334	28,574
Norway	10,960	10,404	30,357	32,157	40,862
Spain	25,611	21,306	77,046	64,054	91,029
Sweden	3,101	7,022	14,722	21,720	28,016
Total income	64,311	58,858	191,491	176,690	239,692

Non-current assets

EUR thousand	Book value		
	30 Sep 2023	30 Sep 2022	Full year 2022
Finland	3,261	3,902	3,747
Germany	16,122	15,589	15,894
Italy	15,864	16,054	16,039
Norway	30,462	33,863	33,068
Spain	19,559	20,010	19,883
Sweden	3,370	3,407	3,185
Total assets	88,638	92,826	91,816

Portfolio revenue

Portfolio revenue consists of interest income from purchased loan portfolios, net gain/(loss) from purchased loan portfolios and revenue from sale of repossessed assets. Net gain/(loss) from purchased loan portfolios is split into collections above/(below) collection forecasts and net present value of changes in collection forecasts.

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end 30 Sep 2023
Interest income from purchased loan portfolios	3,887	9,460	7,075	9,073	17,694	6,149	53,337
Collections above/(below) forecasts	-210	-150	-40	-601	2,351	-769	581
NPV of changes in collection forecasts	-110	194	32	609	-1,286	-2,751	-3,312
Net gain/(loss) purchased loan portfolios	-320	44	-7	8	1,065	-3,521	-2,730
Sale of repossessed assets					584		584
Total portfolio revenue	3,567	9,503	7,068	9,081	19,344	2,629	51,192

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end 30 Sep 2022
Interest income from purchased loan portfolios	3,774	7,795	4,864	10,033	14,185	6,935	47,586
Collections above/(below) forecasts	437	-1,282	-264	-688	579	-214	-1,433
NPV of changes in collection forecasts	-95	303	83	-459	-154	-650	-972
Net gain/(loss) purchased loan portfolios	341	-979	-181	-1,146	425	-865	-2,405
Sale of repossessed assets					637		637
Total portfolio revenue	4,115	6,817	4,683	8,886	15,247	6,070	45,818

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Year to date 30 Sep 2023
Interest income from purchased loan portfolios	11,784	28,198	19,268	27,203	51,970	19,064	157,488
Collections above/(below) forecasts	-1,187	-2,539	419	-2,886	7,078	-2,291	-1,407
NPV of changes in collection forecasts	-431	-295	244	-87	-2,777	-3,569	-6,915
Net gain/(loss) purchased loan portfolios	-1,619	-2,834	663	-2,973	4,302	-5,861	-8,322
Sale of repossessed assets					1,993		1,993
Total portfolio revenue	10,165	25,364	19,931	24,229	58,265	13,204	151,159

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Year to date 30 Sep 2022
Interest income from purchased loan portfolios	11,047	21,123	13,843	29,679	40,126	21,308	137,127
Collections above/(below) forecasts	825	-2,872	-177	-2,084	-381	562	-4,127
NPV of changes in collection forecasts	-103	1,623	166	-330	-467	-2,225	-1,336
Net gain/(loss) purchased loan portfolios	722	-1,249	-11	-2,414	-849	-1,662	-5,463
Sale of repossessed assets					4,157		4,157
Total portfolio revenue	11,769	19,874	13,833	27,265	43,435	19,646	135,821

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Full year 2022
Interest income from purchased loan portfolios	14,962	29,700	19,081	39,464	56,266	28,017	187,490
Collections above/(below) forecasts	463	-3,784	-33	-3,130	1,023	-88	-5,550
NPV of changes in collection forecasts	-15	790	239	-1,847	685	-2,487	-2,635
Net gain/(loss) purchased loan portfolios	448	-2,994	206	-4,976	1,708	-2,576	-8,185
Sale of repossessed assets					4,526		4,526
Total	15,410	26,705	19,287	34,487	62,500	25,442	183,831

Note 6 Purchased loan portfolios

Purchased loan portfolios consists of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. For purchased loan portfolios, timely collection of principal and interest is no longer reasonably assured at the date of purchase. Purchased loan portfolios are recognized at fair value at the date of purchase. Since the loans are measured at fair value, which includes an estimate of future credit losses, no allowance for credit losses is recorded on the day of acquisition of the loans. The loans are subsequently measured at amortized cost according to a credit adjusted effective interest rate.

Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on a collateral asset basis. The majority of the purchased loan portfolios are unsecured, whereas approximately 6% of the book value of the loans are secured by a property object per 30 September 2023.

The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired. The total cash flows (both principal and interest) expected to be collected on purchased credit impaired loans are regularly reviewed. Changes in expected cash flows are adjusted in the carrying amount and are recognized in the profit or loss as income or expense in 'Net gain/ (loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest revenue from purchased loan portfolios'.

The estimation of future cash flows is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor has incorporated into the estimated remaining collections the effect of the economic factors and conditions that is expected to influence collections going forward. Scenarios have been used to consider possible non-linear relationships between macroeconomic factors and collections.

For more information on accounting principles and a description of significant accounting judgments, estimates and assumptions related to purchased loan portfolios, see note 2.12.2 and note 4 in the Group's Annual report 2022.

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Balance at start of period	1,241,373	1,154,509	1,252,642	1,095,789	1,095,789
Acquisitions during the period	19,066	68,579	92,039	195,037	288,052
Collections	-71,129	-68,627	-217,947	-202,906	-276,524
Interest income from purchased loan portfolios	53,337	47,586	157,488	137,127	187,490
Net gain/(loss) purchased loan portfolios	-2,730	-2,405	-8,322	-5,463	-8,185
Repossessions	-42	-200	-668	-684	-1,925
Deliveries on forward flow contracts	543	-	921	-409	-409
Currency translation differences	13,200	-7,474	-22,535	-26,522	-31,646
Balance at end of period	1,253,619	1,191,969	1,253,619	1,191,969	1,252,642

Acquisitions during the period can be split into nominal value of the acquired portfolios and expected credit losses at acquisition as follows:

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Nominal value acquired portfolios	2,987,443	658,936	3,535,608	1,886,569	2,429,169
Expected credit losses at acquisition	-2,968,377	-590,357	-3,443,568	-1,691,533	-2,141,117
Credit impaired acquisitions during the period	19,066	68,579	92,039	195,037	288,052

The payments during the period for investments in loan portfolios presented in the consolidated statement of cash flow will not correspond to acquisitions during the period due to deferred payments.

The book value per market is presented in the table below:

EUR thousand	Book value		
	30 Sep 2023	30 Sep 2022	Full year 2022
Finland	117,987	119,089	121,300
Germany	192,714	167,251	179,654
Italy	163,047	143,319	147,678
Norway	234,467	245,313	243,468
Spain	353,151	309,587	357,137
Sweden	192,252	207,411	203,405
Total book value	1,253,619	1,191,969	1,252,642

The ERC represents the estimated gross collections on the purchased loan portfolios. The ERC, amortization, and interest income from purchased loan portfolios can be broken down per year as follows (year 1 means the first 12 months from the reporting date):

EUR thousand																
Estimated remaining collections (ERC), amortization and interest income from purchased loan portfolios per year																
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total ERC
30 Sep 2023																
ERC	312,356	301,768	278,274	251,981	215,640	190,660	173,127	156,942	142,126	129,042	115,505	94,974	83,234	74,108	66,387	2,586,124
Amortization	108,042	119,139	118,333	113,217	95,677	85,610	81,172	77,405	74,375	72,706	70,352	60,188	58,103	58,532	60,768	1,253,619
Interest income	204,315	182,630	159,941	138,764	119,963	105,049	91,955	79,536	67,751	56,336	45,152	34,786	25,131	15,576	5,620	1,332,506
30 Sep 2022																
ERC	299,859	284,710	252,527	223,400	196,584	173,918	157,000	141,629	127,592	115,029	104,286	93,183	75,540	66,782	55,196	2,367,234
Amortization	117,925	124,225	112,337	101,459	89,887	80,493	75,460	71,229	67,733	65,195	64,209	62,754	54,101	53,877	51,086	1,191,969
Interest income	181,934	160,485	140,190	121,942	106,697	93,425	81,540	70,400	59,860	49,834	40,077	30,430	21,438	12,906	4,110	1,175,266
Full year 2022																
ERC	310,027	305,914	271,347	237,417	212,308	185,750	168,327	152,172	137,607	124,971	113,833	99,900	84,323	74,817	66,705	2,545,419
Amortization	113,530	130,485	118,518	103,930	95,595	83,424	78,622	74,325	71,027	69,190	68,662	65,230	59,403	59,493	61,207	1,252,642
Interest income	196,496	175,428	152,829	133,487	116,714	102,326	89,705	77,847	66,581	55,781	45,171	34,670	24,921	15,324	5,498	1,292,777

Note 7 Interest-bearing loans and borrowings

The Group's total loans and borrowings, attributable to both continuing and discontinued operations, are as follows:

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
Facility							
Bond ACR03 (ISIN NO0011093718)	EUR		300,000	-18,950	278,354	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK		204,240		204,165	3m NIBOR + 825bps	07.09.2027
Total bond loans			504,240	-18,950	482,520		
Revolving credit facility	EUR		338,873		324,141	EURIBOR+ margin	30.06.2026
<i>(multi-currency facility)</i>	NOK		1,435		1,435	NIBOR+ margin	30.06.2026
	SEK		148,160		148,160	STIBOR+ margin	30.06.2026
Total credit facilities		545,000	488,468		473,736		
Total loans and borrowings at end of period			992,708	-18,950	956,258		

Of the total borrowings per 30 September 2023, EUR 953.3 million is classified as non-current and EUR 2.9 million is classified as current. Discontinued operations have EUR 4.2 million in non-current borrowings ([note 11](#)). All borrowings in discontinued operations are denominated in EUR.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities ¹	Total Borrowings
Balance on 1 Jan	449,648	505,899	955,546
Proceeds from loans and borrowings	200,340	141,482	341,822
Repayment of loans and borrowings	-169,522	-149,847	-319,368
Loan fees	-3,172	-11,845	-15,017
Total changes in financial cash flow	27,646	-20,209	7,437
Change in accrued interest	-1,288	101	-1,187
Amortization of capitalized loan fees	2,615	3,084	5,698
Currency translation differences	3,900	-13,256	-9,356
Other non-cash movements	-	-1,882	-1,882
Total loans and borrowings at end of period	482,520	473,736	956,258

¹ Proceeds and repayments on the credit facilities include currency exchanges between NOK and EUR, which are reported gross

Maturity

The maturity calculation is made under the assumption that no new portfolios are acquired, and the revolving credit facility draw is constant to maturity date.

EUR thousand	Currency	Carrying amount	Total estimated future cash flow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years EUR thousand
Bond ACR03 (ISIN NO0011093718)	EUR	278,354	359,395	13,198	13,029	26,059	307,109
Bond ACR04 (ISIN NO0013005264)	NOK	204,165	355,318	19,162	18,929	37,616	279,611
Total bond loan		482,520	714,714	32,361	31,959	63,674	586,720
Revolving credit facility (multi-currency facility)	EUR/NOK/SEK	473,736	583,084	17,548	17,376	34,391	513,769
Total loans and borrowings at end of period		956,258	1,297,798	49,909	49,334	98,066	1,100,489

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a multi-currency facility, with an addition of 275 million in the form of accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin. The maturity date for the facility is 30 June 2026.

The following financial covenants apply:

- NIBD ratio to pro-forma adjusted cash EBITDA \leq 3:1 (secured loans (RCF) less cash to pro-forma adjusted cash EBITDA L12M)
- Portfolio loan to value ratio \leq 60% (NIBD to total book value of loan portfolios)
- Portfolio collection performance \geq 90% (actual portfolio performance L6M to active forecast L6M)
- Parent loan to value \leq 80% (total loans for the Group less cash to total book value of all loan portfolios and REOs)

All subsidiaries of the Group, except Reolux Holding S.à r.l. and its subsidiaries, are part of the security package for this facility. The subsidiaries that are part of the security package have granted a share pledge, and except for Axactor Italy SpA and the subsidiaries of Axactor Portfolio Holding AB, the subsidiaries are also guarantors and have granted a bank account pledge.

Bond loans**ACR03 (ISIN NO0011093718)**

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs. On 30 September 2023, the Group holds treasury bonds in ACR03 with a nominal value of EUR 19.0 million.

ACR04 (ISIN NO0013005264)

In September 2023, the Group issued a new 4-year unsecured bond of NOK 2,300 million (ACR04). The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027. The bond is expected to be listed on Oslo Børs in the fourth quarter 2023.

The following financial covenants apply to both bond loans:

- Interest coverage ratio: \geq 3.0x (Pro-forma adjusted Cash EBITDA to net interest expenses)
- Leverage ratio: \leq 4.0x (NIBD to pro-forma adjusted cash EBITDA)
- Net loan to value: \leq 80% (NIBD to total book value all loan portfolios and REOs)
- Net secured loan to value: \leq 60% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

Note 8 Leases

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets on 31 Dec 2021	10,247	475	46	10,768
Additions	3,945	279	-	4,223
Depreciation	-1,949	-249	-10	-2,208
Disposals	-298	-3	-	-301
Currency translation differences	-266	-3	-3	-271
Right of use assets on 30 Sep 2022	11,679	500	33	12,211
Additions	349	60	69	477
Depreciation	-720	-137	-8	-865
Disposals	-	-21	-	-21
Currency translation differences	-44	-	-1	-45
Right of use assets on 31 Dec 2022	11,263	401	93	11,757
Additions	1,826	674	53	2,553
Depreciation	-2,245	-291	-32	-2,568
Disposals	-34	-20	-	-55
Currency translation differences	-233	-1	-1	-235
Right of use assets on 30 Sep 2023	10,576	764	113	11,453
Remaining lease term	1-8 years	1-3 years	2-4 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	30 Sep 2023	30 Sep 2022	Full year 2022
Lease liabilities on 1 Jan	12,239	11,051	11,051
Net new leases	2,310	3,746	4,241
Lease payments, principal amount	-2,290	-1,921	-2,755
Currency translation differences	-245	-306	-297
Lease liabilities at period end	12,015	12,570	12,239
Current	3,203	2,782	2,835
Non-current	8,813	9,789	9,404

The future aggregated minimum lease payments under lease liabilities are as follows:

EUR thousand	30 Sep 2023	30 Sep 2022	Full year 2022
Undiscounted lease liabilities and maturity of cash outflows			
< 1 year	3,788	3,400	3,441
1-2 years	3,385	3,060	3,015
2-3 years	2,977	2,670	2,620
3-4 years	1,524	2,444	2,464
4-5 years	556	1,258	822
> 5 years	1,376	1,675	1,745
Total undiscounted lease liabilities	13,606	14,507	14,106
Discounting element	-1,591	-1,936	-1,866
Total lease liabilities	12,015	12,570	12,239

Note 9 Fair value of forward flow commitments

Changes in the fair value of forward flow commitments are shown below. For additional information, see note 2.12.2 in the Group's Annual report 2022.

EUR thousand	30 Sep 2023	30 Sep 2022	Full year 2022
Balance on 1 Jan	-	-409	-409
Value change	1,786	-	-
Deliveries	-921	409	409
Currency translation differences	-42	-	-
Balance at period end	823	-	-

The changes in fair value of forward flow commitments are included in 'Other current assets' in the consolidated statement of financial position;

EUR thousand	30 Sep 2023	30 Sep 2022	Full year 2022
Fair value of forward flow commitments (asset)	823	-	-
Balance at period end	823	-	-

Note 10 Issued shares and share capital

Issued shares and share capital

	Number of shares	Share capital (EUR)
On 31 Dec 2021	302,145,464	158,149,942
Bonus issue		218,961
On 31 Dec 2022	302,145,464	158,368,902
On 30 Sep 2023	302,145,464	158,368,902

Shares owned by the Board and Group executive management on 30 Sep 2023

Name	Shareholding	Share %
Latino Invest AS ¹	1,040,000	0.3%
Johnny Tsois Vasili ¹	670,000	0.2%
Terje Mjøs Holding AS ²	650,000	0.2%
Vibeke Ly ³	203,750	0.1%
Arnt Andre Dullum ³	200,000	0.1%
Karl Mamelund ³	175,000	0.1%
Nina Mortensen ³	160,000	0.1%
Brita Eilertsen ²	19,892	0.0%

¹ CEO/related to the CEO of Axactor ASA

² Member of the Board/controlled by member of the Board

³ Member of the Group executive management

20 largest shareholders on 30 Sep 2023

Name	Shareholding	Share %
Geveran Trading Co Ltd	150,385,439	49.8%
Torstein Ingvald Tvenge	10,000,000	3.3%
Skandinaviska Enskilda Banken AB	5,500,000	1.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,686,033	0.9%
Endre Rangnes	2,017,000	0.7%
Gvapseborg AS	2,009,694	0.7%
Spectatio Finans AS	1,785,805	0.6%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Stavern Helse og Forvaltning AS	1,500,000	0.5%
Masani AS	1,420,000	0.5%
J.P. Morgan SE (Nominee)	1,281,748	0.4%
Velde Holding AS	1,259,931	0.4%
Verdipapirfondet Storebrand Norge	1,196,667	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Herman Alfred Brenaas	1,100,000	0.4%
Latino Invest AS	1,040,000	0.3%
Total 20 largest shareholders	198,465,343	65.7%
Other shareholders	103,680,121	34.3%
Total number of shares	302,145,464	100%
Total number of shareholders	9,288	

Note 11 Discontinued operations

In 2022, the Board resolved to dispose of the Group's portfolios of purchased real estate. As per 30 September 2023, the Group is still pursuing a buyer for the assets classified as held for sale. Negotiations with several interested parties have taken place, but the Group has not reached an agreement at the reporting date. With rising inflation, rising interest rates and a weakened economy during 2022 and 2023, the market conditions that existed at the date the assets were classified initially as held for sale has deteriorated, and as a result the assets are not sold. During this period, the Group has actively solicited but not received any reasonable offers to purchase the assets. The assets continue to be actively marketed at a price that is reasonable given the change in market condition and is hence classified as held for sale on 30 Sep 2023.

The results of the discontinued operations, which have been included in net profit/(loss) after tax, were as follows:

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Other operating revenue	409	2,269	2,744	11,134	14,113
Total income	409	2,269	2,744	11,134	14,113
Cost of REOs sold, incl impairment	-717	-3,049	-4,514	-13,481	-18,318
Other operating expenses	-289	-598	-1,063	-2,202	-2,803
Total operating expenses	-1,005	-3,647	-5,577	-15,684	-21,121
EBITDA	-597	-1,378	-2,833	-4,550	-7,008
Amortization and depreciation	-	-	-	-	-
Operating profit	-597	-1,378	-2,833	-4,550	-7,008
Financial expenses	-80	-232	-348	-889	-1,059
Net financial items	-80	-232	-348	-889	-1,059
Profit/(loss) before tax	-677	-1,610	-3,181	-5,439	-8,066
Income tax expense	-	-	-	-	-
Net profit/(loss) after tax	-677	-1,610	-3,181	-5,439	-8,066
Attributable to:					
Non-controlling interests	-392	-947	-1,887	-3,174	-4,668
Shareholders of the parent company	-284	-662	-1,294	-2,264	-3,399
Earnings per share: basic and diluted	-0.001	-0.002	-0.004	-0.007	-0.011

The major classes of assets and liabilities comprising the operations classified as held for sale were as follows:

EUR thousand	30 Sep 2023	30 Sep 2022	Full year 2022
<i>Current assets</i>			
Stock of secured assets	3,908	13,249	8,418
Accounts receivable	8	222	116
Other current assets	421	720	518
Cash and cash equivalents	1,009	2,554	3,607
Total current assets	5,346	16,746	12,660
Assets classified as held for sale	5,346	16,746	12,660
<i>Non-current liabilities</i>			
Interest-bearing debt	4,177	12,866	-
Total non-current liabilities	4,177	12,866	-
<i>Current liabilities</i>			
Interest-bearing debt	-	-	10,247
Other current liabilities	687	1,343	373
Total current liabilities	687	1,343	10,619
Liabilities directly associated with assets classified as held for sale	4,864	14,209	10,619
Net assets classified as held for sale	482	2,537	2,041

The net cash flows incurred by the operations classified as held for sale were as follows:

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Net cash flow from operating activities	120	1,671	1,681	8,932	11,310
Net cash flow from investing activities	-	-	-	-	-
Net cash flow from financing activities	-1,508	-1,908	-4,280	-10,895	-12,220
Total net cash flow	-1,388	-237	-2,599	-1,963	-910

Alternative performance measures

Alternative performance measures (APMs) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in fair value of forward flow commitments	To review the revenue before split into interest and amortization (for own portfolios)	Total income from consolidated statement of profit or loss plus portfolio amortizations and revaluations in the consolidated statement of cash flows and change in fair value of forward flow commitments
Cash EBITDA from continuing operations	EBITDA adjusted for calculated cost of share option program, portfolio amortization, revaluation and change in forward flow commitments and repossessed assets cost of sale and impairment	To reflect cash from continuing operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA	Cash EBITDA from continuing operations plus EBITDA from discontinued operations, adjusted for REO cost of sale, including impairment	To reflect cash from continuing and discontinued operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 11 , adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collections (ERC)	Estimated remaining collections express the expected future cash collections on purchased loan portfolios in nominal values, over the next 180 months. The ERC does not include sale of repossessed assets if the assets are already repossessed	ERC is a standard APM within the industry with the purpose to illustrate the future cash collections including estimated interest income and opex	Purchased loan portfolios in the consolidated statement of financial position, plus estimated operating expenses for future collections at time of acquisition and estimated discounted gain
Net interest-bearing debt (NIBD)	Net interest-bearing debt means the aggregated amount of interest-bearing debt attributable to both continuing and discontinued operations, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group's ability to pay off all of its debt	Non-current and current portion of interest-bearing debt and cash and cash equivalents from the consolidated statement of financial position and as attributable to discontinued operations according to note 11 , with adjustments to get to nominal value of the debt, less treasury bonds
Return on equity to shareholders, annualized	Net profit/(loss) after tax from continuing and discontinued operations attributable to shareholders divided by average equity for the period attributable to shareholders, annualized	Measures the profitability in relation to shareholders' equity	Net profit/(loss) after tax attributable to shareholders of the parent company from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, continuing operations, annualized	Net profit/(loss) after tax from continuing operations divided by average total equity for the period, annualized	Measures the profitability of continuing operations in relation to total equity	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss and total equity from the consolidated statement of changes in equity

Gross revenue

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Total income	64,311	58,858	191,491	176,690	239,692
Portfolio amortizations and revaluations	20,522	23,446	68,780	71,242	97,218
Change in fair value of forward flow commitments	-428	-	-1,786	-	-
Gross revenue	84,404	82,304	258,486	247,932	336,911

EBITDA and Cash EBITDA

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Total income	64,311	58,858	191,491	176,690	239,692
Total operating expenses	-29,878	-28,816	-93,942	-88,918	-120,738
EBITDA from continuing operations	34,432	30,041	97,549	87,773	118,955
Calculated cost of share option program	83	116	324	366	462
Portfolio amortizations and revaluations	20,522	23,446	68,780	71,242	97,218
Change in fair value of forward flow commitments	-428	-	-1,786	-	-
Cost of repossessed assets sold, incl. impairment	442	276	1,177	1,203	1,496
Cash EBITDA from continuing operations	55,051	53,880	166,046	160,583	218,130
EBITDA from discontinued operations	-597	-1,378	-2,833	-4,550	-7,008
Cost of REOs sold, incl. impairment	717	3,049	4,514	13,481	18,318
Cash EBITDA	55,171	55,551	167,727	169,514	229,440
Taxes paid	1,180	-2,618	-4,843	-5,470	-10,713
Change in working capital	-6,899	91	-6,679	163	1,291
Cash flow from operating activities before NPL and REO investments	49,452	53,025	156,204	164,208	220,019

Estimated remaining collections (ERC)

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Purchased loan portfolios	1,253,619	1,191,969	1,253,619	1,191,969	1,252,642
Estimated opex for future collections at time of acquisition	368,785	332,935	368,785	332,935	363,858
Estimated discounted gain	963,720	842,330	963,720	842,330	928,920
Estimated remaining collections (ERC)	2,586,124	2,367,234	2,586,124	2,367,234	2,545,419

Net interest-bearing debt (NIBD)

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Non-current portion of interest-bearing debt from financial position	949,167	872,019	949,167	872,019	445,590
Current portion of interest-bearing debt from financial position	2,914	3,474	2,914	3,474	499,709
Interest-bearing debt, discontinued operations	4,177	12,866	4,177	12,866	10,247
Total interest-bearing debt	956,258	888,359	956,258	888,359	955,546
Accrued interest, capitalized loan fees and other adjustments	17,502	7,198	17,502	7,198	4,972
Cash and cash equivalents from financial position	41,318	17,433	41,318	17,433	29,045
Cash and cash equivalents, discontinued operations	1,009	2,554	1,009	2,554	3,607
Net interest-bearing debt (NIBD)	931,433	875,569	931,433	875,569	927,865

Return on equity to shareholders, annualized

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Net profit/(loss) after tax attributable to shareholders of the parent company	6,014	9,653	23,487	27,347	36,757
Average equity for the period related to shareholders of the parent company	418,010	402,483	415,542	395,283	399,433
Return on equity to shareholders, annualized	5.7%	9.5%	7.6%	9.3%	9.2%

Return on equity, continuing operations, annualized

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	
Net profit/(loss) after tax from continuing operations	6,091	10,168	24,347	30,284	40,644
Average total equity for the period	409,582	399,582	408,304	393,806	397,163
Return on equity, continuing operations, annualized	5.9%	10.1%	8.0%	10.3%	10.2%

/ Glossary

Terms

Active forecast	Forecast of estimated remaining collections on purchased loan portfolios
Board	Board of Directors
Cash EBITDA margin	Cash EBITDA as a percentage of gross revenue
Chair	Chair of the Board of Directors
Contribution margin (%)	Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total income
Collection performance	Gross collections on purchased loan portfolios in relation to active forecast, including sale of repossessed assets in relation to book value
Cost-to-collect	Cost to collect is calculated as segment operating expenses plus a pro rata allocation of unallocated operating expenses and unallocated depreciation and amortization. The segment operating expense is used as allocation key for the unallocated costs
Equity ratio	Total equity as a percentage of total equity and liabilities
Forward flow agreement	Agreement for future acquisitions of loan portfolios at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to the book value of purchased loan portfolios, calculated using monthly cash flows over a 180-months period

Group	Axactor ASA and all its subsidiaries
NPL amortization rate	Portfolio amortization divided by collections on own portfolios for the NPL segment
NPL cost-to-collect ratio	NPL cost to collect divided by NPL total income excluding NPV of changes in collection forecasts and change in fair value of forward flow commitments
One off portfolio acquisition	Acquisition of a single loan portfolio
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Amount of acquisitions of new loan portfolios needed to keep the book value of purchased loan portfolios constant compared to last period
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured loan portfolios
SG&A, IT and corporate cost	Total operating expenses for overhead functions, such as HR, finance and legal etc
Solution rate	Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis

Abbreviations

3PC	Third-party collection
AGM	Annual general meeting
APM	Alternative performance measures
ARM	Accounts receivable management
B2B	Business to business
B2C	Business to consumer
BoD	Board of Directors
BS	Consolidated statement of financial position (balance sheet)
CF	Consolidated statement of cash flows
CGU	Cash generating unit
CM	Contribution margin
D&A	Depreciation and amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
ECL	Expected credit loss
EGM	Extraordinary general meeting
EPS	Earnings per share
ERC	Estimated remaining collections
ESG	Environmental, social and governance
ESOP	Employee stock ownership plan
FSA	The financial supervisory authority

FTE	Full time equivalent
GHG	Greenhouse gas emissions
HQ	Headquarters
IFRS	International financial reporting standards
LTV	Loan to value
NCI	Non-controlling interests
NPL	Non-performing loan
OB	Outstanding balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees
OCI	Consolidated statement of other comprehensive income
P&L	Consolidated statement of profit or loss
PCI	Purchased credit impaired
PPA	Purchase price allocations
REO	Real estate owned
ROE	Return on equity
SDG	Sustainable development goal
SG&A	Selling, general & administrative
SPV	Special purpose vehicle
VIU	Value in use
VPS	Verdipapirsentralen/Norwegian central securities depository
WACC	Weighted average cost of capital
WAEP	Weighted average exercise price

