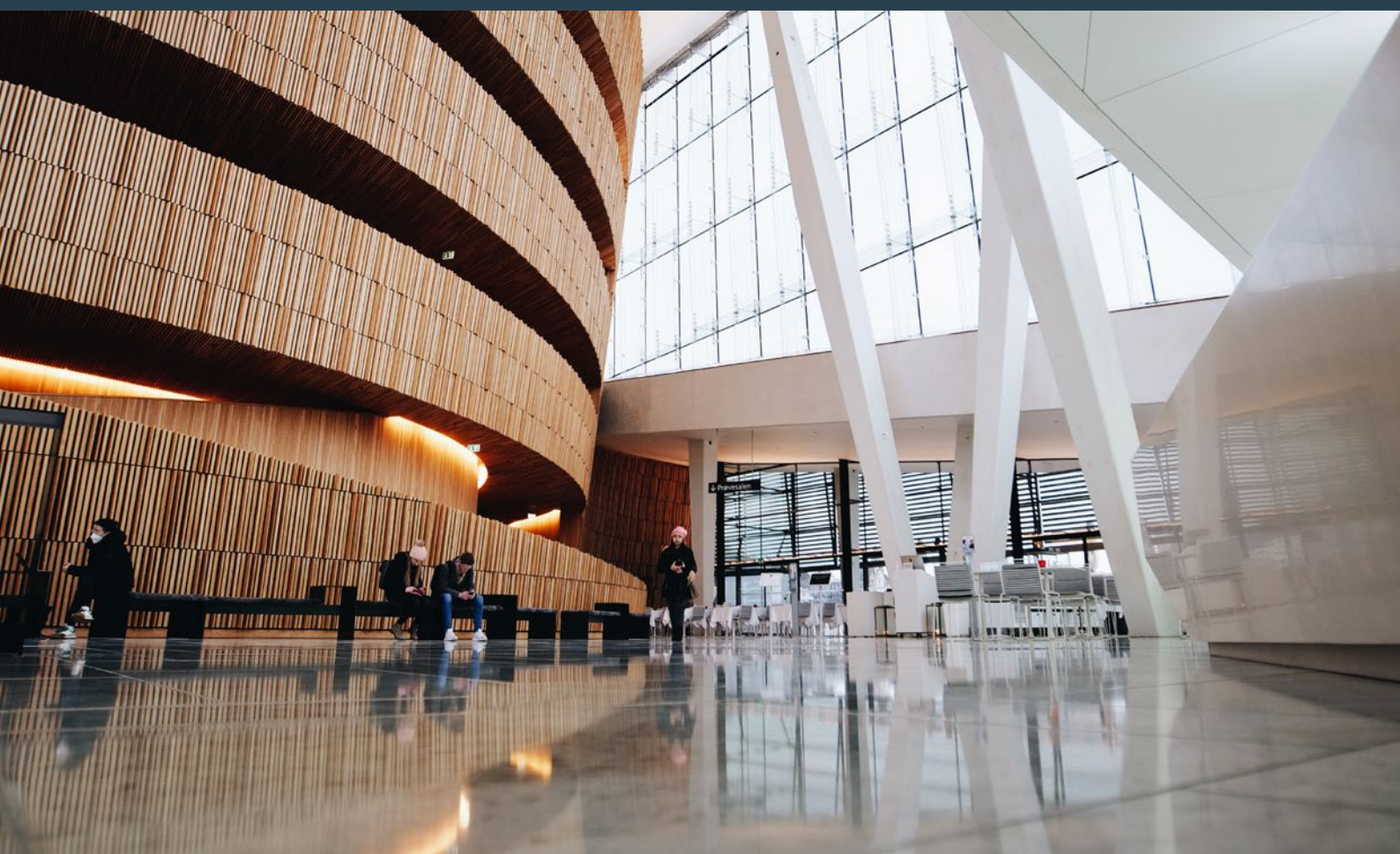


AXACTOR

Report

Q3 2022



Highlights¹⁾

Third quarter 2022

- EBITDA margin increased to 51% in the third quarter (33%), with the EBITDA more than doubling from the third quarter last year
- Annualized return on equity for continuing operations ended at 10.1% for the quarter (-2.1%). Total annualized return on equity for shareholders, including discontinued operations, ended at 9.5% (-3.3%)
- NPL investments increased to EUR 68.6 million for the quarter (32.0), taking investments for the first nine months of the year to EUR 195.0 million (60.5). Additionally, Axactor has EUR 37.2m in estimated forward flow commitments for the remainder of 2022
- Total gross revenue ended at EUR 82.3 million, up 17% from the third quarter last year (70.3), while total income increased by 51% to EUR 58.9 million (38.9)
- Total operating expenses as share of gross revenue fell from 37% in the third quarter 2021 to 35% in the third quarter 2022
- Cash EBITDA ended at EUR 53.9 million, up from EUR 44.2 million in the third quarter last year. Adding contribution from the discontinued REO operations, Cash EBITDA was EUR 55.6 million (50.8)
- Net profit came in at EUR 10.2 million, a EUR 12.5 million improvement from the third quarter 2021 (-2.3). Including the discontinued operations, the net profit was EUR 8.6 million, up from EUR -5.4 million in the corresponding quarter last year
- Axactor continued the repurchase of bond loans in the third quarter, acquiring a total nominal outstanding value of EUR 10.4 million. The bonds were on average purchased at a sub-par value, resulting in a positive one-time impact on net financial items of EUR 0.2 million
- Axactor continued to improve its efficiency and cost position with several organizational changes made to promote a leaner organization, combined with a continued focus on automation and sharing of best practices

1) The highlights section refers to Axactor's continuing operations, unless explicitly stated otherwise

Key Figures Axactor Group

EUR million	For the quarter end		Year to date		Full year 2021 ¹⁾
	30 Sep 2022	30 Sep 2021 ¹⁾	30 Sep 2022	30 Sep 2021 ¹⁾	
Gross revenue	82.3	70.3	247.9	228.8	307.6
Total income	58.9	38.9	176.7	144.3	158.3
EBITDA	30.0	12.9	87.8	58.0	40.5
Net profit/(loss) after tax from continuing operations	10.2	(2.3)	30.3	6.6	(25.4)
Net profit/(loss) after tax from discontinued operations	(1.6)	(3.2)	(5.4)	(11.1)	(20.6)
Net profit/(loss) after tax	8.6	(5.4)	24.8	(4.5)	(46.0)
Return on equity, excluding non-controlling interests, annualized	9.5%	(3.3%)	9.3%	0.8%	(8.5%)
Return on equity, continuing operations, annualized	10.1%	(2.1%)	10.3%	2.1%	(6.2%)
Growth gross revenue, period to period	17.1%	(5.4%)	8.3%	10.3%	6.5%
Cash and cash equivalents, end of period ²⁾	20.0	36.8	20.0	36.8	38.2
Cash EBITDA from continuing operations ³⁾	53.9	44.2	160.6	143.2	192.1
Cash EBITDA ⁴⁾	55.6	50.8	169.5	168.6	223.8
Acquired NPL portfolios during the period	68.6	32.0	195.0	60.5	114.0
Book value of NPL portfolios, end of period	1,192.0	1,102.1	1,192.0	1,102.1	1,095.8
Estimated remaining collection (ERC), NPL	2,367.2	2,130.4	2,367.2	2,130.4	2,140.5
Interest bearing debt, end of period ⁵⁾	888.4	814.1	888.4	814.1	838.3
Number of employees (FTEs), end of period	1,205	1,112	1,205	1,112	1,096
Price per share, last day of period	5.42	9.39	5.42	9.39	7.55

1) For some figures, comparative information has been re-presented due to a discontinued operation, see note 12

2) Total cash and cash equivalents from continuing and discontinued operations, excluding restricted cash. See APM table

3) Cash EBITDA from continuing operations is EBITDA adjusted for change in fair value of forward flow commitments, portfolio amortizations and revaluations, repossessed assets cost of sale and impairment, and calculated cost of share option program. See APM table

4) Cash EBITDA is total EBITDA (continuing and discontinued operations) adjusted for change in fair value of forward flow commitments, portfolio amortizations and revaluations, REO and repossessed cost of sales and impairments, and calculated cost of share option program. See APM table

5) Interest bearing debt is total interest bearing debt allocated to continuing and discontinued operations. See APM table

Operations

All business segments delivered solid performance in a seasonally slow third quarter. Gross revenue improved 17% compared to the corresponding quarter in 2021, with collection upheld at good levels thanks to a successful strategy for the holiday period. The NPL collection performance has stabilized during 2022 and ended at 99%, the same level as in the previous quarter. Through a consistent focus on efficiency and automation, Axactor achieved a cost-to-collect ratio within the NPL segment of 38% for the first nine months of 2022. This is a significant improvement compared to 44% in 2021, and Axactor will strive for further improvements to this industry leading cost position going forward.

With the recent increases in interest rates and rising inflation, Axactors' debtors are experiencing an increased cost of living. To support debtors through these potentially difficult times, a group wide initiative has been initiated to assist debtors with sustainable payment plans. Such a holistic view on the debtor's financial situation improves the long-term outcome for both debtors and for Axactor.

Axactor has seen commercial success within both the 3PC and the NPL segment during the quarter. NPL portfolio investments amounted to EUR 68.6 million for the quarter, taking the investments so far in 2022 to EUR 195 million. A landmark 3PC agreement was made in Italy with a leading international bank, where Axactor also gains a right of first refusal at an agreed price if the claims are to be sold at a later point in time.

Continuous improvement of the self-service solutions

The usage of the debtor portal is developing positively and the average usage in the third quarter was 7% higher than the average usage in 2021. The increased number of log ins mainly originates from Finland and Italy, where the self-service portal has been marketed extensively towards debtors during the summer. Small adjustments have also been made to simplify the log in procedure, as well as to improve the payment plan functionality within the portal.

To attract further usage of the debtor portal, a live chat solution has been integrated into the debtor portal for all the Nordic countries. Front office agents are helping debtors to create payment plans and answering case related questions, with a secure identification log in process.

Building future excellence through advanced analytics and automation

The ramp-up of the group advanced analytics team continues, and currently consists of seven data scientists. The collaboration between the team and local business intelligence resources progresses according to plan, resulting in an extensive number of machine learning scorecards. These scorecards are used for optimizing communication methods and collection strategies, as well as identifying the probability of payment prior to contacting a debtor.

Substantial technical improvements have been made to the Finnish core collection system, automizing the legal processes for court cases and the bailiff processes. This major milestone will increase both the quality in the debt collection process and the efficiency for the legal collection team in Finland.

Similar successful initiatives have also been implemented in Spain, where two new robotics projects went into production during the quarter. The most important project concerns automatic reading of notifications from the courts, with an expected saving of EUR 0.4 million per annum. The second project is related to automatic writing of judicial submissions in the Catalonia region. Both projects enable Axactor to replace manual work with fully automated solutions.

Compliance awareness trainings

All employees have received various compliance awareness trainings within good debt collection practices, information security and data privacy in the third quarter.

A desktop exercise in the business continuity plan (BCP) has been held in Spain and Italy. Business continuity managers in all countries have received specific training tailored to the specifics of their role.

Axactor's manuals for dawn raids and whistle blowing have been subject to a full review and updates, and training on the procedures have been provided to relevant employees. Further, the finance team has reviewed the risks of financial crimes and discussed further mitigations.

Aiming to reduce the carbon footprint

During the year, Axactor has worked extensively on improving the quality and reporting of its activities contributing to climate gas emissions across the entire Group. The third quarter has been spent completing the data collection and development of the reporting tool. Axactor aims to be able to report on a full set of emissions in scope 1, 2, and 3, compliant with the GHG protocol for the fiscal year 2022. Going forward, this will enable the company to work more actively towards reducing its carbon footprint, as well as to continue to meet stakeholders', society's and regulators' expectations.

Regulatory developments in the EU

Axactor has during the quarter submitted its response to the European Banking Authority's (EBA) consultation on the draft Implementing Technical Standards (ITS) specifying the

information that sellers of non-performing loans shall provide to prospective buyers. In the process of preparing its response, Axactor has discussed the matter with relevant peers. Following the consultation, it is anticipated that EBA will finalize and submit the draft ITS to the European Commission by the end of 2022.

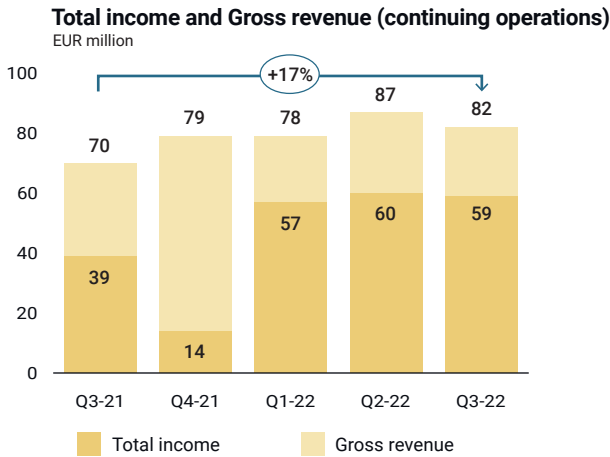
Streamlining the organization and processes

To increase efficiency Axactor implemented several organizational changes in the quarter. The number of managers was reduced by 10% in order to promote a leaner organization. This reduction was enabled by extensive focus on leadership development over the course of 2022, with particular focus on middle management. The annual employee satisfaction survey from Great Place To Work conducted in October points toward a successful re-organization, with employees reporting increased satisfaction in relations with the management, their job and their colleagues.

A benchmark comparing the local organizations was conducted to identify best practices and potential performance improvements. The group internal auditor has, together with the NPL team, reviewed the NPL purchase and onboarding processes to improve quality and to ensure compliance. The procurement procedures have been reviewed and updated during the quarter, reiterating Axactor's commitment to transparent, objective, sustainable, and cost-effective procurement practices, with updated and practical guidelines.

Financials

Revenue



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. Repossessed assets from Axactor’s secured NPL portfolios are defined as continuing operations and reported under the NPL segment. All comments and numbers in the following text refer to continuing operations unless explicitly stated otherwise. This also applies to figures for previous periods.

Total income for the third quarter came in at EUR 58.9 million, up 51% from the corresponding quarter last year (38.9). The increase was driven both by a 17% increase in gross revenue to EUR 82.3 million (70.3), and a decline in the NPL portfolio amortization rate. The high growth rates compared to last year is partly due to a weak third quarter 2021. The third quarter of 2021 saw significant headwinds in terms of collections, particularly affecting the NPL segment. Furthermore, prolonged effects of the Covid-19 pandemic

caused significant negative NPL revaluations and reduced volumes for the 3PC segment.

Total income for the NPL segment was EUR 45.8 million for the quarter, up from EUR 28.0 million in the third quarter 2021. Segment gross revenue grew 17% to EUR 69.3 million (59.4), driven by the investments in NPL portfolios over the past twelve months and a collection performance of 99% in the quarter. The improved collection performance also contributed positively with approximately 7 percentage points on the NPL amortization rate compared to the third quarter last year. The NPL amortization rate ended at 33% for the quarter (43%). Net NPL revaluations ended at negative EUR 1.0 million compared to negative 5.6 million in the third quarter last year. Out of the gross revenue, EUR 0.6 million is related to sale of repossessed assets (0.1).

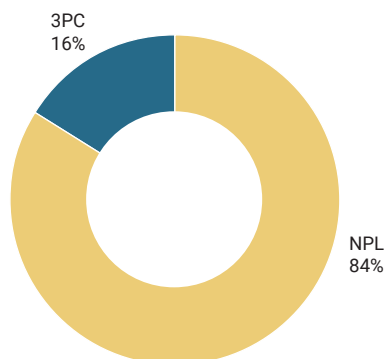
The 3PC segment continues to grow on the back of the acquisition of Credit Recovery Service, as well as continued organic growth. Total income thus ended at EUR 13.0 million, up 20% compared to the third quarter last year (10.9).

Operating expenses

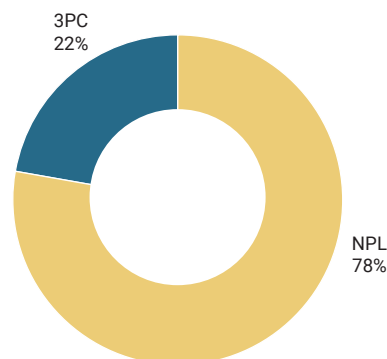
Total operating expenses before depreciation and amortization amounted to EUR 28.8 million for the third quarter, up from EUR 26.0 million in the corresponding quarter last year. As a percentage of gross revenue the operating expenses decreased from 37% to 35%, also when excluding EUR 0.3 million of restructuring cost in the third quarter 2021. The positive development is primarily driven by increased NPL collection, combined with a strict cost focus and improving economies of scale.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.2 million for the quarter, down from EUR 2.3 million in the corresponding quarter last year.

Gross revenue mix Q3-22

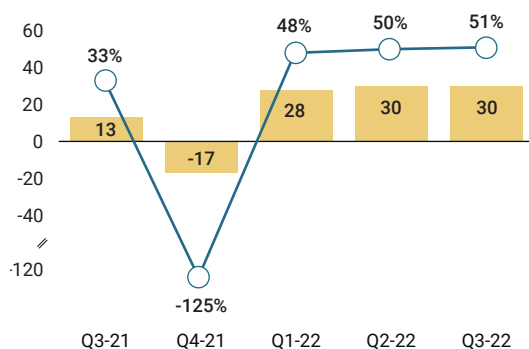


Total income mix Q3-22



EBITDA and EBITDA-margin

EUR million and %



Operating results

Total contribution from the business segments was EUR 40.1 million for the quarter, compared to EUR 22.7 million in the third quarter last year. Adjusting for EUR 0.3 million in restructuring costs in the third quarter 2021, the contribution margin over total income grew from 59% to 68%.

The NPL segment delivered a contribution margin of EUR 35.5 million in the third quarter, up from EUR 18.6 million in the same quarter last year. The main driver for the increase in profitability was the improvement in collection performance and increase in gross revenue. The total operating expenses for the NPL segment ended at EUR 10.3 million (9.4), whereof EUR 0.3 million relates to cost of repossessed assets sold (-0.0). The operating expenses grew by 9% from the third quarter 2021, or by 6% when excluding the cost of repossessed assets sold. This compares to a growth in total income of 63%, and the margin over total income thus improved significantly and ended at 78% (66%).

Contribution from 3PC was EUR 4.6 million, up from EUR 4.1 million in the third quarter 2021. The improvement is mainly driven by the inclusion of Credit Recovery Service, as well as organic total income growth and the cost saving initiatives implemented last year. The margin over total income decreased from 40% to 35%, adjusted for EUR 0.3 million in restructuring cost in the third quarter 2021.

EBITDA for the quarter more than doubled from the same quarter last year, ending at EUR 30.0 million (12.9). The EBITDA margin was thus 51%, up from 33% in the third quarter last year.

The difference between contribution margin and EBITDA is comprised of unallocated SG&A and IT costs, which amounted to EUR 10.1 million for the quarter, up from EUR 9.8 million in the third quarter 2021.

Cash EBITDA ended at EUR 53.9 million for the third quarter, up from EUR 44.2 million in the corresponding quarter last year. The improvement was mainly driven by increased NPL collection and higher 3PC income. Adding the contribution from discontinued operations, cash EBITDA was EUR 55.6 million (50.8).

Operating profit (EBIT) was EUR 27.8 million for the third quarter, compared to EUR 10.6 million in the third quarter last year.

Net financial items

Total net financial items for the quarter were negative EUR 13.8 million (negative 12.5), while total interest expense on borrowings for the quarter was EUR 14.0 million (12.1).

Axactor continued to purchase own outstanding bonds in the third quarter, acquiring a total face value of EUR 10.4 million in the quarter. The purchases were made at an average price below par, resulting in a positive net gain of EUR 0.2 million. The total face value of own bonds acquired so far this year is EUR 46.9 million.

The net FX impact for the quarter was negative EUR 0.1 million, compared to negative EUR 0.2 million in the third quarter last year.

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 2.3 million for the quarter (7.8), while EBITDA ended at negative EUR 1.4 million (negative 2.5). The net profit was negative EUR 1.6 million, compared to negative EUR 3.2 million in the third quarter 2021.

Earnings and taxes

Earnings before tax ended at EUR 14.0 million for the third quarter (negative 1.8), while net profit ended at EUR 10.2 million (negative 2.3). The effective tax rate was thus 27% for the quarter (negative 25%). Adding discontinued operations, the net profit was EUR 8.6 million, up from EUR negative 5.4 million in the third quarter 2021.

The net profit including discontinued operations for the third quarter ended at EUR 9.7 million for shareholders of the parent company (negative 3.4), and at negative EUR 1.1 million for non-controlling interests (negative 2.0). The resulting earnings per share was thus EUR 0.032 both on a reported basis and fully diluted (negative 0.011), 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 negative EUR 17.5 million (26.4) for the quarter.

The decrease compared to last year relates to higher NPL investments. The amount paid for NPL portfolios increased from EUR 28.0 million in the third quarter 2021 to EUR 70.5 million in the third quarter 2022. 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 investments in NPL portfolios, cash flow from operations for the quarter amounted to EUR 53.0 million, slightly down from the corresponding period last year (54.5). Cash EBITDA from continuing operations increased to EUR 53.9 million, from EUR 44.2 million in the third quarter last year. The positive development was however partly offset by a EUR 4.9 million reduction in Cash EBITDA from the discontinued operations. In addition, taxes paid increased to EUR 2.6 million (0.0), and the net working capital was reduced by EUR 0.1 million compared to a reduction of EUR 3.7 million in the third quarter last year.

Total net cash flow from investments, not including investments in NPL portfolios, was negative EUR 1.0 million for the quarter (negative 1.0).

Total net cash flow from financing activities was EUR 6.2 million for the quarter (negative 30.4), with a net drawdown on credit facilities of EUR 19.6 million (net repayment of 12.3). Interests paid increased from EUR 11.6 million in the third quarter last year, to EUR 12.3 million.

Total net cash flow was negative EUR 12.3 million for the quarter (negative 5.0), leaving total cash and cash equivalents at EUR 26.2 million at the end of the third quarter (42.3). This includes EUR 6.2 million in restricted cash (5.5) and EUR 2.6 million allocated to the discontinued operations.

Equity position and balance sheet considerations

Total equity for the Group was EUR 404.7 million at the end of the third quarter (421.3), including non-controlling interests of EUR negative 3.6 million (8.7). The main reason for the reduced equity compared to last year is the losses recognized during the fourth quarter 2021.

The resulting equity ratio at the end of the second quarter was 29% (32%), same as at the end of 2021.

Return on equity

Annualized return on equity for shareholders, including discontinued operations, ended at 9.5% for the third quarter (negative 3.3%), while annualized return on equity for continuing operations ended at 10.1% (negative 2.1%).

Axactor is pleased to see the return on equity improving and aims for further improvements of key drivers in the near- to mid-term future. Increasing economies of scale, changes in the business mix, and the gradual blending in of higher gross IRR NPL portfolios all point towards higher profitability. The effective tax rate is expected to stabilize at around 27% over time, within the company's current jurisdictions. At the same time, the interest rate increases observed recently puts negative pressure on the return on equity development.

Capital expenditure and funding

Axactor invested EUR 68.6 million in NPL portfolios during the third quarter (32.0) and has estimated NPL investment commitments for the final quarter of 2022 of EUR 37.2 million. A total of EUR 232.3 million of NPL investments is thus already secured for 2022, compared to the modest investment level of EUR 114.0 million for the full year 2021.

Axactor has two outstanding bond loans, both listed on Oslo Børs with respective tickers ACR02 and ACR03. ACR02 has a nominal value of EUR 200 million and ACR03 has a nominal value of EUR 300 million. After the bond buybacks in the second and third quarter, the outstanding face value of ACR02 and ACR03 is EUR 172.1 million and EUR 281.1 million, respectively.

The revolving credit facility from DNB and Nordea has a total size of EUR 545 million, with an additional EUR 75 million accordion option. At the end of the third quarter the drawn amount on the revolving credit facility was EUR 442.5 million.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 888.4 million at the end of the third quarter (814.1), including EUR 12.9 million allocated to discontinued operations.

Axactor are in compliance with all loan covenants as per the end of the third quarter 2022.

Outlook

The activity level in the market for NPL acquisitions continues to be high. Although competition is fierce in certain markets, Axactor is still able to identify attractively priced portfolios. The 2022 NPL investment guiding of EUR 250-300 million is thus re-iterated, with the investments expected to be made at gross IRR levels significantly above the current portfolio stack. EUR 232.3 million of these investments has already been secured through the investments year-to-date and estimated forward flow commitments for the final quarter of the year.

Continued growth is also expected for the 3PC segment. The inclusion of Credit Recovery Service is the main growth driver, with additional organic growth supporting the development.

Increasing interest rates will have a negative impact on Axactor's funding cost. The impact has so far been limited but will increase as interest rates continue upwards. Interest rates are set quarterly for both the RCF and the two outstanding bond loans, resulting in a time lag for when interest rate increases are effectuated. Based on the interest rates set for the fourth quarter 2022 and the draw per 30 September 2022, Axactor expect interest

expenses in the fourth quarter to increase by EUR 2.1 million from the third quarter. Axactor has a partial interest rate hedge in place but still estimate that, based on the interest rates, debt structure and capitalized loan fees per 30 September 2022, a one percentage point increase in the interest rate will further increase the quarterly interest expenses by approximately EUR 1.8 million, and reduce the annualized return on equity by approximately 1.4 percentage points.

Axactor's operations have so far only seen limited impacts on collection from the high inflation and increasing interest rates observed over the past months. There have been some indications in certain markets of fewer large one-off payments and debtors asking for longer payment plans with lower monthly installments, or payment deferrals. In general, a potential further reduction in the debtors' real disposable income could adversely affect their ability to settle their debt. At the same time, this could lead to higher default rates at the banks, creating more volumes of non-performing loans available for both third-party servicing and for purchase. The executive management and Board closely monitor the general macroeconomic situation and its potential business impacts.

Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end		Year to date		Full year 2021 ¹⁾
		30 Sep 2022	30 Sep 2021 ¹⁾	30 Sep 2022	30 Sep 2021 ¹⁾	
Continuing operations						
Interest income from purchased loan portfolios	5, 6	47,586	41,238	137,127	124,915	168,421
Net gain/(loss) purchased loan portfolios	5, 6	(2,405)	(13,305)	(5,463)	(17,425)	(62,013)
Revenue from sale of repossessed assets	5	637	112	4,157	1,857	3,018
Other operating revenue		13,040	10,896	40,854	34,970	48,858
Other income		-	1	15	3	15
Total income	3, 5	58,858	38,941	176,690	144,321	158,298
Cost of repossessed assets sold, incl impairment		(276)	17	(1,203)	(582)	(2,136)
Personnel expenses		(16,041)	(14,584)	(48,318)	(47,704)	(61,313)
Operating expenses		(12,499)	(11,464)	(39,397)	(38,058)	(54,350)
Total operating expenses		(28,816)	(26,031)	(88,918)	(86,344)	(117,800)
EBITDA		30,041	12,910	87,773	57,976	40,498
Amortization and depreciation		(2,238)	(2,289)	(6,538)	(7,177)	(9,616)
Operating profit		27,803	10,621	81,235	50,799	30,882
Financial revenue	4	1,966	334	4,151	1,344	3,033
Financial expenses	4	(15,774)	(12,788)	(44,437)	(39,750)	(54,012)
Net financial items		(13,808)	(12,455)	(40,286)	(38,407)	(50,979)
Profit/(loss) before tax from continuing operations		13,996	(1,833)	40,948	12,392	(20,097)
Tax (expense)		(3,828)	(450)	(10,665)	(5,779)	(5,296)
Net profit/(loss) after tax from continuing operations		10,168	(2,283)	30,284	6,614	(25,393)
Discontinued operations						
Net profit/(loss) after tax from discontinued operations	12	(1,610)	(3,159)	(5,439)	(11,069)	(20,599)
Net profit/(loss) after tax		8,558	(5,442)	24,845	(4,455)	(45,992)
Attributable to:						
Non-controlling interests:						
Net profit/(loss) after tax from continuing operations		(148)	(125)	672	(317)	(952)
Net profit/(loss) after tax from discontinued operations		(947)	(1,875)	(3,174)	(6,414)	(12,242)
Net profit/(loss) after tax		(1,095)	(2,000)	(2,502)	(6,731)	(13,194)
Shareholders of the parent company:						
Net profit/(loss) after tax from continuing operations		10,316	(2,158)	29,612	6,930	(24,440)
Net profit/(loss) after tax from discontinued operations		(662)	(1,284)	(2,264)	(4,655)	(8,357)
Net profit/(loss) after tax		9,653	(3,442)	27,347	2,275	(32,797)
Earnings per share:						
From continuing operations, basic and diluted:		0.034	(0.007)	0.098	0.024	(0.083)
From continuing and discontinued operations, basic and diluted:		0.032	(0.011)	0.091	0.008	(0.112)

1) Comparative figures have been re-presented due to a discontinued operation, see note 12.

Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Net profit/(loss) after tax	8,558	(5,442)	24,845	(4,455)	(45,992)
<i>Items that will not be classified subsequently to profit and loss</i>					
Remeasurement of pension plans	-	-	-	-	(4)
Net gain/(loss) on equity instruments designated at fair value through OCI	-	-	-	-	(16)
<i>Items that may be classified subsequently to profit and loss</i>					
Foreign currency translation differences - foreign operations	(2,684)	(444)	(9,375)	5,985	8,924
Net gain/(loss) on cash flow hedges	4,527	-	9,678	-	(230)
Other comprehensive income/(loss) after tax	1,843	(444)	303	5,985	8,675
Total comprehensive income/(loss) for the period	10,401	(5,886)	25,148	1,530	(37,317)
Attributable to:					
Non-controlling interests	(1,095)	(2,000)	(2,502)	(6,731)	(13,194)
Shareholders of the parent company	11,496	(3,886)	27,651	8,261	(24,123)

Interim condensed consolidated statement of financial position

EUR thousand	Note	30 Sep 2022	30 Sep 2021	Full year 2021
Assets				
<i>Intangible non-current assets</i>				
Intangible assets		16,947	18,426	17,824
Goodwill		61,195	55,496	55,960
Deferred tax assets		12,218	7,761	13,700
<i>Tangible non-current assets</i>				
Property, plant and equipment		2,472	2,557	2,290
Right of use assets	8	12,211	4,596	10,768
<i>Financial non-current assets</i>				
Purchased debt portfolios	6	1,191,969	1,102,066	1,095,789
Other non-current receivables		12,352	365	338
Other non-current investments		28	196	28
Total non-current assets		1,309,393	1,191,462	1,196,698
<i>Current assets</i>				
Stock of secured assets		-	46,043	29,310
Repossessed assets		2,208	-	-
Accounts receivable		5,935	6,121	7,060
Other current assets		16,038	13,417	16,154
Restricted cash		6,214	5,488	5,798
Cash and cash equivalents		17,433	36,771	38,155
Total current assets		47,829	107,840	96,476
Assets classified as held for sale	12	16,746	-	-
Total assets		1,373,968	1,299,302	1,293,175

Interim condensed consolidated statement of financial position

EUR thousand	Note	30 Sep 2022	30 Sep 2021	Full year 2021
Equity and liabilities				
Share capital	10	158,369	158,150	158,150
Other paid-in equity		270,284	269,900	269,919
Retained earnings	10	(13,347)	(5,398)	(40,475)
Translation reserve		(16,449)	(10,013)	(7,074)
Other reserves		9,433	-	(245)
Non-controlling interests		(3,627)	8,702	976
Total equity		404,663	421,340	381,249
<i>Non-current liabilities</i>				
Interest bearing debt	7	872,019	661,554	834,411
Deferred tax liabilities		11,850	6,331	6,144
Lease liabilities	8	9,789	3,044	8,866
Other non-current liabilities		1,522	1,644	1,994
Total non-current liabilities		895,180	672,574	851,415
<i>Current liabilities</i>				
Accounts payable		7,683	6,885	7,282
Current portion of interest bearing debt	7	3,474	152,568	3,845
Taxes payable		21,091	17,443	20,259
Lease liabilities	8	2,782	1,779	2,185
Other current liabilities	9	24,886	26,712	26,941
Total current liabilities		59,916	205,387	60,511
Liabilities directly associated with assets classified as held for sale	12	14,209		
Total liabilities		969,305	877,962	911,925
Total equity and liabilities		1,373,968	1,299,302	1,293,175

Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end		Year to date		Full year 2021
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Operating activities						
Profit/(loss) before tax from continued operations		13,996	(1,833)	40,948	12,392	(20,097)
Profit/(loss) before tax from discontinued operations	12	(1,610)	(3,159)	(5,439)	(11,069)	(20,599)
Taxes paid		(2,618)	(10)	(5,470)	(434)	(3,261)
Adjustments for:						
- Net financial items allocated to continuing operations		13,808	12,455	40,286	38,407	50,979
- Net financial items allocated to discontinued operations		232	649	889	3,355	3,796
- Portfolio amortization and revaluation		23,446	31,342	71,242	84,144	148,542
- Cost of repossessed assets sold, incl impairment		276	(17)	1,203	582	2,136
- Cost of REOs sold, incl impairment	12	3,049	9,087	13,481	33,017	48,379
- Depreciation and amortization		2,238	2,293	6,538	7,211	9,654
- Calculated cost of employee share options		116	(7)	366	161	180
Change in working capital		91	3,663	163	10,846	4,991
<i>Cash flow from operating activities before NPL and REO investments</i>		53,025	54,461	164,208	178,613	224,700
Purchase of debt portfolios	6	(70,452)	(28,006)	(196,984)	(63,847)	(115,402)
Sale of debt portfolio	6	-	-	-	300	450
Purchases related to REO/repossessed assets		(44)	(19)	(148)	(133)	(193)
Net cash flow from operating activities		(17,471)	26,436	(32,924)	114,933	109,555
Investing activities						
Investment in subsidiaries, net of cash acquired	11	-	-	(3,085)	-	-
Purchase of intangible and tangible assets		(1,084)	(1,015)	(3,794)	(3,582)	(4,718)
Interest received		113	1	158	2	5
Net cash flow from investing activities		(971)	(1,014)	(6,721)	(3,581)	(4,712)
Financing activities						
Proceeds from borrowings	7	58,856	300,000	260,080	454,490	542,496
Repayment of debt	7	(39,270)	(312,349)	(197,453)	(562,809)	(628,681)
Interest paid		(12,341)	(11,592)	(35,891)	(30,104)	(42,050)
Loan fees paid	7	1	(4,060)	(82)	(24,033)	(24,033)
Lease payments	8	(719)	(757)	(1,921)	(2,186)	(2,812)
New share issues		-	-	-	50,792	50,792
Repayments to non-controlling interests		(357)	(1,663)	(2,100)	(5,363)	(6,625)
Cost related to share issues		-	-	-	(1,460)	(1,460)
Net cash flow from financing activities		6,171	(30,421)	22,633	(120,673)	(112,373)
Net change in cash and cash equivalents		(12,273)	(4,999)	(17,013)	(9,320)	(7,531)
Cash and cash equivalents at the beginning of period		38,474	47,338	43,953	50,725	50,725
Currency translation		-	(80)	(738)	854	759
Cash and cash equivalents at end of period, incl. restricted funds		26,202	42,259	26,202	42,259	43,953

Interim condensed consolidated statement of changes in equity

EUR thousand	Equity related to the shareholders of the parent company						Non-controlling interest	Total Equity
	Restricted		Non-restricted					
	Share Capital	Other paid in equity	Translation reserve	Other reserves	Retained earnings	Total		
Closing balance at 31 Dec 2020	97,040	236,562	(15,999)		(16,036)	301,566	74,113	375,680
Result of the period					2,275	2,275	(6,731)	(4,455)
Other comprehensive income of the period			5,985			5,985		5,985
Total comprehensive income for the period	-	-	5,985	-	2,275	8,261	(6,731)	1,530
Repayments to non-controlling interests						-	(5,363)	(5,363)
Acquisition of remaining 50% of Axactor Invest 1		7,319			8,363	15,682	(53,317)	(37,635)
New share issues	61,110	27,318				88,427		88,427
Cost related to share issues		(1,460)				(1,460)		(1,460)
Share based payment		161				161		161
Closing balance at 30 Sep 2021	158,150	269,900	(10,013)	-	(5,398)	412,637	8,702	421,340
Result of the period	-	-	-	-	(35,073)	(35,073)	(6,464)	(41,536)
Other comprehensive income of the period	-	-	2,939	(245)	(4)	2,689	-	2,689
Total comprehensive income for the period	-	-	2,939	(245)	(35,077)	(32,384)	(6,464)	(38,847)
Repayments to non-controlling interests						-	(1,263)	(1,263)
Share based payment	-	19	-	-	-	19	-	19
Closing balance at 31 Dec 2021	158,150	269,919	(7,074)	(245)	(40,475)	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	-	-	(9,375)	9,678	27,347	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)	-		-
Closing balance at 30 Sep 2022	158,369	270,284	(16,449)	9,433	(13,347)	408,289	(3,627)	404,663

Notes to the Financial Report

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, excluding discontinued operations, correspond to those described in the Annual Report for the Financial Year 2021. The discontinued operations are described in note 12 of the interim report. 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 for the Financial Year 2021.

In preparing these interim financial statements, management has made judgements and estimates 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. Critical accounting estimates and judgements in terms of accounting policies are more comprehensively discussed in the Group Annual Report for the Financial Year 2021, which is available on Axactor's website: www.axactor.com.

The significant judgements made by management applying the Group's accounting policies and the key resources 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.

Conversion from SE to ASA

On the Annual General Meeting on 21 April 2022, it was resolved that the parent company in the Axactor Group were to convert from a Societas Europaea company (SE) to a Norwegian public limited liability company (ASA). It was further resolved that the parent company were to change name from Axactor SE to Axactor ASA and to amend the company's articles of association. The resolved conversion of form, change of name, and amendment of articles of association were registered with the Norwegian Register of Business Enterprises (Foretaksregisteret) on 2 May 2022. Reference is made to the stock exchange announcement by Axactor SE on 2 May 2022.

Update on the process of revaluation model expansion

As communicated in a press release on 13 December 2021, Axactor ASA has received a conclusion from the Norwegian Financial Supervisory Authority (FSA) in accordance with the preliminary conclusion as stated in the press release of 2 September 2021. The FSA requires that the company expands its revaluation model for portfolios of non-performing loans (NPL) with more input variables capturing current and future macroeconomic conditions and use of scenarios with effect from the reporting of the annual accounts for the financial year 2022.

The estimation of future cash flow is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor has been considering relevant macro factors and market specific factors when estimating future cash flow but not as direct input generating output in the forecast models. The company takes notice of the conclusion from the FSA and has started the work on expanding the portfolio valuation model to better reflect the macro factors and scenarios as required.

The company has tested correlation and collection prediction value from macroeconomic variables interest rate, unemployment, GDP growth, housing price growth, household consumption, disposable income, inflation and salary growth, both on debtor level and portfolio level. The company has progressed far in the development of a new revaluation model and has a framework for a scenario model including external and internal drivers of cash collection. The model will be tested and implemented during the year with effect for the annual accounts for 2022.

Note 2 Risks and uncertainties

Axactor's regular business activities entail exposure to various types of risk. The Group manages such risks proactively and the Board of Directors regularly analyses its operations and potential risk factors and takes steps to reduce risk exposure. Axactor gives strong emphasis to quality assurance and has quality systems implemented, or under implementation in line with the requirements applicable to its business operations.

The risks include but are not limited to credit risk, risk inherent in purchased debt, interest rate risk, regulatory risk, liquidity risk and financing risk. The Group tightly monitors its different risks in all countries where Axactor companies are present. The credit management is negatively affected by a weakened economy. Risks associated with changes in economic conditions are monitored through on-going dialogue with each country management team and through regular follow up on macro-economic development in each country. For a more elaborate discussion on the aforementioned risks one is referred to the Group's Annual Report for the Financial Year 2021, which is available on Axactor's website: www.axactor.com (Note 3 of the Group financial statement).

The first three quarters of 2022 has seen increasing geopolitical risk in Europe with the ongoing conflict in Ukraine. Although Axactor's operations are not directly impacted by the conflict, the executive management and the Board of Directors closely monitor the situation and potential indirect business impacts and maintain the business continuity plans.

Interest risk / hedge accounting

The war on Ukraine and the following international sanctions and geopolitical uncertainty has, in addition to the human tragedy, added momentum to already high inflation levels. This has led central banks to increase interest rates earlier and at a faster pace than expected at the start of the year.

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group's interest rate exposure. At quarter end the fair value of the interest rate hedging derivatives was positive EUR 12.1 million, reported as part of other non-current receivables in the consolidated statement of financial position. The Group holds two contracts at quarter end hedging a total of EUR 200 million in interest rate risk on bond loans. The Group started with hedge accounting at the end of 2021. The Group's strategy is to hedge between 50% and 70% of interest bearing debt with a duration of three to five years. At the end of third quarter of 2022 the hedging ratio was 23%. For further information see note 19 in the annual report for 2021.

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. The Group had cash and cash equivalents incl. restricted funds of EUR 26.2 million at 30 Sep 2022 (30 Sep 2021: EUR 42.3 million), as reconciled in the consolidated statement of cash flows. Per 30 Sep 2022, the Group had EUR 105.2 million in available credit in the revolving credit facility (30 Sep 2021: EUR 249.0 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. For forward flow NPL agreements 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. 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. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The loan repayment amounts presented are subject to change dependent on a change in variable interest rates.

EUR thousand	Q4-22	Q1-23	Q2-23	Q3-23	1-2 years	2-4 years	4+ years	Total
Forward flow NPL agreements, non-cancellable ¹⁾²⁾	37,230	21,938	21,938	8,480	6,840	-	-	96,427
Forward flow NPL agreements, cancellable ¹⁾²⁾³⁾	-	7,739	7,739	7,739	26,172	-	-	49,390
Revolving credit facility DNB/Nordea	5,684	5,684	5,684	5,684	444,985	-	-	467,722
Bond ACR02 (ISIN: NO0010914666)	3,523	3,523	3,523	3,523	175,573	-	-	189,664
Bond ACR03 (ISIN: NO0011093718)	4,595	4,595	4,595	4,595	18,381	317,811	-	354,572
Other non-current liabilities	-	-	-	-	-	-	1,522	1,522
Accounts payable	7,683	-	-	-	-	-	-	7,683
Other current liabilities	21,122	3,764	-	-	-	-	-	24,886
Total allocated to continuing operations	79,838	47,244	43,480	30,021	671,950	317,811	1,522	1,191,865
Total allocated to discontinued operations	1,343	-	-	-	12,866	-	-	14,209
Total	81,181	47,244	43,480	30,021	684,816	317,811	1,522	1,206,074

1) Forward flow NPL agreements split by country:
 Norway 52 %
 Germany 37 %
 Italy 5 %
 Finland 5 %

2) Expected cash flows. Cash flows are limited to EUR 172.8 million by contracted capex limits.

3) Cancellable with three months notice

The ERC represents the estimated gross collection on the NPL 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):

For the quarter end 30 Sep 2022

EUR thousand	Estimated remaining collection (ERC), amortization and interest income from purchased loan portfolios next four quarters				
Year	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Year 1
ERC	70,962	78,346	77,687	72,864	299,859
Amortization	23,571	32,029	32,908	29,416	117,925
Interest income from purchased loan portfolios	47,391	46,317	44,779	43,448	181,934

For the quarter end 30 Sep 2021

EUR thousand	Estimated remaining collection (ERC), amortization and interest income from purchased loan portfolios next four quarters				
Year	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Year 1
ERC	79,055	68,748	70,570	66,355	284,728
Amortization	37,553	28,621	31,585	28,475	126,235
Interest income from purchased loan portfolios	41,501	40,127	38,985	37,880	158,494

For the quarter end 30 Sep 2022

EUR thousand	Estimated remaining collection (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	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 ¹⁾	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

1) Interest income from purchased loan portfolios

For the quarter end 30 Sep 2021

EUR thousand	Estimated remaining collection (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	284,728	253,350	225,441	196,955	175,820	156,950	138,996	125,407	113,238	102,225	92,367	83,860	74,058	57,041	49,983	2,130,419
Amortization	126,235	113,326	102,816	89,453	81,838	74,913	67,750	63,875	60,876	58,640	57,256	57,122	55,620	46,174	46,171	1,102,066
Interest ¹⁾	158,494	140,024	122,625	107,501	93,982	82,037	71,246	61,532	52,362	43,585	35,110	26,738	18,437	10,867	3,812	1,028,353

1) Interest income from purchased loan portfolios

Note 3 Segment reporting

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. Subsequently, the outstanding debt is 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 typically receive a commission for these services. Other services provided include, amongst other, 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 typically 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 total income 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 as well as finance costs. The measurement basis of the performance of the segment is the segment's contribution margin.

Portfolios of purchased real estate is classified as a discontinued operation (see note 12). Portfolios of purchased real estate has prior to 2022 been reported as part of the real estate owned (REO) operating segment. From 2022, in line with internal reporting, REO is no longer considered a separate operating segment. The REO segment consisted of portfolios of purchased real estate as well as repossessed assets from secured non-performing loans. From 2022, in line with the organization and reporting structure used by management, the repossessed assets from secured non-performing loans are reported as part of the NPL segment, whereas amounts from discontinued operations are not included in the segment reporting. Segment information for earlier periods is restated to reflect the change in operating segments.

For the quarter end 30 Sep 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	68,627	-	-	68,627
Portfolio amortization and revaluation	(23,446)	-	-	(23,446)
Revenue from sale of repossessed assets	637	-	-	637
<i>Other operating income:</i>				
-Change in fair value of 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%

For the quarter end 30 Sep 2021

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	59,275	-	-	59,275
Portfolio amortization and revaluation	(31,342)	-	-	(31,342)
Revenue from sale of repossessed assets	112	-	-	112
<i>Other operating income:</i>				
-Change in fair value forward flow commitments	-	-	-	-
-Other operating revenue and other income	-	10,896	1	10,896
Total income	28,045	10,896	1	38,941
Cost of repossessed assets sold	17	-	-	17
Impairment repossessed assets	-	-	-	-
Direct operating expenses	(9,451)	(6,813)	-	(16,264)
Contribution margin	18,611	4,082	1	22,694
SG&A, IT and corporate cost			(9,784)	(9,784)
EBITDA				12,910
Amortization and depreciation			(2,289)	(2,289)
Operating result			(2,289)	10,621
Total operating expenses	(9,434)	(6,813)	(9,784)	(26,031)
Contribution margin (%)	66.4%	37.5%	na	58.3%
EBITDA margin (%)				33.2%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.9%	62.5%	na	23.1%
SG&A, IT and corporate cost / Gross revenue				13.9%

Year to date 30 Sep 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection 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
<i>Other operating income:</i>				
-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%

Year to date 30 Sep 2021

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	191,634	-	-	191,634
Portfolio amortization and revaluation	(84,144)	-	-	(84,144)
Revenue from sale of repossessed assets	1,857	-	-	1,857
<i>Other operating income:</i>				
-Change in fair value forward flow commitments	(374)	-	-	(374)
-Other operating revenue and other income	-	35,344	3	35,347
Total income	108,973	35,344	3	144,321
Cost of repossessed assets sold	(582)	-	-	(582)
Impairment repossessed assets	-	-	-	-
Direct operating expenses	(27,298)	(26,676)	-	(53,974)
Contribution margin	81,093	8,668	3	89,764
SG&A, IT and corporate cost			(31,787)	(31,787)
EBITDA				57,976
Amortization and depreciation			(7,177)	(7,177)
Operating result				50,799
Total operating expenses	(27,880)	(26,676)	(31,787)	(86,344)
Contribution margin (%)	74.4%	24.5%	na	62.2%
EBITDA margin (%)				40.2%
Opex ex SG&A, IT and corporate cost / Gross revenue	14.4%	75.5%	na	23.8%
SG&A, IT and corporate cost / Gross revenue				13.9%

Full year 2021

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	254,949	-	-	254,949
Portfolio amortization and revaluation	(148,542)	-	-	(148,542)
Revenue from sale of repossessed assets	3,018	-	-	3,018
<i>Other operating income:</i>				
-Change in fair value forward flow commitments	(782)	-	-	(782)
-Other operating revenue and other income	-	49,640	15	49,655
Total income	108,643	49,640	15	158,298
Cost of repossessed assets sold	(2,046)	-	-	(2,046)
Impairment repossessed assets	(90)	-	-	(90)
Direct operating expenses	(36,819)	(34,235)	-	(71,055)
Contribution margin	69,687	15,405	15	85,107
SG&A, IT and corporate cost			(44,609)	(44,609)
EBITDA				40,498
Amortization and depreciation			(9,616)	(9,616)
Operating result				30,882
Total operating expenses	(38,956)	(34,235)	(44,609)	(117,800)
Contribution margin (%)	64.1%	31.0%	na	53.8%
EBITDA margin (%)				25.6%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.1%	69.0%	na	23.8%
SG&A, IT and corporate cost / Gross revenue				14.5%

Note 4 Financial items

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Financial revenue					
Interest on bank deposits	113	1	158	2	5
Exchange gains realized	1,439	331	1,617	1,316	2,982
Gain on purchase of bonds in own bond loans (note 7)	377	-	2,323	-	-
Other financial income	37	2	52	26	46
Total financial revenue allocated to continuing operations	1,966	334	4,151	1,344	3,033
Total financial revenue allocated to discontinued operations	-	-	-	-	-
Total financial revenue	1,966	334	4,151	1,344	3,033
Financial expenses					
Interest expense on borrowings ¹⁾	(14,031)	(12,107)	(41,827)	(36,184)	(49,099)
Exchange losses realized	(75)	(280)	(210)	(483)	(3,161)
Net unrealized exchange loss	(1,451)	(288)	(1,711)	(2,814)	(1,326)
Other financial expenses ²⁾	(216)	(114)	(690)	(269)	(427)
Total financial expenses allocated to continuing operations	(15,774)	(12,788)	(44,437)	(39,750)	(54,012)
Total financial expenses allocated to discontinued operations	(232)	(649)	(889)	(3,355)	(3,796)
Total financial expenses	(16,005)	(13,437)	(45,326)	(43,106)	(57,809)
Net financial items allocated to continuing operations	(13,808)	(12,455)	(40,286)	(38,407)	(50,979)
Net financial items allocated to discontinued operations	(232)	(649)	(889)	(3,355)	(3,796)
Total net financial items	(14,039)	(13,103)	(41,175)	(41,762)	(54,775)

1) Interest expense on borrowings for the third quarter of 2022 includes EUR 0.2 million in amortization of capitalized loan fees related to the relative fair value of repurchased bonds

2) Includes interest expense from negative bank accounts in group multicurrency cash pool and negative interest on bank deposits.

Note 5 Total income

The Group operates in seven European countries: Finland, Germany, Italy, Luxembourg, Norway, Spain, and Sweden. Apart from in Luxembourg, Axactor delivers credit management services in all countries. The Group's revenue from continuing operations from external customers by location of operations are detailed below.

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Finland	4,307	3,471	12,278	11,128	10,113
Germany	8,907	7,082	26,147	23,711	30,331
Italy	6,912	3,066	20,334	12,494	17,387
Norway	10,404	8,301	32,157	28,867	35,271
Spain	21,306	10,421	64,054	43,220	59,009
Sweden	7,022	6,600	21,720	24,901	6,187
Total income from continuing operations	58,858	38,941	176,690	144,321	158,298
Total income from discontinued operations	2,269	7,790	11,134	29,301	36,828
Total income	61,127	46,731	187,824	173,622	195,127

Non-current assets ¹⁾

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Finland	3,902	4,178	3,902	4,178	4,052
Germany	15,589	12,813	15,589	12,813	15,884
Italy	16,054	9,255	16,054	9,255	9,184
Norway	33,863	32,760	33,863	32,760	36,088
Spain	20,010	18,187	20,010	18,187	17,519
Sweden	3,407	3,882	3,407	3,882	4,115
Total assets	92,826	81,074	92,826	81,074	86,843

1) Non-current assets consist of intangible assets, goodwill, property, plant and equipment and right-of-use assets. There are no non-current assets related to discontinued operations.

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. In line with the information given in note 3 and 12, revenue from sale of repossessed assets is reported as part of the NPL segment from 2022. The portfolio revenue tables below will hence include revenue from sale of repossessed assets for current and prior periods. Net gain/(loss) from purchased loan portfolios is split into collection above/(below) collection forecasts (previously reported as CU1) and net present value of changes in collection forecasts (previously reported as CU2 and CU2 tail).

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
Collection 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	4,115	6,817	4,683	8,886	15,247	6,070	45,818

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end 30 Sep 2021
Interest income from purchased loan portfolios	3,735	5,375	3,953	9,183	10,565	8,429	41,238
Collection above/(below) forecasts	(438)	(1,002)	(590)	(2,316)	(545)	(2,797)	(7,689)
NPV of changes in collection forecasts	-	176	(808)	(224)	(5,346)	585	(5,617)
Net gain/(loss) purchased loan portfolios	(438)	(826)	(1,397)	(2,540)	(5,891)	(2,212)	(13,305)
Sale of repossessed assets					112		112
Total	3,297	4,549	2,555	6,642	4,786	6,216	28,045

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
Collection 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	11,769	19,874	13,833	27,265	43,435	19,646	135,821

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Year to date 30 Sep 2021
Interest income from purchased loan portfolios	11,231	15,819	12,193	27,211	32,817	25,644	124,915
Collection above/(below) forecasts	(742)	(553)	(538)	(4,540)	(1,272)	(3,243)	(10,889)
NPV of changes in collection forecasts	16	402	(720)	969	(8,828)	1,625	(6,536)
Net gain/(loss) purchased loan portfolios	(726)	(151)	(1,257)	(3,572)	(10,101)	(1,618)	(17,425)
Sale of repossessed assets					1,857		1,857
Total	10,505	15,668	10,935	23,639	24,573	24,026	109,347

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Full year 2021
Interest income from purchased loan portfolios	14,931	21,612	16,023	36,889	44,911	34,055	168,421
Collection above/(below) forecasts	(1,728)	(1,223)	(272)	(5,932)	(1,605)	(7,107)	(17,868)
NPV of changes in collection forecasts	(3,817)	(229)	(684)	(2,728)	(14,589)	(22,098)	(44,146)
Net gain/(loss) purchased loan portfolios	(5,546)	(1,452)	(956)	(8,660)	(16,194)	(29,206)	(62,013)
Sale of repossessed assets					3,018		3,018
Total	9,385	20,160	15,067	28,230	31,734	4,849	109,426

Note 6 Purchased debt portfolios

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Balance at start of period	1,154,509	1,104,079	1,095,789	1,124,699	1,124,699
Acquisitions during the period ³⁾	68,579	32,016	195,037	60,454	113,979
Collection	(68,627)	(59,275)	(202,906)	(191,634)	(254,949)
Interest income from purchased loan portfolios	47,586	41,238	137,127	124,915	168,421
Net gain/(loss) purchased loan portfolios ¹⁾	(2,405)	(13,305)	(5,463)	(17,425)	(62,013)
Repossession of secured NPL	(200)	(81)	(684)	(723)	(845)
Deliveries on forward flow contracts	-	(245)	(409)	(1,221)	(1,221)
Disposals ¹⁾	-	-	-	-	(193)
Translation difference	(7,474)	(2,360)	(26,522)	3,002	7,911
Balance at end of period	1,191,969	1,102,066	1,191,969	1,102,066	1,095,789
Payments during the period for investments in purchased debt amounted to EUR ²⁾	70,452	28,006	196,984	63,847	115,402

1) Gain on disposals is netted in P&L as 'Net gain/(loss) purchased loan portfolios'

2) Payments during the year will not correspond to credit impaired acquisitions during the year due to deferred payments

3) Reconciliation of credit impaired acquisitions during the period;

<i>Nominal value acquired portfolios</i>	658,936	166,581	1,886,569	218,528	827,810
<i>Expected credit losses at acquisition</i>	(590,357)	(134,565)	(1,691,533)	(158,074)	(713,831)
<i>Credit impaired acquisitions during the period</i>	68,579	32,016	195,037	60,454	113,979

For an elaborate description of Axactor's accounting principles for purchased debt, see note 2.12.1, and for a description of revenue recognition and fair value estimation, see note 4, in the Group's Annual Report for the Financial Year 2021.

Non-performing loans consist of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. NPLs 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 loss is recorded in the consolidated balance sheet 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 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 and updated in line with expectation on an array of economic factors and conditions that will be experienced over time. Changes in expected cash flow are adjusted in the carrying amount and are recognized in profit or loss as income or expense in 'Net gain/(loss) purchased loan portfolios'. Interest income is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'.

The majority of the non-performing loans are unsecured. Only a small part of the loans, approximately 5% of the book value of the loans, is secured by a property object.

EUR thousand	Book value		
	30 Sep 2022	30 Sep 2021	Full year 2021
Market			
Finland	119,089	116,902	111,841
Germany	167,251	124,680	131,059
Italy	143,319	113,950	111,348
Norway	245,313	245,732	249,439
Spain	309,587	244,064	264,034
Sweden	207,411	256,738	228,068
Total	1,191,969	1,102,066	1,095,789

The estimation of future cash flow is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor considers relevant macro factors and market specific factors when estimating future cash flow but not as direct input generating output in the forecast models. Portfolio specific factors and internal factors are considered to affect the estimation of future cash flow significantly more than changes in general macro factors and market specific factors.

Axactor has incorporated into the estimated remaining collection (ERC) the effect of the economic factors and conditions that is expected to influence collections going forward. An analysis of the effects of historical crisis like the financial crisis in 2008 and the experience on collections of the Covid-19 over the last years has formed the basis for the current ERC. The ERC table is included in note 2.

Note 7 Borrowings

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility									
Bond ACR02 (ISIN: NO0010914666)	EUR		200,000	(27,950)	(2,546)	2,678	172,183	3m EURIBOR+700bps	12.01.2024
Bond ACR03 (ISIN: NO0011093718)	EUR		300,000	(18,950)	(3,074)	741	278,718	3m EURIBOR+535bps	15.09.2026
Total bond loan			500,000	(46,900)	(5,619)	3,419	450,900		
Revolving credit facility DNB/Nordea	EUR		146,169		(5,053)	56	141,172	EURIBOR+ margin	22.12.2023
(multiple currency facility)	NOK		117,393				117,393	NIBOR+ margin	22.12.2023
	SEK		178,894				178,894	STIBOR+ margin	22.12.2023
Total credit facilities		545,000	442,457		(5,053)	56	437,459		
Total borrowings at end of period			942,457	(46,900)	(10,672)	3,474	888,359		
Allocated to continuing operations:							875,493		
Allocated to discontinued operations:							12,866		
whereof:									
<i>Non-current</i>							884,885		
Allocated to continuing operations:							872,019		
Allocated to discontinued operations:							12,866		
<i>Current</i>							3,474		
Allocated to continuing operations:							3,474		
Allocated to discontinued operations:							-		
of which in currency:									
NOK							117,393		
SEK							178,894		
EUR							592,072		

All borrowings in discontinued operations are denominated in EUR.

EUR thousand	Bond loan	Credit facilities	Total Borrowings
Balance at 1 Jan	495,193	343,063	838,256
Proceeds from loans and borrowings	-	260,080	260,080
Repayment of loans and borrowings	(46,900)	(150,553)	(197,453)
Loan fees	-	(82)	(82)
Total changes in financial cash flow	(46,900)	109,444	62,544
Change in accrued interest	(405)	132	(273)
Amortization capitalized loan fees	3,012	3,966	6,978
Currency translation differences	-	(19,145)	(19,145)
Total borrowings at end of period	450,900	437,459	888,359
Allocated to continuing operations:			875,493
Allocated to discontinued operations:			12,866

Maturity

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
Bond ACR02 (ISIN: NO0010914666)	EUR	172,183	189,664	7,045	7,045	175,573	-
Bond ACR03 (ISIN: NO0011093718)	EUR	278,718	354,573	9,190	9,190	18,381	317,811
Total bond loans		450,900	544,236	16,236	16,236	193,953	317,811
Revolving credit facility DNB/Nordea (multiple currency facility)	EUR/NOK/SEK	437,460	480,588	11,369	11,369	457,850	-
Total credit facilities		437,460	480,588	11,369	11,369	457,850	-
Total borrowings at end of period		888,359	1,024,824	27,605	27,605	651,804	317,811
Allocated to continuing operations:		875,493					
Allocated to discontinued operations:		12,866					

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.

Bond loans

Bond ACR02 (ISIN NO 0010914666) was placed at 3m EURIBOR +7.00% interest, with maturity date 12 January 2024.

The bond is listed on Oslo Børs.

The following financial covenants apply:

- Interest coverage ratio: >4.0x (Pro-forma adjusted Cash EBITDA to net interest expenses).
- Leverage ratio: <4.0x (NIBD to pro-forma adjusted cash EBITDA).
- Net loan to value: <75% (NIBD to total book value all debt portfolios and REOs).
- Net secured loan to value: <65% (secured loans less cash to total book value all debt portfolios and REOs).

Trustee: Nordic Trustee

Bond ACR03 (ISIN NO 0011093718) was placed at 3m EURIBOR +5.35% interest, with maturity date 15 September 2026.

The bond is listed on Oslo Børs.

The following financial covenants apply:

- Interest coverage ratio: >4.0x (Pro-forma adjusted Cash EBITDA to net interest expenses).
- Leverage ratio: <4.0x (NIBD to pro-forma adjusted cash EBITDA).
- Net loan to value: <80% (NIBD to total book value all debt portfolios and REOs).
- Net secured loan to value: <65% (secured loans less cash to total book value all debt portfolios and REOs).

Trustee: Nordic Trustee

During the third quarter of 2022 the Group has repurchased part of the outstanding bonds. At the end of the third quarter the Group holds treasury bonds with a nominal value of EUR 46.9 million, split between EUR 18.9 million in ACR03 (ISIN NO 0011093718) and EUR 28.0 million in ACR02 (ISIN NO 0010914666).

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a multicurrency facility, with an additional EUR 75 million accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

The following financial covenants apply:

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

The maturity date for the facility is 22 December 2023.

All material subsidiaries of the Group are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility. ReoLux Holding Sarl is not part of the agreement nor the security arrangement.

Note 8 Leasing

All leases are related to continuing operations.

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets at 1 Jan 2021	3,949	797	80	4,826
New leases and lease modifications	2,541	(36)	41	2,547
Depreciation of the year	(1,787)	(257)	(76)	(2,120)
Disposals	(573)	(84)	(4)	(661)
Currency exchange effects	2	1	-	2
Right of use assets at 30 Sep 2021	4,132	421	41	4,594
New leases and lease modifications	6,792	143	10	6,945
Depreciation of the year	(717)	(89)	(4)	(809)
Disposals	89	-	-	89
Currency exchange effects	(49)	-	-	(50)
Right of use assets at 31 Dec 2021	10,247	475	46	10,768
New leases and lease modifications	3,945	279	-	4,223
Depreciation of the period	(1,949)	(249)	(10)	(2,208)
Disposals	(298)	(3)	-	(301)
Currency exchange effects	(266)	(3)	(3)	(271)
Right of use assets at 30 Sep 2022	11,679	500	33	12,211
Remaining lease term	0-9 years	0-3 years	3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	30 Sep 2022	30 Sep 2021	Full year 2021
Lease liabilities at 1 Jan	11,051	5,086	5,086
New leases, modifications and terminations	3,746	1,920	8,812
Lease payments	(1,921)	(2,186)	(2,812)
Currency exchange effects	(306)	3	(35)
Lease liabilities at period end	12,570	4,823	11,051
Current	2,782	1,779	2,185
Non-current	9,789	3,044	8,866

EUR thousand	30 Sep 2022	30 Sep 2021	Full year 2021
Undiscounted lease liabilities and maturity of cash outflow			
< 1 year	3,400	1,990	2,717
1-2 years	3,060	1,326	2,511
2-3 years	2,670	860	2,065
3-4 years	2,444	559	1,821
4-5 years	1,258	456	1,800
> 5 years	1,675	125	2,100
Total undiscounted lease liabilities, end of period	14,507	5,316	13,015
Discount element	(1,936)	(493)	(1,964)
Total discounted lease liabilities, end of period	12,570	4,823	11,051

Note 9 Fair value of forward flow commitments, balance movements

Changes in the forward flow agreements is shown below. For additional information, see Note 2.12.2 in Group Annual Report for the Financial Year 2021.

EUR thousand	30 Sep 2022	30 Sep 2021	Full year 2021
Balance at 1 Jan	(409)	(834)	(834)
Deliveries	409	1,221	1,221
Value change	-	(374)	(782)
Translation difference	-	(14)	(14)
Balance at period end	-	-	(409)

The changes in forward flow derivatives is included in 'Other current assets' and 'Other current liabilities' in the consolidated statement of financial position;

EUR thousand	30 Sep 2022	30 Sep 2021	Full year 2021
Fair value of forward flow commitments (liability)	-	-	(409)
Balance at period end	-	-	(409)

Note 10 Shares

Issued shares and share capital

On 21 April 2022, the parent company in the Axactor Group converted form from Societas Europaea company (SE) to a Norwegian public limited liability company (ASA) and converted the share capital from euro to Norwegian kroner. A bonus issue was carried out on the same day, whereby NOK 2,126,326 (EUR 218,961) was transferred from unrestricted equity to share capital. The share capital of Axactor ASA as of 30 Sep 2022 was NOK 1,537,920,412 (EUR 158,368,902) consisting of 302,145,464 ordinary shares at NOK 5.09 per share.

	Number of shares	Share capital (EUR)
At 31 Dec 2020	185,395,464	97,040,286
New share issues, Jan	50,000,000	26,171,159
New share issues, Jan	40,000,000	20,936,928
New share issues, Mar	26,750,000	14,001,570
At 31 Dec 2021	302,145,464	158,149,942
Bonus issue, Apr		218,961
At 30 Sep 2022	302,145,464	158,368,902

20 largest shareholders as at 30 Sep 2022

Name	Shareholding	% Share
Geveran Trading Co Ltd	140,784,692	46.6%
Torstein Ingvald Tvenge	10,000,000	3.3%
Ferd AS	7,864,139	2.6%
Skandinaviska Enskilda Banken AB	5,279,467	1.8%
Skandinaviska Enskilda Banken AB	4,500,000	1.5%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,390,364	0.8%
Endre Rangnes	2,017,000	0.7%
Gvøpseborg AS	2,009,694	0.7%
Stavern Helse og Forvaltning AS	2,000,000	0.7%
Nordnet Bank AB	1,821,555	0.6%
Alpette AS	1,661,643	0.5%
Verdipapirfondet Nordea Avkastning	1,535,709	0.5%
Klotind AS	1,532,704	0.5%
Velde Holding AS	1,500,000	0.5%
Masani AS	1,400,000	0.5%
Verdipapirfondet Nordea Kapital	1,255,847	0.4%
David Martin Ibeas	1,177,525	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Total 20 largest shareholders	195,402,026	64.7%
Other shareholders	106,743,438	35.3%
Total number of shares	302,145,464	100%
Total number of shareholders	10,008	

Shares owned by related parties

Name	Shareholding	% Share
Latino Invest AS ¹⁾	1,040,000	0.3%
Johnny Tsohis Vasili ¹⁾⁴⁾	670,000	0.2%
Terje Mjøs Holding AS ³⁾	500,000	0.2%
Robin Knowles ²⁾	352,921	0.1%
Vibeke Ly ²⁾	203,750	0.1%
Arnt Andre Dullum ²⁾	162,000	0.1%
Nina Mortensen ²⁾	160,000	0.1%
Kyrre Svae ²⁾	150,000	0.0%
Brita Eilertsen ³⁾	19,892	0.0%

1) CEO/Related to the CEO of Axactor ASA

2) Member of the Executive Management Team of Axactor

3) Member of the Board of Directors of Axactor / controlled by member of the Board of Directors of Axactor

4) Holds 300 000 call options that will be settled in cash on 22 June 2023

Note 11 Purchase price allocation

The Group secured 100% of the shares in C.R. Service - Credit Recovery Service S.r.l (CRS) on 26 October 2021 and the transaction was closed 3 January 2022.

CRS is an Italian debt collection agency, managed from the headquarter in Grosseto (Tuscany) and has a contact center in Milazzo (Sicily) with a total of 155 employees. After the transaction Axactor has a strong footprint with 279 employees in Italy. CRS is a top-5 independent 3PC-player in the Italian bank and finance segment. The acquisition supports the Group's strategy of strengthening the position in existing countries, improving capabilities on 3PC and preparing for post-pandemic volumes and new signed contracts in Italy.

The purchase price allocation identifies a fair value of the equity of EUR 0.7 million, the residual value of the transferred consideration, EUR 6.3 million, is allocated to goodwill. All goodwill in the acquisition is related to CRS' 3PC business. The total amount of goodwill recognized in the period that is expected to be deductible for tax purposes is nil. The Group has recognized a provision per 3 January 2022 of EUR 2.6 million related to three contingent considerations. The payments are contingent upon retention and financial performance.

The table below discloses the impact from the transaction effective from 3 January 2022.

EUR thousand	2022
	CRS
Date of acquisition	3 Jan 2022
Acquired part of company	100%
Purchase price	7,033
- Whereof cash consideration	4,433
- Whereof contingent consideration	2,600
Assets	
Deferred tax assets	103
Other intangible fixed assets	15
Leases	990
Other tangible assets	50
Current receivables	989
Cash and cash equivalents	1,348
Total assets	3,495
Liabilities	
Non-current interest bearing debt	67
Deferred tax liabilities	265
Trade payables	256
Lease liabilities	1,095
Other short-term liabilities	1,105
Total liabilities	2,788
Total net assets acquired	707
Identified goodwill	6,326
Cash consideration	4,433
Less: cash and cash equivalent balances acquired	1,348
Net cash outflow arising on acquisition	3,085

Note 12 Discontinued operations

On 15 December 2021 the Board resolved to dispose of the Group's real estate owned (REO) operating segment. The REO segment consisted of portfolios of purchased real estate and repossessed assets from secured non-performing loans. In the first quarter of 2022, both portfolios of purchased real estate and repossessed assets from secured non-performing loans were presented as discontinued operations in line with the Board's resolution. In the second quarter of 2022, it was resolved that it is only the portfolios of purchased real estate that shall be classified as discontinued operations. Assets repossessed from secured non-performing loans prior to 2022 are thus presented as continuing operations, and the Group will also continue with repossessions from secured non-performing loans going forward.

The disposal of portfolios of purchased real estate is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. As per 30 Sep 2022, the Group is still pursuing a buyer and expects the disposal group to be sold within year end.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between continuing operations and discontinued operations are eliminated. The elimination of the intragroup transactions seeks to portray the results of the continuing operations after the disposal. The discontinued operation has intragroup debt related to their operations. To seek to portray the results of the continuing operations after disposal, the intragroup receivable with corresponding interest income related to discontinued operations is eliminated within continuing operations. The same applies for intragroup debt and corresponding interest expense, taking minority interest into account and capped according to the cash flow the parent company expects to receive from the net asset value in the discontinued operations. The rest of the intragroup debt is eliminated within discontinued operations. A part of the Group's total debt and interest expense are hence allocated to discontinued operations. The net assets directly associated with the assets classified as held for sale represents minority interests in the discontinued operations.

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 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Other operating revenue	2,269	7,790	11,134	29,301	36,828
Total income	2,269	7,790	11,134	29,301	36,828
Cost of REOs sold, incl impairment	(3,049)	(9,087)	(13,481)	(33,017)	(48,379)
Operating expenses	(598)	(1,210)	(2,202)	(3,964)	(5,215)
Total operating expenses	(3,647)	(10,297)	(15,684)	(36,980)	(53,593)
EBITDA	(1,378)	(2,507)	(4,550)	(7,679)	(16,765)
Amortization and depreciation	-	(4)	-	(34)	(38)
Operating profit	(1,378)	(2,511)	(4,550)	(7,713)	(16,803)
Financial expenses	(232)	(649)	(889)	(3,355)	(3,796)
Net financial items	(232)	(649)	(889)	(3,355)	(3,796)
Profit/(loss) before tax	(1,610)	(3,159)	(5,439)	(11,069)	(20,599)
Tax (expense)	-	-	-	-	-
Net profit/(loss) after tax	(1,610)	(3,159)	(5,439)	(11,069)	(20,599)
Attributable to:					
Non-controlling interests	(947)	(1,875)	(3,174)	(6,414)	(12,242)
Shareholders of the parent company	(662)	(1,284)	(2,264)	(4,655)	(8,357)
Earnings per share: basic and diluted	(0.002)	(0.004)	(0.007)	(0.016)	(0.028)

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

EUR thousand	30 Sep 2022
<i>Current assets</i>	
Stock of secured assets	13,249
Accounts receivable	222
Other current assets	720
Cash and cash equivalents	2,554
Total current assets	16,746
Assets classified as held for sale	16,746
<i>Non-current liabilities</i>	
Interest bearing debt	12,866
Total non-current liabilities	12,866
<i>Current liabilities</i>	
Other current liabilities	1,343
Total current liabilities	1,343
Liabilities directly associated with assets classified as held for sale	14,209
Net assets directly associated with assets classified as held for sale	2,537

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

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Net cash flow from operating activities	1,671	6,580	8,932	25,338	28,535
Net cash flow from investing activities	-	-	-	-	-
Net cash flow from financing activities	(1,908)	(7,882)	(10,895)	(30,872)	(33,151)
Total net cash flow	(237)	(1,302)	(1,963)	(5,534)	(4,616)

Alternative performance measures

Alternative performance measures (APM) 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 and cash equivalents	Consolidated cash and cash equivalents, from continuing and discontinued operations	To reflect the Group's total cash position	Cash and cash equivalents from the consolidated statement of financial position plus cash and cash equivalents from discontinued operations according to note 12
Cash EBITDA from continuing operations	EBITDA adjusted for change in fair value of forward flow commitments, portfolio amortizations and revaluations, repossessed assets cost of sale and impairment, and calculated cost of share option program	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 12, adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collection (ERC)	Estimated remaining collection express the expected future cash collection on own portfolios (NPLs) 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 collection including estimated interest income and opex	Purchased debt portfolios from the consolidated statement of financial position plus estimated opex for future collection 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 allocated 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 interest bearing debt, current portion of interest bearing debt and unrestricted cash and cash equivalents from the consolidated statement of financial position and as allocated to discontinued operations according to note 12, adjusted for capitalized loan fees and accrued interest according to note 8
Return on equity (ROE), excluding non-controlling interests, annualized	Net consolidated result 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 (ROE), continuing operations, annualized	Net profit/(loss) after tax from continuing operations divided by average total equity for the period, annualized	Measures the profitability in relation to total equity. This APM has replaced 'Return on equity, including non-controlling interests, annualized' to measure the profitability in relation to continuing operations	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

APM tables

Gross revenue

EUR thousand	For the quarter end		Year to date		Full year 2021 ¹⁾
	30 Sep 2022	30 Sep 2021 ¹⁾	30 Sep 2022	30 Sep 2021 ¹⁾	
Total income	58,858	38,941	176,690	144,321	158,298
Portfolio amortizations and revaluations	23,446	31,342	71,242	84,144	148,542
Change in fair value of forward flow commitments	-	-	-	374	782
Gross revenue	82,304	70,283	247,932	228,838	307,622

EBITDA and Cash EBITDA

EUR thousand	For the quarter end		Year to date		Full year 2021 ¹⁾
	30 Sep 2022	30 Sep 2021 ¹⁾	30 Sep 2022	30 Sep 2021 ¹⁾	
Total income	58,858	38,941	176,690	144,321	158,298
Total operating expenses	(28,816)	(26,031)	(88,918)	(86,344)	(117,800)
EBITDA from continuing operations	30,041	12,910	87,773	57,976	40,498
Change in working capital related to forward flow commitments	-	-	-	374	782
Calculated cost of share option program	116	(7)	366	161	180
Portfolio amortizations and revaluations	23,446	31,342	71,242	84,144	148,542
Cost of repossessed assets sold, incl impairment	276	(17)	1,203	582	2,136
Cash EBITDA from continuing operations	53,880	44,228	160,583	143,237	192,138
EBITDA from discontinued operations	(1,378)	(2,507)	(4,550)	(7,679)	(16,765)
Cost of REOs sold, incl impairment	3,049	9,087	13,481	33,017	48,379
Cash EBITDA	55,551	50,808	169,514	168,574	223,752
Taxes paid	(2,618)	(10)	(5,470)	(434)	(3,261)
Change in working capital, excl. forward flow commitments	91	3,663	163	10,473	4,209
Cash flow from operating activities before NPL and REO investments	53,025	54,461	164,208	178,613	224,700

1) Comparative figures have been re-presented due to a discontinued operation, see note 12.

Estimated remaining collection, NPL

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Purchased debt portfolios	1,191,969	1,102,066	1,191,969	1,102,066	1,095,789
Estimated opex for future collection at time of acquisition	332,935	295,786	332,935	295,786	296,290
Estimated discounted gain	842,330	732,567	842,330	732,567	748,463
Estimated remaining collection, NPL	2,367,234	2,130,419	2,367,234	2,130,419	2,140,543

Cash and cash equivalents

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Cash and cash equivalents from financial position	17,433	36,771	17,433	36,771	38,155
Cash and cash equivalents, discontinued operations	2,554	-	2,554	-	-
Cash and cash equivalents	19,988	36,771	19,988	36,771	38,155

Net interest bearing debt (NIBD)

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Non-current portion of interest bearing debt from financial position	872,019	661,554	872,019	661,554	834,411
Current portion of interest bearing debt from financial position	3,474	152,568	3,474	152,568	3,845
Interest bearing debt allocated to discontinued operations	12,866		12,866		
Total interest bearing debt	888,359	814,122	888,359	814,122	838,256
Capitalized loan fees	(10,672)	(19,344)	(10,672)	(19,344)	(17,566)
Accrued interest	3,474	4,030	3,474	4,030	3,845
Cash and cash equivalents from financial position	17,433	36,771	17,433	36,771	38,155
Cash and cash equivalents, discontinued operations	2,554	-	2,554	-	-
Net interest bearing debt (NIBD)	875,569	792,666	875,569	792,666	813,821

Return on equity, excluding non-controlling interests, annualized

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Net profit/(loss) after tax attributable to shareholders of the parent company	9,653	(3,442)	27,347	2,275	(32,797)
Average equity for the period related to shareholders of the parent company	402,483	414,584	395,283	385,870	384,751
Return on equity, excluding non-controlling interests, annualized	9.5%	(3.3%)	9.3%	0.8%	(8.5%)

Return on equity, continuing operations, annualized

EUR thousand	For the quarter end		Year to date		Full year 2021
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	
Net profit/(loss) after tax from continuing operations	10,168	(2,283)	30,284	6,614	(25,393)
Average total equity for the period	399,582	425,118	393,806	414,005	407,454
Return on equity, continuing operations, annualized	10.1%	(2.1%)	10.3%	2.1%	(6.2%)

Terms

Active forecast	Forecast of estimated remaining collection on NPL 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 collection on NPL 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 NPLs at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to NPL book value, calculated using monthly cash flows over a 180-months period
Group	Axactor ASA and all its subsidiaries
NPL amortization rate	NPL amortization divided by collection on own NPL portfolios
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 portfolio of NPLs
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Acquisitions of new NPLs to keep the same book value of NPLs from last period
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured non-performing loans
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 collection
ESG	Environmental, social and governance
ESOP	Employee stock ownership plan
FSA	The financial supervisory authority
FTE	Full time equivalent
GHG	Greenhouse gas emissions
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

Financial calendar 2022

Interim report - Fourth quarter of 2022	17 Feb, 2023
Annual accounts and annual report 2022	31 Mar, 2023

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