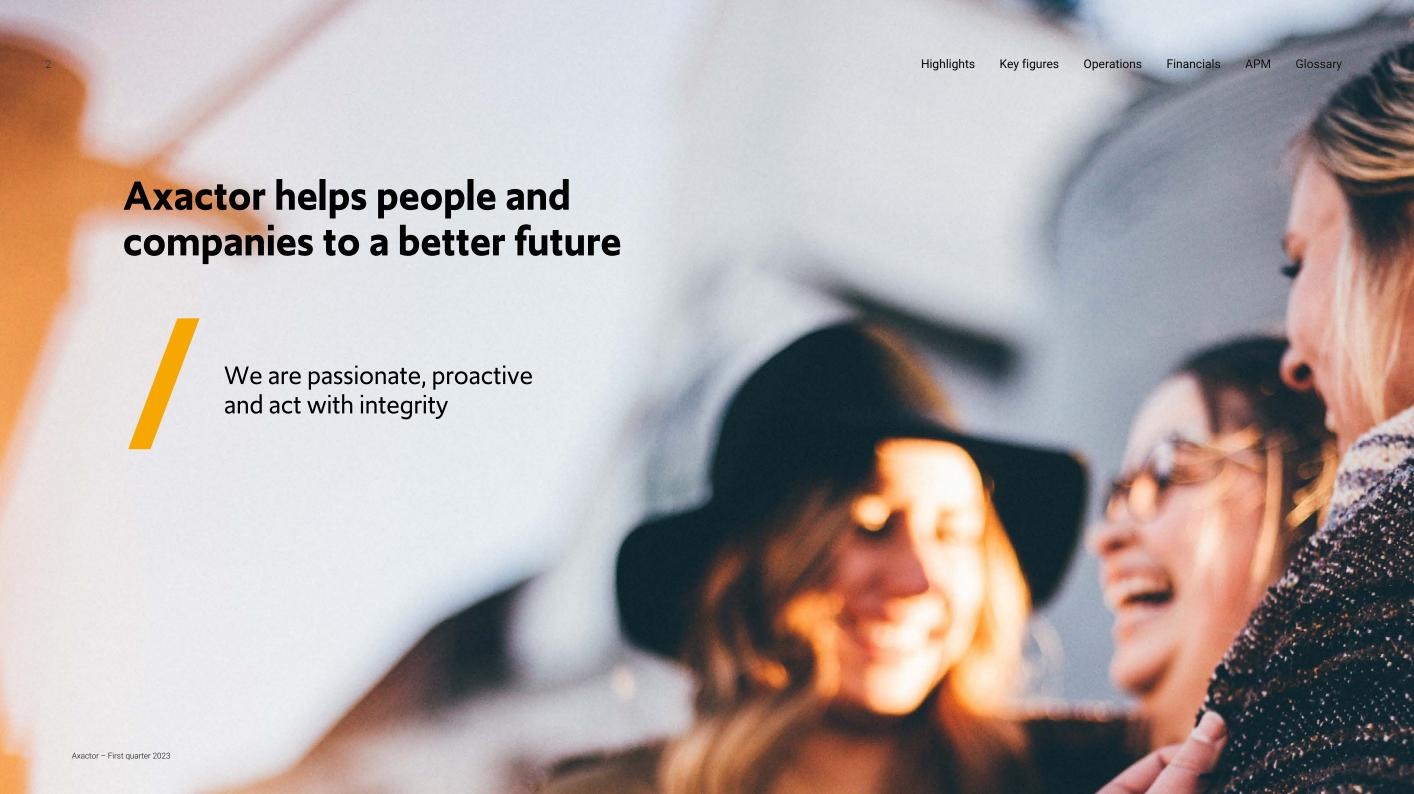
AXACTOR







First quarter 2023 highlights¹

- Continued growth in the first quarter 2023, with gross revenue up 5% and total income up 8% from the first quarter last year
- Profitability upheld with an EBITDA margin expansion to 49% (48%)
- Annualized return on equity for continuing operations of 8% (8%), while total annualized return on equity for shareholders ended at 7% (7%)
- Investments in NPL portfolios of EUR 32.8 million (79.6), with a further EUR 42.0 million committed for the remainder of 2023
- Cash EBITDA continued to grow, ending at EUR 51.4 million for the guarter (49.2)

- Axactor continued its bond buybacks in the first quarter, acquiring a total face value of EUR 13.5 million. The total face value of treasury bonds at the end of the quarter was EUR 63.0 million
- Digital collection and self-service solutions continued to increase, resulting in both improved accessibility for debtors and lower cost for Axactor
- Further improvements in the advanced analytics scorecards work, with significantly improved hit rate for cases sent to legal collection

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

Events after the period

In April, Axactor announced the renewal of its revolving credit facility (RCF) for a new three-year maturity, with an option for a further two-year extension contingent on separate credit approval. The existing agreement has a maturity in December 2023 and is thus classified as current interest-bearing debt in the first quarter financial statements. The new facility is of the same size and a similar structure as the existing agreement and is made at satisfactory terms.

On 3 May 2023, the annual general meeting elected Terje Mjøs as chair of the Board. Terje Mjøs previously held the position as director of the Board. Kjersti Høklingen was elected as a new Board director, whereas Brita Eilertsen and Lars-Erich Nilsen were re-elected as directors of the Board for another term.

Operations

Key figures

Key figures presented are for continuing operations unless otherwise stated. See <u>note 11</u> for more information on discontinued operations. Key figures that can not be directly found in the Group's consolidated statements are reconciled in the APM tables.

_	For the quarter		
EUR million	31 Mar 2023	31 Mar 2022	Full year 2022
Gross revenue	83	78	337
Total income	62	57	240
EBITDA	30	28	119
Cash EBITDA from continuing operations	51	49	218
Net profit/(loss) after tax from continuing operations	8	8	41
Return on equity to shareholders, annualized ¹	7%	7%	9%
Return on equity, continuing operations, annualized	8%	8%	10%
Equity ratio	28%	29%	29%
Acquired NPL portfolios	33	80	288
Book value of NPL portfolios	1,242	1,160	1,253
Estimated remaining collection (ERC)	2,523	2,259	2,545
Number of employees (FTEs)	1,293	1,229	1,301
Price per share, last day of period (NOK)	6.42	6.68	5.88
Market capitalization (NOK million)	1,938	2,018	1,777

¹ Return on equity to shareholders includes continuing and discontinued operations

Gross revenue

EUR million

5% y/y

EBITDA

EUR million

49% margin

Cash EBITDA

ERC, NPL EUR million

12% y/y

Return on equity

continuing operations

EUR million

Equity ratio



The first guarter of 2023 saw continued growth in NPL collections on the back of the investments carried out during 2022. Collection in Spain and Italy are so far only to a low extent impacted by the currently challenging macroeconomic environment. The impact of macroeconomic factors was however more visible in Germany and the Nordic countries during the first quarter. The clearest trend is debtors opting for longer payment plans with lower installments, at the expense of large settlements. In Spain, a nationwide strike in the legal system impacted the legal collection, resulting in delays for both NPL and 3PC. The NPL segment gross revenue was EUR 70.1m, a 7% increase from the corresponding guarter last year, with a collection performance of 98% for the guarter. Spain is the most important country in Axactor's 3PC business, and the 3PC segment was thus heavily impacted by the strike. The 3PC income for the guarter thus fell 4% compared to the first quarter last year, to EUR 12.7m.

Coming from a record low cost-to-collect in 2022 of 39% for the NPL segment, the internal ambition is always to improve. Axactor continue to focus on increasing efficiency and keeping tight cost control. The NPL cost-to-collect stayed at 39% in the first guarter 2023. This confirms Axactor's industry leading cost position.

The strike in the Spanish court system started in late January, and lasted until late March. During this period a majority of cases under process by the courts was put on hold, and new legal proceedings were delayed. Axactor continued with legal activities during the strike, to avoid unnecessary delays after the strike had been

resolved. The delayed cashflow is mainly expected to be retrieved later in 2023.

As a consequence of the inflation and rising prices, several of the governments in the Axactor markets have made changes to the amounts reserved for living costs when the bailiff is executing salary deductions. These are actions to ease the pressure on debtors from the macroeconomic changes. As a consequence, some of Axactors cases might need longer time to be fully paid.

Digital collection continues to grow

Highlights

Axactor's self-service solutions for the debtors are in high focus. By promoting the service through multichannel campaigns, Axactor has created awareness around the self-service tools. Additionally, a continuous development of functionality and integrations has made the service more attractive. In the first guarter of 2023 the in-house built debtor portal had close to 33,000 logins from debtors. The Nordic countries remain the primary users of the self-service platforms.

Through the implementation of an open banking solution in the digital collection platform in Norway, Axactor is saving transaction costs on debtor payments. By using the open banking payment solution, the direct cost per transaction has decreased by 73%. Replacing card transactions with the direct account-to-account payments also reduces the workload for the internal finance departments.

In Italy, several activities are being conducted to become more digital. Processes have been built to send all larger claims through a digital legal process from Axactor to the Italian courts. The intention is to reduce handling times and have a more systematic handling of legal collection cases. At the same time, cases sent through the new system will be handled by more specialized judges for debt collection.

Advanced analytics scorecards – an integrated part of the operational improvements

The advanced analytics team has been focusing on optimizing which cases to keep in amicable collection and which cases to send to legal collection. The development is showing promising results, and is expected to increase collection by 50% for the sampled claims over a twelve month period.

As the number of machine learning models is increasing, an increasing amount of time is used on expanding and improving the existing models in production. Improvements are achieved by testing new development approaches and adding new data. Scorecards are validated using a champion/challenger approach, where cases are randomly divided between two different process variations. If a new process can be documented to outperform its challenger, this new process will be allocated a larger share of the cases.

Axactor has a high focus on exploring and improving the level of automation and data driven collection. Therefore, a pre-study was started in January 2023 to investigate external systems that can orchestrate and optimize the business processes through automation and event driven technology. This could potentially mitigate limitations in applications Axactor is using, and further increase the value of the machine learning scorecards.

Information security and technical improvements

Axactor experienced one IT security incident during the first quarter of 2023. A user account utilized by a third-party vendor

was compromised, and the account was used to gain access to two citrix servers. The incident was detected at an early stage, and promptly mitigated according to security incident procedures. After analyzing the attack, it was confirmed that there was no data breach, or any other consequences identified.

Multiple new technical enhancements have also been implemented to increase the overall information security layers with focus on remote access, phishing, and data loss prevention. In addition, a new partner has been selected to further enhance the work related to information security awareness, and the execution of internal phishing attempts.

To align and improve IT risk awareness within the Axactor group, the internal IT Risk framework has been updated. The new framework includes a common structure for all Axactor markets, based on core risk-areas that visualize and structures the IT risks. The changes simplify and give an improved overview of the potential IT risks, and the mitigations that are put in place.

Sustainability and governance

On 31 March, Axactor published its Annual report for 2022, including updated sustainability and corporate governance reports. The updated reports shows the significant improvements carried out during 2022. Strong ethical values promoting fair treatment of its stakeholders, to protect reputation and company values, are essential to the Group's success, and are principles upon which Axactor was founded. Axactor aims to continue to contribute to building a viable financial system for people and

the society, through own contributions and by engaging actively with its stakeholders. An increased focus on sustainable growth enables Axactor to not only achieve this, but also to take these advancements and translate them into a competitive advantage. For further details on Axactor's corporate governance and sustainability performance, please see the respective reports included in the Annual report 2022, available at www.axactor.com. The annual general meeting for 2023 was held both physically at Axactor's corporate headquarters in Oslo, and digitally, and took place on 3 May, 2023. The notice for the annual general meeting was published on 31 March.

During the first quarter 2023, Axactor has conducted vendor surveys with a continued focus on sustainable value chains in mind. The surveys focused on ethical business conduct, IT and information security, privacy, and human- and workers' rights. The Group has started the preparations for expected operational changes such as new or changed licenses, reporting obligations and operational organization, that are expected to be introduced in Axactor's countries of operations through the implementation of the NPL directive by the European Union later this year.

As part of its risk management process, Axactor has updated its risk assessments and conducted operational internal controls. An annual plan for the internal audit function for 2023 has been set and the results of audits conducted have been analyzed and are being followed-up. The Bank of Italy has closed a general audit of Axactor Italy Srl, related to compliance with the local 106 license.

No material findings were reported from the audit, although some recommendations were given.

During the quarter, Axactor has also successfully renewed all its group wide insurance policies.

People

Axactor focuses on building a strong corporate culture. Key areas of attention during the first quarter have been performance management, career planning, leadership development, and

fostering a positive and social work environment. Appraisal talks with focus on employee satisfaction and development have been conducted during the quarter. Short term incentive targets for 2023 have been set for all managers, supporting Axactor's strategy and environmental, social and governance related topics. Salaries have been reviewed with focus on equal pay for equal valuable work and to motivate and retain high performers. In Norway a software has been implemented to monitor potential gender pay gaps. The remuneration report for the Group for 2022 and pay gap measures were published in March, included in the Annual report 2022.

Revenue

Financials

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

Total income for the first quarter ended at EUR 62.1 million, an 8% increase from the first quarter last year (57.4). Gross revenue increased 5% to EUR 82.8 million (78.5), primarily driven by the NPL investments carried out during 2022. The total income for the quarter includes net NPL revaluations and changes in fair value

forward flow commitments combined of EUR -0.8 million (0.4). Total income for the quarter was also negatively impacted by a strike in the legal system in Spain, delaying legal processes for both the NPL and the 3PC segment. The strike ended late March.

Total income for the NPL segment was EUR 49.4 million for the quarter, up from EUR 44.2 million in the first quarter 2022. Gross revenue grew 7% to EUR 70.1 million (65.2), with a collection performance of 98% (100%). The NPL amortization rate fell from 34% to 28%, partially explained by increased average IRR on the portfolios, and partially due to seasonality in the curves. Additionally, net NPL revaluations and changes in fair value forward

flow commitments of combined EUR -0.8 million (0.4) were recognized during the first quarter.

The 3PC segment total income ended at EUR 12.7 million, down 4% from the first quarter 2022 (13.2). The main reason for the decline is the consequences of the strike in the Spanish legal system, but also unfavorable currency movements affected the numbers compared to last year. Excluding Spain, the total 3PC income for the other countries grew by 4%.

Operating expenses

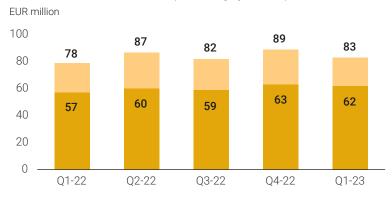
Total operating expenses before depreciation and amortization amounted to EUR 31.7 million for the first quarter, up from EUR 29.7 million in the corresponding quarter last year. The increase is related to higher volume, and the operating expenses as a percentage of gross revenue remained flat at 38%.

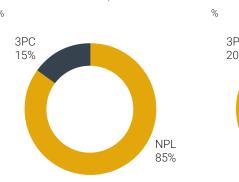
Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.2 million for the quarter (2.1).

Operating results

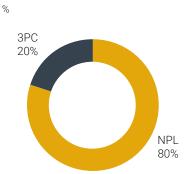
Total contribution margin from the business segments was EUR 41.6 million for the quarter, compared to EUR 38.2 million in the first quarter last year. The contribution margin over total income thus remained flat at 67%.

Total income and Gross revenue (continuing operations)





Gross revenue mix 01 2023



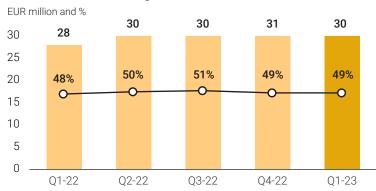
Total income mix 01 2023

The NPL segment delivered a contribution margin of EUR 37.6 million in the first quarter, up from EUR 33.7 million in the same quarter last year. The total operating expenses for the NPL segment ended at EUR 11.7 million, up 11% compared to the first quarter 2022 (10.6). EUR 0.2 million of the total operating expenses relates to cost and impairments of repossessed assets sold (0.4). The margin over total income ended at 76%, the same level as for the first quarter 2022.

Contribution from 3PC was EUR 4.0 million, down from EUR 4.5 million in the first quarter 2022. Operating expenses for the segment increased by 1% to EUR 8.8 million (8.7). The margin over total income thus ended at 31% for the quarter (34%).

EBITDA for the first quarter ended at EUR 30.4 million, up from EUR 27.7 million in the same quarter last year. The increase is due to the growth in total income, combined with strict cost control.

EBITDA and **EBITDA** margin



The resulting EBITDA margin was 49%, slightly up from 48% in the first quarter 2022.

The difference between contribution margin and EBITDA is comprised of unallocated SG&A and IT costs, which amounted to EUR 11.2 million for the quarter. This compared to EUR 10.5 million in the corresponding quarter 2022.

Cash EBITDA ended at EUR 51.4 million for the first quarter, up 4% from EUR 49.2 million in the corresponding quarter last year. The improvement was mainly driven by the increased gross revenue. Adding the contribution from discontinued operations, cash EBITDA was EUR 52.5 million (53.4).

Operating profit (EBIT) was EUR 28.2 million for the first quarter, compared to EUR 25.6 million in the first quarter last year.

Net financial items

Total net financial items for the quarter were negative EUR 18.3 million (negative 13.4), while total interest expense on borrowings for the quarter was EUR 18.0 million (13.5). The increase is partly attributable to higher gross debt, but also to the increases in EURIBOR, NIBOR and STIBOR compared to the first quarter 2022. Axactor has hedged parts of its interest expenses through an interest rate cap, limiting the effect of the increased interest rates.

Axactor continued to purchase own outstanding bonds in the first quarter, acquiring a total face value of EUR 13.5 million in the quarter. The bonds were acquired at an average price below par. Adding the bonds acquired in 2022, the total face value of treasury bonds is EUR 63.0 million.

The net foreign exchange impact for the quarter was negative EUR 0.4 million, compared to positive EUR 0.2 million in the first 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 1.5 million for the quarter (5.0), while EBITDA ended at EUR -1.4 million (-1.6). The net profit was EUR -1.5 million, compared to EUR -2.0 million in the first quarter 2022. The remaining book value for the REO assets was EUR 5.9 million at the end of the first quarter (20.7). Axactor expect to sell off the remaining assets and close down the business line during 2023.

Earnings and taxes

Earnings before tax ended at EUR 10.0 million for the first quarter (12.2), while net profit ended at EUR 7.7 million (7.7). The effective tax rate was thus 23% for the quarter (37%). The reason for the relatively low tax rate is recognition of deferred tax assets from previous periods in companies that have turned from loss-making into profitable, and that has not previously been recognized in the balance sheet. Adding discontinued operations, the net profit was EUR 6.1 million, up from EUR 5.7 million in the first guarter 2022.

The net profit including discontinued operations for the first quarter ended at EUR 7.2 million for shareholders of the parent company (6.6), and at EUR -1.0 million for non-controlling interests (-1.0). The resulting earnings per share was thus EUR 0.026 both on a reported

basis and fully diluted (0.025), based on the average number of shares outstanding in each period.

Cash flow

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

Net cash flow from operating activities, including NPL investments, amounted to EUR 7.3 million (-27.7) for the guarter. The increase compared to last year primarily relates to lower NPL investments. The amount paid for NPL portfolios decreased from EUR 82.8 million in the first guarter 2022 to EUR 35.5 million in the first guarter 2023. 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 portfolios, cash flow from operations for the guarter amounted to EUR 42.9 million (55.2). Cash EBITDA from continuing operations increased to EUR 51.4 million, from EUR 49.2 million in the first quarter last year. The positive development was however partly offset by a EUR 3.1 million reduction in cash EBITDA from the discontinued operations. Taxes paid ended at EUR 2.9 million, up from EUR 1.0 million in the corresponding quarter last year. The net working capital increased by EUR 6.7 million in the first guarter, compared to a decrease of EUR 2.9 million in the first quarter last year.

Total net cash flow from investments, not including investments in NPL portfolios, was EUR -0.8 million for the guarter, compared to EUR -4.3 million in the first guarter 2022. The last year figure includes a EUR 3.1 million cash outflow related to the acquisition of Credit Recovery Service.

Total net cash flow from financing activities was EUR -10.0 million for the guarter (33.8), with a net drawdown on credit facilities of EUR 6.4 million (47.2). Interests paid increased from EUR 11.6 million in the first quarter last year, to EUR 15.5 million. The lower interest paid compared to the interest cost in the net financial items is related to timing differences on recognition of proceeds from the interest rate cap, and amortized loan fees.

Total net cash flow was EUR -3.4 million for the guarter (1.8), leaving total cash and cash equivalents at EUR 35.2 million at the end of the first guarter (46.0). This includes EUR 3.8 million in restricted cash (6.5) and EUR 3.7 million allocated to the discontinued operations (3.6).

Equity position and balance sheet considerations

Total equity for the Group was EUR 403.5 million at the end of the first guarter (394.8), including non-controlling interests of EUR -6.7 million (-1.1). The main reason for the increased equity compared to last year is the profits recognized during the last twelve months.

The resulting equity ratio at the end of the first guarter 2023 was 28%, slightly down from the first guarter last year (29%).

Return on equity

Annualized return on equity for shareholders, including

discontinued operations, ended at 7% for the first guarter (7%), while annualized return on equity for continuing operations ended at 8% (8%).

Glossarv

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

Capital expenditure and funding

Axactor invested EUR 32.8 million in NPL portfolios during the first guarter (79.6). The invested amount is significantly above the replacement capex and will drive continued growth for the NPL segment. Estimated NPL investment commitments for the remainder of 2023 stand at EUR 42.0 million at the end of the first quarter.

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. Adjusting for the bond buybacks, the outstanding face value of ACR02 and ACR03 is EUR 156.0 million and EUR 281.1 million, respectively. The ACR02 bond is classified as short-term debt, with a maturity of 12 January 2024.

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

Financials

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 952.7 million at the end of the first quarter 2023 (888.1), including EUR 8.2 million allocated to discontinued operations (20.0).

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

Outlook

The increasing interest rates and macroeconomic uncertainty observed across Europe will continued to have an impact on Axactor's markets going forward. With increasing funding costs

for the industry, NPL prices must adjust to compensate for the increased cost of capital. There are relatively few transactions occurring, as some sellers do not appear ready to accept the new market conditions. Axactor sees highly accretive gross IRR levels on the limited volume acquired, with new deals coming in at gross IRR levels north of 25%. This compares to an average for Axactor's back book of 17%. With an expected increase in default rates, Axactor is confident that a new and fair price level will be reached for the broader market, but it might take a few quarters to reach this new equilibrium. The NPL segment will nonetheless continue to see significant revenue growth compared to last year, based on the high investment level in 2022.

The 3PC segment is expected to bounce back to growth in the second quarter 2023, as the strike in the Spanish legal system was called off late March. Debt originators typically choose between outsourcing or selling off their NPLs, and the servicing volume will thus depend on how quickly NPL prices adjust, and how determined debt originators are to offload their balance sheets.

With the renewal of the RCF in April, Axactor has one remaining loan maturity during the next twelve months: the ACR02 bond. EUR 44.1 million of the bond has already been repurchased, and Axactor plan to refinance the remaining EUR 156.0 million during the second or third quarter of 2023.

Axactor still see the operations in Southern Europe performing well, with limited impacts from the high inflation and increasing interest rates over the past year. In the Nordic countries and Germany, there are signs of debtors opting for longer payment plans with lower monthly installments, at the expense of larger settlements. The cash flow from the Nordic bailiffs are also negatively impacted by adjustments to important factors such as debtors' right to an additional payment free month in Finland and a large increase in the monthly amount debtors are entitled to keep in Sweden.

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

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Interim condensed consolidated statement of profit or loss

		For the quarter end / YTD		-	
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022	
Continuing operations					
Interest income from purchased loan portfolios	<u>5</u> , <u>6</u>	51,956	43,493	187,490	
Net gain/(loss) purchased loan portfolios	<u>5</u> , <u>6</u>	-5,087	-517	-8,185	
Revenue from sale of repossessed assets	<u>5</u>	389	1,230	4,526	
Other operating revenue		14,849	13,212	55,846	
Other income		-	14	15	
Total income	<u>3</u> , <u>5</u>	62,107	57,432	239,692	
Cost of repossessed assets sold, incl impairment		-198	-396	-1,496	
Personnel expenses		-16,540	-15,702	-64,655	
Other operating expenses		-14,971	-13,641	-54,587	
Total operating expenses		-31,709	-29,740	-120,738	
EBITDA		30,399	27,693	118,955	
Amortization and depreciation		-2,178	-2,113	-8,895	
Operating profit		28,220	25,579	110,060	
Financial revenue	<u>4</u>	279	272	3,194	
Financial expenses	4	-18,544	-13,632	-59,061	
Net financial items		-18,265	-13,360	-55,867	
Profit/(loss) before tax from continuing operations		9,955	12,219	54,193	
Income tax expense		-2,303	-4,567	-13,549	
Net profit/(loss) after tax from continuing operations		7,651	7,652	40,644	

		For the quarte	r end / YTD	
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022
Discontinued operations				
Net profit/(loss) after tax from discontinued operations	11	-1,507	-1,982	-8.066
Net profit (1033) after tax from discontinued operations	<u>111</u>	1,507	1,902	0,000
Net profit/(loss) after tax		6,144	5,670	32,578
Attributable to:				
Non-controlling interests:				
Net profit/(loss) after tax from continuing operations		-143	183	489
Net profit/(loss) after tax from discontinued operations		-901	-1,143	-4,668
Net profit/(loss) after tax		-1,044	-960	-4,179
Shareholders of the parent company:				
Net profit/(loss) after tax from continuing operations		7,795	7,470	40,156
Net profit/(loss) after tax from discontinued operations		-606	-839	-3,399
Net profit/(loss) after tax		7,188	6,631	36,757
Earnings per share:				
From continuing operations, basic and diluted:		0.026	0.025	0.133
From continuing and discontinued operations, basic and dilute	ed:	0.024	0.022	0.122

Interim condensed consolidated statement of comprehensive income

For the quarter	end / YTD	Full year 2022	
31 Mar 2023	31 Mar 2022		
6,144	5,670	32,578	
-	-	238	
-	-	16	
-12,412	5,904	-11,343	
-	3,051	9,876	
-794	-	-245	
-13,206	8,955	-1,458	
-7,062	14,625	31,120	
-1,044	-960	-4,179	
-6,018	15,585	35,299	
	-12,412 -794 -13,206 -7,062	6,144 5,670 12,412 5,904 - 3,051 -79413,206 8,955 -7,062 14,625	

		For the quarte		
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022
Assets				
Non-current assets				
Intangible assets				
Goodwill		59.634	63,058	61,069
Deferred tax assets		8,019	12,811	5,356
Other intangible assets		16,097	17,512	16,617
Tangible assets				
Property, plant and equipment		2,292	2,440	2,372
Right of use assets	<u>8</u>	11,419	11,561	11,757
Financial assets				
Purchased loan portfolios	<u>6</u>	1,242,411	1,160,374	1,252,642
Other non-current assets		575	3,966	607
Total non-current assets		1,340,447	1,271,722	1,350,420
Current assets				
Repossessed assets		3,310	2,667	3,230
Accounts receivable		6,005	5,918	6,376
Other current assets		31,773	13,144	29,021
Restricted cash		3,789	6,497	7,026
Cash and cash equivalents		27,699	35,891	29,045
Total current assets		72,575	64,119	74,699
Assets classified as held for sale	<u>11</u>	10,200	25,289	12,660
Total assets		1,423,222	1,361,130	1,437,778

		For the quarter end / YTD		
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022
Equity and liabilities				
Equity				
Share capital	10	158,369	158,150	158,369
Other paid-in equity		270,481	269,953	270,381
Retained earnings		3.489	-33.845	-3,699
Other components of equity		-22,222	1,635	-9,016
Non-controlling interests		-6,660	-1,084	-5,441
Total equity		403,457	394,809	410,593
Non-current liabilities				
Interest-bearing debt	7	278,339	864,444	445,590
Deferred tax liabilities	7	278,339 8,644	11,351	6,143
Lease liabilities	0	9,147	9,471	9,404
Other non-current liabilities	<u>8</u>	3,409	2,133	3,423
Total non-current liabilities		299,539	887,399	464,561
Total non current liabilities		299,009	007,099	404,501
Current liabilities				
Accounts payable		3,175	10,071	7,141
Interest-bearing debt	<u>7</u>	666,166	3,737	499,709
Taxes payable		17,547	17,691	17,578
Lease liabilities	<u>8</u>	2,771	2,342	2,835
Other current liabilities		21,938	23,936	24,741
Total current liabilities		711,598	57,776	552,005
Liabilities directly associated with assets classified as held for sale	<u>11</u>	8,628	21,146	10,619
Total liabilities		1,019,765	966,321	1,027,185
Total equity and liabilities		1,423,222	1,361,130	1,437,778

Interim condensed consolidated statement of cash flows

		For the quarter end / YTD		
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022
Operating activities				
Profit/(loss) before tax from continued operations		9,955	12,219	54,193
Profit/(loss) before tax from discontinued operations	<u>11</u>	-1,507	-1,982	-8,066
Taxes paid		-2,903	-1,038	-10,713
Adjustments for:				
Net financial items, continuing operations	<u>4</u>	18,265	13,360	55,867
Net financial items, discontinued operations		153	366	1,059
Portfolio amortization, revaluation and change in forward flow				
commitments		20,675	21,041	97,218
Cost of repossessed assets sold, incl impairment		198	396	1,496
Cost of REOs sold, incl impairment	<u>11</u>	2,517	5,889	18,318
Depreciation and amortization		2,178	2,113	8,895
Calculated cost of employee share options		100	34	462
Change in working capital		-6,715	2,920	1,291
Cash flow from operating activities before NPL and REO investments		42,917	55,157	220,019
Purchase of loan portfolios	<u>6</u>	-35,537	-82,826	-290,816
Purchases related to REO/repossessed assets		-32	-49	-227
Net cash flow from operating activities		7,349	-27,718	-71,025

		For the quarter end / YTD		
EUR thousand	Note	31 Mar 2023	31 Mar 2022	Full year 2022
Investing activities				
Investment in subsidiaries, net of cash acquired		-	-3,085	-3,085
Purchase of intangible and tangible assets		-836	-1,213	-4,862
Interest received		37	14	203
Net cash flow from investing activities		-799	-4,285	-7,744
Financing activities				
Proceeds from borrowings	<u>7</u>	61,767	167,632	354,051
Repayment of debt	<u>7</u>	-55,337	-120,412	-222,001
Interest paid		-15,489	-11,586	-51,067
Loan fees paid	<u>7</u>	0	-81	-83
Lease payments, principal amount	8	-732	-683	-2,755
Repayments to non-controlling interests		-175	-1,100	-2,238
Net cash flow from financing activities		-9,967	33,770	75,907
Net change in cash and cash equivalents Cash and cash equivalents at the beginning of period, incl.		-3,417	1,766	-2,861
restricted cash		39,679	43,953	43,953
Currency translation		-1,044	258	-1,413
Cash and cash equivalents at end of period, incl. restricted cash		35,218	45,978	39,679

Interim condensed consolidated statement of changes in equity

		Equity related the shareholders of the parent company							
	Restricted			Non-res	tricted				
					Cash flow hedge			Non-controlling	
EUR thousand	Share capital	Other paid in equity	Retained earnings	Translation reserve	reserve	Other reserves	Total	interest	Total equity
Balance on 31 Dec 2021	158,150	269,919	-40,475	-7,074	-230	-16	380,273	976	381,249
Result of the period			6,631				6,631	-960	5,670
Other comprehensive income of the period				5,904	3,051		8,955		8,955
Total comprehensive income for the period	-	-	6,631	5,904	3,051	-	15,585	-960	14,625
Repayments to non-controlling interests							-	-1,100	-1,100
Share-based payment		34					34		34
Balance on 31 Mar 2022	158,150	269,953	-33,845	-1,170	2,821	-16	395,893	-1,084	394,809
Result of the period			30,126				30,126	-3,219	26,908
Other comprehensive income of the period			238	-17,246	6,580	16	-10,413		-10,413
Total comprehensive income for the period	-	-	30,364	-17,246	6,580	16	19,714	-3,219	16,495
Repayments to non-controlling interests							-	-1,138	-1,138
Share-based payment		427					427		427
Bonus issue	219		-219				-		-
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	-	416,033	-5,441	410,593
Result of the period			7,188				7,188	-1,044	6,144
Other comprehensive income of the period				-12,412	-794		-13,206		-13,206
Total comprehensive income for the period	-	-	7,188	-12,412	-794	-	-6,018	-1,044	-7,062
Repayments to non-controlling interests							-	-175	-175
Share-based payment		100					100		100
Balance on 31 Mar 2023	158,369	270,481	3,489	-30,829	8,607	-	410,117	-6,660	403,457

Notes to the interim condensed consolidated statement

Note 1 Reporting entity and accounting principles

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

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

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

Discontinued operations and assets held for sale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position. Assets held for sale, liabilities in disposal groups and income and expenses from discontinued operations are excluded from specifications presented in the notes unless otherwise stated. Comparative figures in statements and notes for March 2022 has been re-presented from the Q1 2022 Report, due to a redefinition of discontinued operations in Q2 2022. Additional disclosures are provided in note 11.

Note 2 Financial risks

All economic activities are associated with risk. Axactor's risks are managed within the Group in accordance with the policies established by the Board. For more information on financial risks and risk management, one is referred to $\underline{\text{note 3}}$ of the Group's financial statements in the Annual report 2022.

Interest rate risk

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group's interest rate exposure. On 31 March 2023, the Group holds two interest rate caps with a strike of 0.5% EURIBOR and maturity 15 December 2023. The two contracts hedge the interest risk of EUR 573 million in borrowings, equaling a hedging ratio of 60%. Per 31 March 2023, the fair value of the interest rate hedging derivatives was positive EUR 10.7 million, reported as part of other current receivables in the consolidated statement of financial position.

Contractual maturities per 31 Mar 2023

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date (for both continuing and discontinued operations). The contractual maturity is based on the earliest date on which the Group may be required to pay. The amounts

disclosed in the table are the contractual undiscounted cash flows. The table only include liabilities classified as financial instruments, contractual maturities of lease liabilities are presented in note 8. For NPL investment commitments, expected cash flows are presented.

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

The Group's estimated remaining collection for purchased loan portfolios for the next 15 years is presented below the table of contractual maturities (see also <u>note 6</u>). Per 31 March 2023, the Group's estimated collection from purchased loan portfolios exceeds the Group's contractual commitments for all periods presented, with the exception of Q4 2023 which includes repayment of the revolving credit facility and Q1 2024 which includes repayment of bond ACR02. On 18 April 2023, the Group reached an agreement with its banks on all principal terms on renewal of the revolving credit facility, see <u>note 12</u>. The Group also expects to conclude on the refinancing of ACR02 well in advance of the maturity date.

Axactor was compliant with all covenants throughout the first guarter.

	Contractual maturities per 31 Mai 2023							
EUR thousand	Q2-23	Q3-23	Q4-23	Q1-24	1-2 years	2-4 years	4+ years	Total
NPL investment commitments, non-cancellable ¹	27,214	3,324	2,650	1,979	665	-	-	35,832
NPL investment commitments, cancellable 1	-	4,422	4,422	2,025	1,907	-	-	12,776
Revolving credit facility	8,558	8,979	526,751	-	-	-	-	544,288
Bond ACR02 (ISIN: N00010914666)	3,950	4,217	4,276	156,670	-	-	-	169,113
Bond ACR03 (ISIN: NO0011093718)	5,946	6,414	6,522	6,296	25,182	325,119	-	375,477
Interest rate caps	-2,434	-3,297	-3,458	-	-	-	-	-9,190
Other non-current liabilities	-	-	-	-	1,800	-	1,610	3,409
Accounts payable	3,175	-	-	-	-	-	-	3,175
Other current liabilities	21,525	-	800	-	-	-	-	22,325
Total contractual maturities	67,936	24,058	541,963	166,969	29,554	325,119	1,610	1,157,206

¹ Expected cash flows based on the last three months' actual delivieres. Per 31 March 2023, cash flows are limited to EUR 100.8 million by contracted capex limits. The NPL commitmens that are cancellable are cancellable with three to twelve months' notice

		ERC per 31 March 2023							
EUR thousand	Q2-23	Q3-23	Q4-23	Q1-24	1-2 years	2-4 years	4+ years	Total	
Estimated remaining collection (ERC)	79,450	77,331	78,364	78,827	304,613	503,832	1,400,382	2,522,798	

Fliminations/

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

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

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

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

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

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

For the quarter end / YTD 31 Mar 2023

EUR thousand	NPL	3PC	Not allocated	Total
Collection on own portfolios	69,664	-	-	69,664
Portfolio amortization and revaluation	-22,794	-	-	-22,794
Revenue from sale of repossessed assets	389	-	-	389
Other operating income:				
Change in fair value forward flow commitments	2,120	-	-	2,120
Other operating revenue and other income	-	12,729	-	12,729
Total income	49,378	12,729	-	62,107
Cost of repossessed assets sold	-198	-	-	-198
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-11,544	-8,776	-	-20,320
Contribution margin	37,637	3,953	-	41,590
SG&A, IT and corporate cost			-11,191	-11,191
EBITDA				30,399
Amortization and depreciation			-2,178	-2,178
Operating result				28,220
Total operating expenses	-11,741	-8,776	-11,191	-31,709
Contribution margin (%)	76.2%	31.1%	na	67.0%
EBITDA margin (%)				48.9%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.8%	68.9%	na	24.8%
SG&A, IT and corporate cost / Gross revenue				13.5%

For the quarter end / YTD 31 Mar 2022

EUR thousand	NPL	3РС	Eliminations/ Not allocated	Total
Collection on own portfolios	64,017	-	<u>-</u>	64,017
Portfolio amortization and revaluation	-21,041	_	_	-21,041
Revenue from sale of repossessed assets	1,230	-	-	1,230
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	13,212	14	13,227
Total income	44,206	13,212	14	57,432
Cost of repossessed assets sold	-396	-	-	-396
Impairment repossessed assets		-	-	-
Direct operating expenses	-10,157	-8,668	-	-18,826
Contribution margin	33,652	4,544	14	38,211
SG&A, IT and corporate cost			-10,518	-10,518
EBITDA				27,693
Amortization and depreciation			-2,113	-2,113
Operating result				25,579
Total operating expenses	-10,553	-8,668	-10,518	-29,740
Contribution margin (%)	76.1%	34.4%	na	66.5%
EBITDA margin (%)				48.2%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.2%	65.6%	na	24.5%
SG&A, IT and corporate cost / Gross revenue				13.4%

Full year 2022

EUR thousand	NPL	3РС	Eliminations/ Not allocated	Total
Collection on own portfolios	276,524	_	_	276,524
Portfolio amortization and revaluation	-97,218	_	_	-97,218
Revenue from sale of repossessed assets	4,526	_	_	4,526
Nevertue ITOTTI sale of repossessed assets	4,320		_	4,320
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	55,846	15	55,861
Total income	183,831	55,846	15	239,692
Cost of repossessed assets sold	-1,430	-	-	-1,430
Impairment repossessed assets	-65	-	-	-65
Direct operating expenses	-41,980	-34,674	-	-76,654
Contribution margin	140,356	21,172	15	161,543
SG&A, IT and corporate cost			-42,588	-42,588
EBITDA			12,000	118,955
LDII DI				110,500
Amortization and depreciation			-8,895	-8,895
Operating result				110,060
Total operating expenses	-43,475	-34,674	-42,588	-120,738
Contribution margin (%)	76.4%	37.9%	na	67.4%
EBITDA margin (%)				49.6%
25.1571.1.d.g.11 (10)				12.0.0
Opex ex SG&A, IT and corporate cost / Gross revenue	15.5%	62.1%	na	23.2%
SG&A, IT and corporate cost / Gross revenue				12.6%

	For the quarter		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Financial revenue			
Interest on bank deposits	37	14	203
Net foreign exchange gain ¹	-	246	550
Gain on purchase of bonds in own bond loans (note 7)	183	-	2,349
Other financial income	58	13	91
Total financial revenue	279	272	3,194
Financial expenses			
Interest expense on borrowings	-17,984	-13,463	-57,902
Net foreign exchange loss ¹	-379	-	-
Other financial expenses	-181	-170	-1,158
Total financial expenses	-18,544	-13,632	-59,061
Total net financial items	-18,265	-13,360	-55,867

¹ Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position

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

As the Group started applying hedge accounting at the end of 2021, and the hedged future cash flows are still expected to occur, the Group is required to apply hedge accounting for the original amount and duration of the agreement, even though the duration has changed. This causes a mismatch between interest paid and interest expensed for the hedge accounting period. For the first quarter of 2023, the hedging reduces interest paid with EUR 1.8 million and interest expensed with EUR 1.0 million. There is hence a timing difference from hedge accounting, where interest expensed on borrowings is reduced by EUR 0.8 million less than interest paid on borrowings for the first quarter.

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

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

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

Total income

	For the quarter	For the quarter end / YTD				
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022			
Finland	3,701	3,850	16,100			
Germany	9,718	7,871	35,112			
Italy	8,620	6,354	28,574			
Norway	11,828	12,023	40,862			
Spain	22,349	19,931	91,029			
Sweden	5,892	7,404	28,016			
Total income	62,107	57,432	239,692			

Non-current assets

	For the quarter		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
F: 11	0.610	0.011	0747
Finland	3,610	3,911	3,747
Germany	15,787	15,727	15,894
Italy	15,953	16,135	16,039
Norway	31,190	36,585	33,068
Spain	19,912	18,190	19,883
Sweden	2,990	4,023	3,185
Total assets	89,441	94,571	91,816

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

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end / YTD 31 Mar 2023
Interest income from purchased loan portfolios	3,965	9,208	5,787	9,345	17,098	6,554	51,956
Collection above/(below) forecasts	-406	-1,352	256	-1,112	999	-510	-2,125
NPV of changes in collection forecasts	-38	-104	91	-21	-2,264	-626	-2,962
Net gain/(loss) purchased loan portfolios	-444	-1,456	347	-1,133	-1,265	-1,137	-5,087
Sale of repossessed assets Change in fair value forward flow commitments				2,120	389		389 2,120
Total portfolio revenue	3,521	7,753	6,134	10,332	16,222	5,417	49,378

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end / YTD 31 Mar 2022
Interest income from purchased loan portfolios	3,590	6,332	4,142	9,765	12,438	7,227	43,493
Collection above/(below) forecasts	- 172	- -700	- 151	385	- -742	-209	- -944
NPV of changes in collection forecasts	-56	282	45	161	100	-106	426
Net gain/(loss) purchased loan portfolios	117	-418	196	546	-643	-315	-517
Sale of repossessed assets	-	-	-	-	1,230	-	1,230
Total portfolio revenue	3,706	5,914	4,337	10,311	13,025	6,912	44,206

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

Note 6 Purchased loan portfolios

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

Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on a collateral asset basis. The majority of the purchased loan portfolios are unsecured, whereas approximately 5% of the book value of the loans are secured by a property object per 31 March 2023.

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

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

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

	For the quarter of		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Balance at start of period	1,252,642	1,095,789	1,095,789
Acquisitions during the period	32,818	79,617	288,052
Collection	-69,664	-64,017	-276,524
Interest income from purchased loan portfolios	51,956	43,493	187,490
Net gain/(loss) purchased loan portfolios	-5,087	-517	-8,185
Repossessions	-245	-304	-1,925
Deliveries on forward flow contracts	0	-409	-409
Currency translation differences	-20,009	6,723	-31,646
Balance at end of period	1,242,411	1,160,374	1,252,642

Kev figures

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

	For the quarter e	For the quarter end / YTD				
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022			
All and the Land of the control of t	07.005	000 71 5	0.400.160			
Nominal value acquired portfolios	87,035	200,715	2,429,169			
Expected credit losses at acquisition	-54,217	-121,098	-2,141,117			
Credit impaired acquisitions during the period	32,818	79,617	288,052			

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

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

EUR thousand					Estima	ted remaining co	llection (ERC), am	ortization and int	erest income fror	n purchased loan	portfolios per yea	ar				
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
31 Mar 2023																
ERC	313,971	304,613	266,427	237,405	209,077	184,254	165,362	149,805	135,499	123,423	112,448	96,462	83,392	74,075	66,585	2,522,798
Amortization	117,803	131,133	115,153	105,102	93,732	83,194	76,853	72,944	69,713	68,299	67,841	62,147	58,600	58,788	61,108	1,242,411
Interest income	196,168	173,480	151,274	132,303	115,345	101,061	88,509	76,862	65,786	55,123	44,606	34,315	24,793	15,286	5,477	1,280,387
31 Mar 2022																
ERC	290,903	278,755	246,589	215,891	188,085	164,488	147,115	132,351	119,229	106,801	96,539	86,867	72,420	60,725	51,928	2,258,684
Amortization	117,287	125,716	114,241	101,165	88,713	78,120	72,015	67,699	64,412	61,324	60,046	59,210	53,262	49,217	47,945	1,160,374
Interest income	173,616	153,039	132,347	114,725	99,371	86,368	75,100	64,652	54,817	45,476	36,494	27,657	19,158	11,508	3,983	1,098,310
Full year 2022																
ERC	310,027	305,914	271,347	237,417	212,308	185,750	168,327	152,172	137,607	124,971	113,833	99,900	84,323	74,817	66,705	2,545,419
Amortization	113,530	130,485	118,518	103,930	95,595	83,424	78,622	74,325	71,027	69,190	68,662	65,230	59,403	59,493	61,207	1,252,642
Interest income	196,496	175,428	152,829	133,487	116,714	102,326	89,705	77,847	66,581	55,781	45,171	34,670	24,921	15,324	5,498	1,292,777

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

	Book value				
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022		
Finland	121,424	113,708	121,300		
Germany	189,923	141,675	179,654		
Italy	148,864	141,723	147,678		
Norway	228,064	261,485	243,468		
Spain	353,425	276,562	357,137		
Sweden	200,712	225,220	203,405		
Total book value	1,242,411	1,160,374	1,252,642		

Note 7 Interest-bearing loans and borrowings

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

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility									
Bond ACR02 (ISIN: N00010914666)	EUR		200,000	-44,050	-1,427	3,137	157,660	3m EURIBOR+700bps	12/01/2024
Bond ACR03 (ISIN: N00011093718)	EUR		300,000	-18,950	-2,712	1,038	279,376	3m EURIBOR+535bps	15/09/2026
Total bond loans			500,000	-63,000	-4,138	4,175	437,036		
Revolving credit facility	EUR		259,158		-3,095	49	256,111	EURIBOR+ margin	22/12/2023
(multiple currency facility)	NOK		108,543				108,543	NIBOR+ margin	22/12/2023
	SEK		151,055				151,055	STIBOR+ margin	22/12/2023
Total credit facilities		545,000	518,756		-3,095	49	515,709		
Total loans and borrowings at end of period			1,018,756	-63,000	-7,233	4,223	952,746		

For information on renewal of the revolving credit facility, see events after the reporting period in <u>note 12</u>.

Of the total borrowings per 31 March 2023, EUR 278.3 million is classified as non-current and EUR 674.4 million is classified as current. Discontinued operations have EUR 8.2 million in current borrowings (note 11). All borrowings in discontinued operations are denominated in EUR.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities	Total Borrowings
Balance on 1 Jan	449,648	505,899	955,546
		64 767	64.767
Proceeds from loans and borrowings	-	61,767	61,767
Repayment of loans and borrowings	-13,500	-41,837	-55,337
Loan fees	-	-	-
Total changes in financial cash flow	-13,500	19,930	6,430
Change in accrued interest	118	-8	111
Amortization of capitalized loan fees	772	1,139	1,910
Currency translation differences	-	-11,252	-11,252
Total loans and borrowings at end of period	437,036	515,709	952,746

Change in lease liabilities are presented in note 8.

Estimated future cash flow within

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Maturity

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

	Currency	Carrying amount	Total estimated future cash flow	6 months or less	6-12 months	1-2 years	2-5 years
Bond ACR02 (ISIN: N00010914666)	EUR	157,660	169,113	8,166	160,946	0	0
Bond ACR03 (ISIN: N00011093718)	EUR	279,376	375,478	12,360	12,817	25,182	325,119
Total bond loan		437,036	544,591	20,527	173,764	25,182	325,119
Revolving credit facility (multiple currency facility)	EUR/NOK/SEK	515,709	544,288	17,537	526,751	0	0
Total credit facilities		515,709	544,288	17,537	526,751	0	0
Total loans and borrowings at end of period		952,746	1,088,879	38,064	700,515	25,182	325,119

Bond ACR02

The bond was placed at 3m EURIBOR + 7% interest, with maturity date 12 January 2024. The bond is listed on Oslo Børs (ISIN: NO0010914666).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

Bond ACR03

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs (ISIN: NO0011093718).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

During 2023 the Group has repurchased EUR 13.5 million of outstanding bonds. On 31 March 2023, the Group holds treasury bonds with a nominal value of EUR 63.0 million, split between EUR 44.0 million in ACR02 (ISIN NO 0010914666) and EUR 19.0 million in ACR03 (ISIN NO 0011093718).

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a multicurrency facility, with an addition of 75 million in the form of accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin. The maturity date for the facility is 22 December 2023.

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 loan 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 loan portfolios and REOs) margin.

All subsidiaries of the Group, except Reolux Holding Sarl, are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility.

Note 8 Leases

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
D: 1 + 0 + 0 + 0 + 0 + 0 + 0 + 0 + 0 + 0 +	10047	47.5	4.6	10.760
Right of use assets on 31 Dec 2021	10,247	475	46	10,768
Additions	1,456	51	-	1,507
Depreciation	-573	-86	-3	-662
Disposals	-48	-3	-	-51
Currency translation differences	-2	-	-1	-2
Right of use assets on 31 Mar 2022	11,080	439	42	11,561
Additions	2,838	287	69	3,193
Depreciation	-2,096	-300	-15	-2,411
Disposals	-250	-21	-	-271
Currency translation differences	-309	-4	-3	-315
Right of use assets on 31 Dec 2022	11,263	401	93	11,757
Additions	232	441	-	673
Depreciation	-684	-85	-8	-778
Disposals	-34	-	-	-34
Currency translation differences	-198	-1	-	-200
Right of use assets on 31 Mar 2023	10,579	755	84	11,419
Remaining lease term	1-9 years	1-3 years	2-5 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Lease liabilities on 1 Jan	12,239	11,051	11,051
Net new leases	620	1,447	4241
Lease payments, principal amount	-732	-683	-2,755
Currency translation differences	-209	-2	-297
Lease liabilities at period end	11,918	11,813	12,239
Current	2,771	2,342	2,835
Non-current	9,147	9,471	9,404

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

EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Undiscounted lease liabilities and maturity of cash outflows			
< 1 year	3,364	2,970	3,441
1-2 years	3,167	2,735	3,015
2-3 years	2,696	2,297	2,620
3-4 years	2,269	2,061	2,464
4-5 years	544	1,844	822
> 5 years	1,629	1,932	1,745
Total undiscounted lease liabilities	13,669	13,839	14,106
Discounting element	-1,751	-2,026	-1,866
Total lease liabilities	11,918	11,813	12,239

Note 9 Fair value of forward flow commitments

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

EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Balance on 1 Jan	-	-409	-409
Deliveries	-	409	409
Value change	2,120	-	-
Currency translation differences	-10	-	-
Balance at period end	2,110	-	-

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

EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Fair value of forward flow commitments (asset)	2,110	-	-
Balance at period end	2,110	-	-

Note 10 Issued shares and share capital

Issued shares and share capital

	Number of shares	Share capital (EUR)
On 31 Dec 2021	302,145,464	158,149,942
Bonus issue	,,	218,961
On 31 Dec 2022	302,145,464	158,368,903
On 31 Mar 2023	302,145,464	158,368,902

Shares owned by the Board and Group executive management on 31 Mar 2023

Name	Shareholding	Share %
	1010000	0.00
Latino Invest AS ¹	1,040,000	0.3%
Johnny Tsolis Vasili 1,4	670,000	0.2%
Terje Mjøs Holding AS ³	500,000	0.2%
Robin Knowles ^{2,5}	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%
Karl Mamelund ⁶	150,000	0.0%
Brita Eilertsen ³	19,892	0.0%

- ¹ CEO/related to the CEO of Axactor ASA
- ² Member of the Group executive management
- ³ Member of the Board/controlled by member of the Board
- ⁴ Holds 300 000 call options that will be settled in cash on 22 June 2023
- ⁵ Robin Knowles was part of the Group executive management until 1 April 2023
- ⁶ Karl Mamelund is part of the Group executive management from 1 April 2023

20 largest shareholders on 31 Mar 2023

Name	Shareholding	Share %
Geveran Trading Co Ltd	142,371,300	47.1%
Torstein Ingvald Tvenge	10,000,000	3.3%
Ferd AS	7,864,139	2.6%
Skandinaviska Enskilda Banken AB	5,500,000	1.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,561,239	0.8%
Endre Rangnes	2,017,000	0.7%
Gvepseborg AS	2,009,694	0.7%
Stavern Helse og Forvaltning AS	2,000,000	0.7%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Velde Holding AS	1,500,000	0.5%
Masani AS	1,400,000	0.5%
David Martin Ibeas	1,177,525	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Verdipapirfondet Storebrand Norge	1,000,000	0.3%
Herman Alfred Brenaas	970,000	0.3%
Total 20 largest shareholders	196,552,107	65.1%
Other shareholders	105,593,357	34.9%
Total number of shares	302,145,464	100%
Total number of shareholders	9,684	

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Note 11 Discontinued operations

The Board resolved to dispose of the Group's real estate owned (REO) operating segment from 1 January 2022. The REO segment consisted of portfolios of purchased real estate and repossessed assets from secured loan portfolios. 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 loan portfolios prior to 2022 are thus presented as continuing operations, and the Group will also continue with repossessions from secured loan portfolios 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 operating segments. These operations, which were 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. The proceeds of disposal were expected to equal the carrying amount of the related net assets and accordingly no impairment losses have been recognized on the classification of these operations as held for sale.

As per 31 March 2023, the Group is still pursuing a buyer for the assets classified as held for sale. Negotiations with several interested parties have taken place, but the Group has not reached an agreement at the reporting date. With rising inflation, rising interest rates and a weakened economy during 2022 and beginning of 2023, the market conditions that existed at the date the assets were classified initially as held for sale has deteriorated, and as a result the assets are not sold. During this period, the Group has actively solicited but not received any reasonable offers to purchase the assets. The Group has impaired the assets by EUR 0.8 million in 2022. The assets continue to be actively marketed at a price that is reasonable given the change in market condition and is hence classified as held for sale on 31 March 2023.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between continuing operations and discontinued operations are eliminated in the consolidated financial statements. 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 asset values 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 retained in discontinued operations, as this debt is considered to be directly associated with the 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:

	For the quarter	For the quarter end / YTD		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022	
Other operating revenue	1,543	5,042	14,113	
Total income	1,543	5,042	14,113	
Cost of REOs sold, incl impairment	-2,517	-5,889	-18,318	
Other operating expenses	-380	-768	-2,803	
Total operating expenses	-2,897	-6,658	-21,121	
EBITDA	-1,354	-1,616	-7,008	
Amortization and depreciation	-	-	-	
Operating profit	-1,354	-1,616	-7,008	
Financial expenses	-153	-366	-1,059	
Net financial items	-153	-366	-1,059	
Profit/(loss) before tax	-1,507	-1,982	-8,066	
Income tax expense	-	-	-	
Net profit/(loss) after tax	-1,507	-1,982	-8,066	
Attributable to:				
Non-controlling interests	-901	-1,143	-4,668	
Shareholders of the parent company	-606	-839	-3,399	
Earnings per share: basic and diluted	-0.002	-0.003	-0.011	

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

EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Current assets			
Stock of secured assets	F 001	20.710	0.410
	5,901	20,710	8,418
Accounts receivable	99	566	116
Other current assets	469	424	518
Cash and cash equivalents	3,731	3,589	3,607
Total current assets	10,200	25,289	12,660
Assets classified as held for sale	10,200	25,289	12,660
Non-current liabilities			
Interest-bearing debt	-	19,950	-
Total non-current liabilities	-	19,950	-
Current liabilities			
Interest-bearing debt	8,241	-	10,247
Other current liabilities	387	1,196	373
Total current liabilities	8,628	1,196	10,619
Liabilities directly associated with assets classified as held for sale	8,628	21,146	10,619
Net assets classified as held for sale	1,572	4,143	2,041

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

	For the quart	For the quarter end / YTD		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022	
Net cash flow from operating activities	1,163	3,191	11,310	
Net cash flow from investing activities	-	-	-	
Net cash flow from financing activities	-1,049	-4,120	-12,220	
Total net cash flow	114	-929	-910	

Note 12 Events after the reporting period

In April 2023, Axactor announced the renewal of its revolving credit facility (RCF) for a new three-year maturity, with an option for a further two-year extension contingent on separate credit approval. The existing agreement has a maturity in December 2023 and is thus classified as current interest-bearing debt in the consolidated statement of financial position. The new facility is of the same size and a similar structure as the existing agreement and is made at satisfactory terms.

On 3 May 2023, the annual general meeting elected Terje Mjøs as chair of the Board. Terje Mjøs previously held the position as director of the Board. Kjersti Høklingen was elected as a new Board director, whereas Brita Eilertsen and Lars-Erich Nilsen were re-elected as directors of the Board for another term.

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/ Alternative performance measures

Alternative performance measures (APMs) used in Axactor

АРМ	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in fair value of forward flow commitments	To review the revenue before split into interest and amortization (for own portfolios)	Total income from consolidated statement of profit or loss plus portfolio amortizations and revaluations in the consolidated statement of cash flows and change in fair value of forward flow commitments
Cash EBITDA from continuing operations	EBITDA adjusted for calculated cost of share option program, portfolio amortization, revaluation and change in forward flow commitments and repossessed assets cost of sale and impairment	To reflect cash from continuing operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA	Cash EBITDA from continuing operations plus EBITDA from discontinued operations, adjusted for REO cost of sale, including impairment	To reflect cash from continuing and discontinued operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 11, adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collection (ERC)	Estimated remaining collection express the expected future cash collection on purchased loan portfolios in nominal values, over the next 180 months. The ERC does not include sale of repossessed assets if the assets are already repossessed	ERC is a standard APM within the industry with the purpose to illustrate the future cash collection including estimated interest income and opex	Purchased loan portfolios from the consolidated statement of financial position
Net interest-bearing debt (NIBD)	Net interest-bearing debt means the aggregated amount of interest-bearing debt attributable to both continuing and discontinued operations, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group's ability to pay off all of its debt	Non-current and current portion of interest-bearing debt and cash and cash equivalents from the consolidated statement of financial position and as attributable to discontinued operations according to note 11 , adjusted for capitalized loan fees and accrued interest according to note 7
Return on equity to shareholders, annualized	Net profit/(loss) after tax from continuing and discontinued operations attributable to shareholders divided by average equity for the period attributable to shareholders, annualized	Measures the profitability in relation to shareholders' equity	Net profit/(loss) after tax attributable to shareholders of the parent company from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, continuing operations, annualized	Net profit/(loss) after tax from continuing operations divided by average total equity for the period, annualized	Measures the profitability of continuing operations in relation to total equity.	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss and total equity from the consolidated statement of changes in equity

	For the quarte		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Total income	62,107	57,432	239,692
Portfolio amortizations and revaluations	22,794	21,041	97,218
Change in fair value of forward flow commitments	-2,120	-	-
Gross revenue	82,782	78,473	336,911

EBITDA and Cash EBITDA

	For the quarter	end / YTD	
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Tall	60.107	F7 400	000.600
Total income	62,107	57,432	239,692
Total operating expenses	-31,709	-29,740	-120,738
EBITDA from continuing operations	30,399	27,693	118,955
Calculated cost of share option program	101	34	462
Portfolio amortization, revaluation and change in forward flow			
commitments	20,675	21,041	97,218
Cost of repossessed assets sold, incl. impairment	198	396	1,496
Cash EBITDA from continuing operations	51,372	49,164	218,130
EBITDA from discontinued operations	-1,354	-1,616	-7,008
Cost of REOs sold, incl. impairment	2,517	5,889	18,318
Cash EBITDA	52,535	53,437	229,440
Taxes paid	-2,903	-1,200	-10,713
Change in working capital	-6,715	2,920	1,291
Cash flow from operating activities before NPL and REO investments	42,917	55,157	220,019

Estimated remaining collection (ERC)

	For the quarter	For the quarter end / YTD		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022	
Purchased loan portfolios	1,242,411	1,160,374	1,252,642	
Estimated opex for future collection at time of acquisition	360,416	310,993	363,858	
Estimated discounted gain	919,971	787,317	928,920	
Estimated remaining collection (ERC)	2,522,798	2,258,684	2,545,419	

Net interest-bearing debt (NIBD)

	For the quarter of	end / YTD	
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Non-current portion of interest-bearing debt from financial position	278,339	864,444	445,590
Current portion of interest-bearing debt from financial position	666,166	3,737	499,709
Interest-bearing debt, discontinued operations	8,241	19,950	10,247
Total interest-bearing debt	952,746	888,131	955,546
Capitalized loan fees	-7,233	-15,320	-9,144
Accrued interest	4,223	3,738	4,172
Cash and cash equivalents from financial position	27,699	35,891	29,045
Cash and cash equivalents, discontinued operations	3,731	3,589	3,607
Net interest-bearing debt (NIBD)	924,326	860,234	927,865

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Return on equity to shareholders, annualized

	For the quarter	end / YTD	
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022
Net profit/(loss) after tax attributable to shareholders of the parent company	7,188	6,631	36,757
Average equity for the period related to shareholders of the parent company	413,075	388,083	399,433
Return on equity to shareholders, annualized	7.1%	7.0%	9.2%

Return on equity, continuing operations, annualized

	For the quarter	For the quarter end / YTD		
EUR thousand	31 Mar 2023	31 Mar 2022	Full year 2022	
Net profit/(loss) after tax from continuing operations	7,651	7,652	40,644	
Average total equity for the period	407,025	388,029	397,163	
Return on equity, continuing operations, annualized	7.6%	8.0%	10.2%	



Terms

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

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

Abbreviations

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

FTE	Full time equivalent
GHG	Greenhouse gas emissions
HQ	Headquarters
IFRS	International financial reporting standards
LTV	Loan to value
NCI	Non-controlling interests
NPL	Non-performing loan
ОВ	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

Highlights Key figures Operations Financials APM Glossary

