

AXACTOR

Report

Q2 2023

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Axactor helps people and companies to a better future



We are passionate, proactive
and act with integrity

/ Highlights¹

Second quarter 2023

- Gross revenue up 5% from the second quarter 2022, to EUR 91.3 million (87.2). In constant currency, the growth was 8%
- Total income ended at EUR 65.1 million, up 8% compared to the second quarter last year (60.4). In constant currency, the growth was 11%
- An upheld EBITDA margin of 50% (50%) contributed to an EBITDA growth of 9%, to EUR 32.7 million (30.0)
- Cash EBITDA continue to grow, ending at EUR 59.6 million for the quarter (57.5)
- Annualized return on equity of 11% for continuing operations (13%) and total annualized return on equity to shareholders of 10% for the quarter (11%)
- NPL investments for the second quarter of EUR 40.2 million (46.8), with average gross IRR for the total NPL book increasing to 17.7% (16.7%)
- The revolving credit facility (RCF) from DNB and Nordea renewed at satisfactory terms, with new maturity in 2026 and an option for a further two-year extension contingent on separate credit approval
- Increased automation of legal processes implemented in Sweden and Norway, reducing workload and improving solution rates for legal collection
- New Board of Directors in place with Terje Mjøs elected as Chair of the Board. Kjersti Høklingen was elected as a new board member, while Brita Eilertsen and Lars Erich Nilsen were both re-elected as board members

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

First half year 2023

- Continued top-line growth, with gross revenue up 5% to EUR 174.1 million (165.6) and total income up 8% to EUR 127.2 million (117.8), compared to the first half 2022. In constant currency, the growth rates were 8% and 11%, respectively
- EBITDA of EUR 63.1 million, up 9% from the first half 2022 (57.7), with the EBITDA margin increasing to 50% (49%)
- Cash EBITDA ended at EUR 111.0 million, up 4% from EUR 106.7 million in the corresponding period last year
- Both annualized return on equity for continuing operations (10%) and total annualized return on equity to shareholders (9%) ended at 9%, despite headwinds from currency exposure and increasing interest rates
- Refinancing of upcoming maturities according to plan: RCF from DNB and Nordea renewed at satisfactory terms during first half year, and working to refinance the ACR02 bond during the third quarter
- Invested EUR 73.0 million in NPL portfolios (126.5) at attractive price levels, contributing to a 12% growth in ERC compared to last year. Additionally, an estimated EUR 20.4 million of investments are committed for the second half of 2023
- Continued the bond buybacks initiated in 2022, with a total face value of EUR 13.5 million acquired. Total face value of treasury bonds at the end of the first half year was EUR 63.0 million
- Further improvements in the advanced analytics scorecards work, with increased automation and significantly improved hit rate for cases sent to legal collection
- Continued increase for digital collection and self-service solutions, resulting in both improved accessibility for debtors and lower cost for Axactor

/ Key figures

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

EUR million	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Gross revenue	91	87	174	166	337
Total income	65	60	127	118	240
EBITDA	33	30	63	58	119
Cash EBITDA from continuing operations	60	58	111	107	218
Net profit/(loss) after tax from continuing operations	11	12	18	20	41
Return on equity to shareholders, annualized ¹	10%	11%	9%	9%	9%
Return on equity, continuing operations, annualized	11%	13%	9%	10%	10%
Equity ratio	28%	29%	28%	29%	29%
Acquired NPL portfolios	40	47	73	126	288
Book value of NPL portfolios	1,241	1,155	1,241	1,155	1,253
Estimated remaining collection (ERC)	2,563	2,279	2,563	2,279	2,545
Number of employees (FTEs)	1,293	1,221	1,293	1,221	1,301
Price per share, last day of period (NOK)	5,09	5,94	5,09	5,94	5,88
Market capitalization (NOK million)	1,538	1,795	1,538	1,795	1,777

¹ Return on equity to shareholders includes continuing and discontinued operations

Gross revenue
EUR million

91

5% y/y

ERC, NPL
EUR million

2,563

12% y/y

Return on equity

11%

continuing operations

EBITDA
EUR million

33

50% margin

Cash EBITDA
EUR million

60

Equity ratio

28%

/ Operations

The second quarter of 2023 was a solid quarter for Axactor, with NPL gross revenue up 8% from the corresponding quarter last year and an NPL collection performance of 102% (99%). The focus during the quarter has been directed towards increasing automation and data-driven processes, and promoting self-service solutions. The strategy proved successful, with the number of paying cases at an all-time high during the quarter.

Relying on data driven collections is an important part of Axactor's strategy to be the industry benchmark in terms of cost position. Together with increased usage of the self-service solutions and a continued strict cost focus, Axactor managed to bring down the NPL cost-to-collect to 38% for the first half year 2023, compared to 39% for full year 2022.

Axactor has successfully built a strong operational unit for the 3PC segment in Sweden over the past years. The strategy has been to focus on the bank and finance segment, using knowledge and strategies from the NPL segment. While the operational deliveries have been impressive and dominated benchmarking contests executed by customers, the operating margins have been too low. As a consequence, Axactor has decided to exit the 3PC segment in Sweden, affecting both customers and employees. The 3PC segment in Sweden is expected to be run-off during the second half of 2023.

Great contribution from new operational sites

After the acquisition of Credit Recovery Service (CRS) in Italy last year, the Italian organization has worked efficiently to merge the two companies and further develop operational procedures. In December 2022, the CRS contact center in Sicily started working on NPL portfolios as well as 3PC claims, focusing on outbound calling and payment plan agreements. The outcome has been very successful, with a 6 percentage point uplift in collections in the segments redistributed to the Sicilian platform.

Due to locally low unemployment rates and recruitment difficulties in Heidelberg, Axactor Germany has opened a second contact center located in Saarbrücken. The Saarbrücken team has had a rapid development in communication and collection skills, and after only six months the efficiency is aligned with the contact center in Heidelberg. This has enabled the German organization to increase the number of outbound calls within the NPL segment with 47% in

the second quarter of 2023, compared to the corresponding quarter last year. Axactor is pleased to note that the debtor satisfaction is also upheld at the same high level for the claims handled by the new contact center.

Digital collection and automation

The usage of self-service portals has had a steady increase during the last 12 months. The number of logins in the second quarter increased by 9% compared to the corresponding quarter last year, while the number of unique logins increased with 15%. The average number of logins to the portal is now more than 10 thousand per month. Finland still has the highest usage, but also Norway and Sweden see significant numbers of debtors using the portal. Axactor continues to develop more self-service functionality to further enhance the digital collection services. Most recently, a project has been launched to build self-service functionality for the 3PC market in Spain, with major banks already committed to using the service.

Increased automation of legal activities remains a focus for Axactor. With the launch of in-house developed legal scorecards, several markets are steering towards more automatic and event-driven collections by utilizing more data and new technical abilities. Sweden currently has the most automatized legal process in the Axactor Group, with 97% of all legal activities being event-driven

and automatically sent to the bailiff in the second quarter of 2023. Norway has recently been able to fully automize the process as well, resulting in 23% of all legal activities being event-driven in the quarter. This share is expected to increase significantly over the next months.

Assessment of system and applications

To remain the industry benchmark, all necessary tools to ensure strong performance need to be natural extensions of the collection strategies. One of the most important tools for Axactor is the group-wide omni-channel platform. During the second quarter, the current solution was benchmarked towards 15 other omni-channel platforms. The conclusion was to continue using the current platform due to the best fit of functionality and a competitive cost level.

An assessment of the information security awareness training tool used by Axactor for the last five years was conducted in the quarter as well. Through the process of evaluating multiple tools in the market with similar functionalities, the decision was made to acquire a new dedicated platform for cybersecurity training and phishing campaigns to improve our information security practices even further. The new system will offer new channels for educating employees in a more efficient and interactive way.

Continued improved analytics

The data scientist team has developed a framework to deepen the understanding of collection risk drivers in NPL portfolios. The team performed the first analysis of risk elements utilizing this

framework during the second quarter of 2023, and initial findings give valuable insight into the risks.

New machine learning scorecards were delivered to Sweden, Norway and Germany during the quarter. The Norwegian scorecard focuses on the legal process to help protect debtors from unnecessary legal actions and save all stakeholders from unnecessary cost related to legal proceedings with negative outcomes. In Sweden the development has focused on debt restructuring, in order to understand if a debtor will qualify for debt restructuring, and if yes, what dividend is to be expected. For Germany, the focus has been on identifying which surveillance cases should be worked on and when, in order to maximize the probability of receiving a payment.

Leadership development

Leadership development empowers individuals to unlock their full potential, inspiring and guiding others towards shared goals, fostering innovation, and driving sustainable success. During the quarter, different leadership development trainings have been initiated. Some trainings focus on the country management team, some on middle managers, whilst others are customized to fit the individual manager’s needs.

A long-term incentive program designed to align and incentivize senior management in the Group to create shareholder value and retain key employees went into effect 15 June 2023. The program is based on performance share units and reflects the Group’s long-term performance. The options will be vested after three years.

Annual general meeting and changes to the Board of Directors

On 3 May 2023 Axactor held its annual general meeting. All the proposals from the Board of Directors were approved, including the annual report, and certain changes to the composition of the Board of Directors. After the annual general meeting, the Board of Directors has the following composition: Terje Mjøs (Chair), Brita Eilertsen (member), Lars Erich Nilsen (member) and Kjersti Høklingen (member).

Human- and workers’ rights

The Norwegian “Transparency Act” entered into force 1 July 2022. The Transparency Act establishes new reporting requirements, including a duty to perform regular due diligence assessments verifying compliance with fundamental human rights and decent working conditions. At the end of the second quarter, Axactor published the results of its human rights due diligence assessment on the company’s websites. Through this assessment, Axactor has not found evidence of any adverse human rights impacts caused or contributed to by Axactor. At the same time, this is not something which can be taken for granted, and Axactor will continue to work towards improving its human rights impact assessment. Specifically, considering EU legislation already in the pipeline, it is expected that information on actual or potential human rights risks and impacts in indirect value chains will become more easily available in the years to come, which will enable companies to gain a better understanding of its impact on human- and workers’ rights. The company will follow these developments diligently going forward.

Code of conduct

During the quarter, Axactor updated its code of conduct. The updated code has been circulated to all employees for signature. The code outlines the ethical principles and behavioral expectations for all Axactor’s employees and representatives. The code covers a wide range of topics, including integrity, confidentiality, diversity and inclusion, conflicts of interest, and compliance with laws and regulations.

NPL directive

Axactor continues to pay close attention to the developments concerning the transposition of the EU NPL directive across the jurisdictions in which the Group operates. The level of impact is expected to vary between the member states, but overall Axactor considers the implementation of the directive to be positive for the company and the industry – providing a stricter regulatory

framework, with a higher degree of harmonization across the EEA. Despite these assumptions, the actual implementation still largely remains to be seen, as only a few member states have put forward their definite proposals. The deadline for transposition of the directive is 29 December 2023. Axactor is well prepared, and policies and procedures are being updated. The internal audit has also reviewed the local procedures on related topics during the second quarter.

As part of the transposition of the NPL directive, Axactor has also participated in EBAs public consultation on draft guidelines on the assessment of adequate knowledge and experience of the management of administrative organ of credit servicers during the quarter. The guidelines are still subject to consultation, and once finalized they will also be subject to transposition by the different supervisory authorities across the member states.

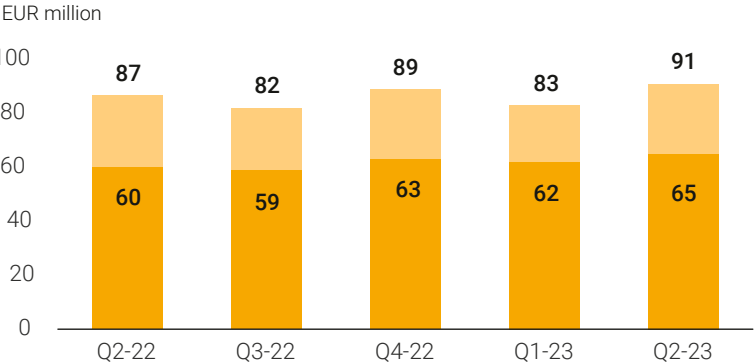
Financials

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

Revenue

Total income for the second quarter ended at EUR 65.1 million, up from EUR 60.4 million in the second quarter last year, whereas the gross revenue grew 5% to EUR 91.3 million (87.2). The main driver for the growth is the NPL investments carried out over the last year and an improvement in NPL collection performance from 99% in the second quarter 2022 to 102% in the second quarter 2023.

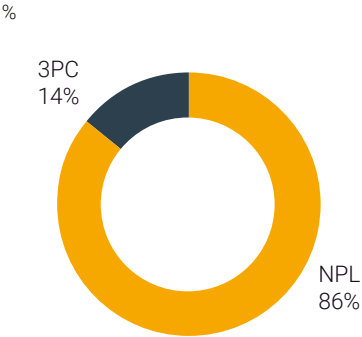
Total income and Gross revenue



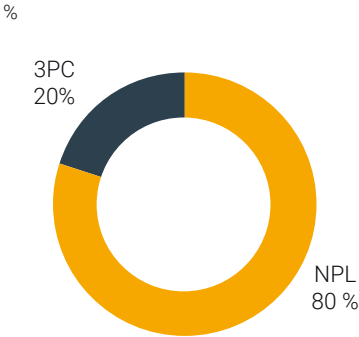
The total income and gross revenue were also affected by adverse currency movements of NOK and SEK against EUR. Applying constant currency, the growth rate was 11% for total income and 8% for gross revenue.

The NPL segment delivered a total income of EUR 51.9 million for the quarter, up 13% from the second quarter 2022 (45.8). Gross revenue grew 8% to EUR 78.2 million (72.6), with a collection performance of 102% (99%). The NPL amortization rate fell from 37% to 32%, partially explained by increased average IRR on the portfolios, and partially due to the improved collection performance. Additionally, net NPL revaluations and changes in fair value forward flow commitments of combined EUR -1.4 million were recognized during the second quarter (-0.8).

Gross revenue mix Q2 2023



Total income mix Q2 2023



The 3PC segment total income ended at EUR 13.1 million, down 10% from the second quarter 2022 (14.6). The Spanish business delivered below expectations for the quarter due to delayed implementations of new customers and a general margin pressure in the market. The Norwegian and Swedish businesses were also adversely affected by currency movements compared to last year. On a positive note, the Italian 3PC business is delivering steady and profitable growth. Axactor is currently conducting a full review of the 3PC segment, aiming to cut low-profitable business. As a result, it has been decided to exit the Swedish 3PC segment, with a run-off expected to conclude during the second half of 2023.

For the first half year, the Group delivered total income of EUR 127.2 million, up 8% from the same period last year (117.8). The gross revenue grew 5% compared to the first half year 2022, to EUR 174.1 million (165.6). The NPL segment total income was EUR 101.3 million for the first half (90.0), corresponding to a growth of 13% from the first half of 2022. The NPL gross revenue grew 8% from the same period last year, to EUR 148.2 million (137.8). The first half 3PC total income was EUR 25.9 million (27.8), down 7% from the first half year 2022.

Operating expenses

Total operating expenses before depreciation and amortization was EUR 32.4 million for the second quarter, up from EUR 30.4 million in the corresponding period of 2022. The increase is mainly related to higher volumes, and the operating expenses as a percentage of gross revenue remained flat at 35%.

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

For the first half year, total operating expenses before depreciation and amortization ended at EUR 64.1 million (60.1), or 37% of gross revenue (36%). Depreciation and amortization – excluding amortization of NPL portfolios – ended at EUR 4.5 million (4.3).

Operating results

Total contribution margin from the business segments was EUR 43.9 million for the quarter, compared to EUR 41.0 million for

the second quarter last year. The contribution margin over total income thus fell marginally from 68% to 67%.

The NPL segment delivered a contribution margin of EUR 39.6 million in the second quarter, up from EUR 35.1 million in the same quarter last year. The total operating expenses for the NPL segment ended at EUR 12.4 million, up from 10.7 million in the second quarter 2022. The margin over total income ended at 76%, slightly down from 77% in the second quarter 2022.

The contribution margin for the 3PC segment was EUR 4.3 million, down from EUR 5.9 million in the second 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 33% for the quarter (41%).

Total contribution from the business segments for the first half year ended at EUR 85.5 million (79.2), of which NPL contributed EUR 77.2 million (68.7) and 3PC contributed EUR 8.3 million (10.5).

EBITDA for the second quarter came in at EUR 32.7 million, up from EUR 30.0 million in the same quarter last year. The increase is due to the growth in total income, combined with strict cost control. The EBITDA margin was upheld at 50%, same as for the second quarter 2022. For the first half year, EBITDA was EUR 63.1 million (57.7), resulting in a healthy EBITDA margin of 50% (49%).

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 compares to EUR 10.9

million in the corresponding quarter 2022. For the first half year, unallocated SG&A and IT cost amounted to EUR 22.4 million (21.5).

Cash EBITDA ended at EUR 59.6 million for the second quarter, up 4% from EUR 57.5 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 60.0 million (60.5). Cash EBITDA for the first half year was EUR 111.0 million for the continuing operations (106.7), and EUR 112.6 million including discontinued operations (114.0).

Operating profit (EBIT) was EUR 30.4 million for the second quarter, compared to EUR 27.9 million in the second quarter last year. For the first half year, operating profit was EUR 58.6 million (53.4).

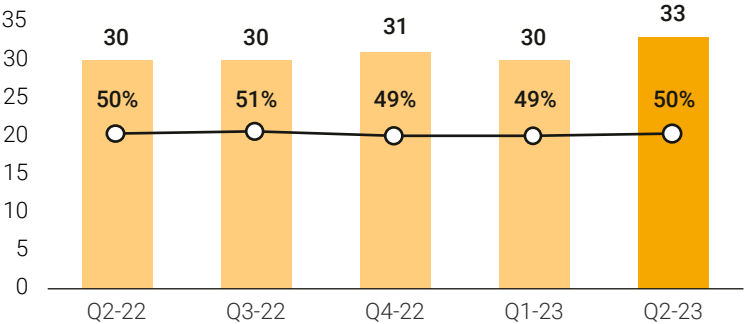
Net financial items

Total net financial items for the quarter were negative EUR 16.4 million (negative 13.1). The main part of the financial items was made up of interest expense on borrowings of EUR 18.6 million (14.3). The increase from the second quarter last year is partly attributable to higher gross debt, but also to the increases in EURIBOR, NIBOR and STIBOR compared to the second quarter 2022. Axactor has hedged parts of its interest expenses through an interest rate cap, limiting the effect of the increased interest rates.

Other financial income of EUR 2.6 million was booked in the quarter. This includes a modification gain of EUR 1.9 million related to the renewal of the RCF agreement with DNB and Nordea, and a EUR 0.7 million gain in market value of the Group’s hedging instruments.

EBITDA and EBITDA margin

EUR million and %



The net foreign exchange impact for the quarter was negative EUR 0.3 million, compared to negative EUR 0.5 million in the second quarter last year.

For the first half year, total net financial items were negative EUR 34.7 million (negative 26.5), of which interest expenses on borrowings made up EUR 36.5 million (27.8), and the net foreign exchange impact was negative 0.7 million (negative 0.2). Other financial income amounted to EUR 2.8 million, mainly consisting of a modification gain on the renewed RCF agreement and a gain in market value of hedging instruments. Axactor purchased own outstanding bonds during the first half year with a total face value of EUR 13.5 million. The bonds were acquired at an average price below par, resulting in a EUR 0.1 million gain on purchase of own bond loans (1.9). The total face value of treasury bonds at the end of the period is EUR 63.0 million (36.6).

Discontinued operations

Discontinued operations is comprised of the portfolios of real estate assets acquired during 2017 and 2018. It is the operating segment formerly reported as REO, but excluding repossessed assets from Axactor’s secured NPL portfolios. Total income for the discontinued operations ended at EUR 0.8 million for the quarter (3.8), while EBITDA ended at EUR -0.9 million (-1.6). The net profit was EUR -1.0 million, compared to EUR -1.8 million in the second quarter 2022. Axactor expects to sell off the remaining assets and close down the business line during 2023.

Earnings and taxes

Earnings before tax ended at EUR 13.9 million for the second quarter (14.7), while net profit ended at EUR 10.6 million (12.5).

The effective tax rate was thus 24% for the quarter (15%). Adding discontinued operations, the net profit was EUR 9.6 million (10.6).

The net profit including discontinued operations for the second quarter ended at EUR 10.3 million for shareholders of the parent company (11.1), and at EUR -0.7 million for non-controlling interests (-0.4). The resulting earnings per share was thus EUR 0.034 both on a reported basis and fully diluted (0.037), based on the average number of shares outstanding in each period.

For the first half year, earnings before tax ended at EUR 23.9 million (27.0), while the net profit ended at EUR 18.3 million (20.1). The effective average tax rate for the period was thus 24%, slightly down from 25% in the first half year of 2022. Including the discontinued operations, the net profit was EUR 15.8 million (16.3). EUR 17.5 million of the net profit was attributable to shareholders of the parent company (17.7), while the remaining EUR -1.7 million was attributable to non-controlling interests (-1.4).

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 21.0 million (12.3) for the quarter, of which the amount paid for NPL portfolios was EUR 42.8 million (43.7). 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. The increased cash flow from operating activities came partly as a result of increased cash EBITDA from continuing operations to EUR 59.6 million (57.5), and partly as

a result of a reduction of net working capital of EUR 6.9 million (increase of 2.7). These effects were however partly offset by an increase in taxes paid to EUR 3.1 million (1.8), and a reduction in cash EBITDA from discontinued operations to EUR 0.4 million (3.0). The total cash flow from operations excluding investments in NPL portfolios thus ended at EUR 63.8 million, up from EUR 56.0 million in the second quarter 2022.

For the first half year, net cash flow from operating activities was EUR 28.4 million (-15.5), including NPL investments of EUR 78.3 million (126.5), cash EBITDA from continuing operations of EUR 111.0 million (106.7), cash EBITDA from discontinued operations of EUR 1.6 million (7.3), taxes paid of EUR 6.0 million (2.9) and a reduction in net working capital of EUR 0.2 million (0.1).

Total net cash flow from investments, not including investments in NPL portfolios, was EUR -1.1 million for the second quarter, compared to -1.5 million in the second quarter 2022. The net cash flow from investments for the first half year was EUR -1.9 million, compared to EUR -5.8 million in the first half year 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 -10.6 million for the quarter (-17.3), with a net drawdown on credit facilities of EUR 18.1 million (net repayment of 4.2). Interests paid increased from EUR 12.0 million in the second quarter last year, to EUR 15.7 million in the second quarter 2023. The lower interest paid compared to the interest cost in the net financial items is related to timing differences on recognition of proceeds from the interest rate

cap. A total of EUR 11.4 million of loan fees relating to refinancing processes were paid during the quarter (0.0).

For the first half year, total net cash flow from financing activities was EUR -20.5 million (16.5), with interests paid of EUR 31.2 million (23.6), a net drawdown on credit facilities of EUR 24.5 million (43.0), and EUR 11.4 million in paid loan fees (0.1).

Total net cash flow was thus EUR 9.4 million for the quarter (-6.5) and EUR 6.0 for the first half year (-4.7), leaving total cash and cash equivalents at EUR 44.6 million at the end of the period (38.5). This includes EUR 7.9 million in restricted cash (6.4) and EUR 2.4 million allocated to the discontinued operations (2.8).

Equity position and balance sheet considerations

Total equity for the Group was EUR 403.9 million at the end of the first half year (394.5), including non-controlling interests of EUR -8.1 million (-2.2). 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 half of 2023 was 28%, slightly down from the end of the first half last year (29%).

Return on equity

Annualized return on equity for shareholders, including discontinued operations, ended at 10% for the second quarter (11%), while annualized return on equity for continuing operations ended at 11% (13%). The corresponding figures for the first half were 9% (9%) and 9% (10%), respectively.

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 40.2 million in NPL portfolios during the second quarter (46.8). The invested amount is significantly above the replacement capex and the estimated remaining collections thus grew by 2% from the first quarter 2023, to EUR 2,563.1 million (2,278.8). Adding the investments made during the first quarter, the total NPL investments for the first half year was EUR 73.0 million (126.5). Estimated NPL investment commitments for the remainder of 2023 stand at EUR 20.4 million at the end of the first half year.

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 treasury bonds 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 was renewed during the second quarter, and still has a total size of EUR 545 million. Additionally, the agreement has a EUR 275 million accordion option, contingent on separate credit approval. At the end of the first half year the drawn amount on the revolving credit facility was EUR 527.0 million

(417.9). The renewed RCF agreement has a maturity of 30 June 2026, with an option for a further two-year extension contingent on separate credit approval.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 949.0 million at the end of the first half year 2023 (872.3), including EUR 6.3 million allocated to discontinued operations (15.6).

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

Outlook

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

continued gross revenue growth compared to last year, based on the high investment level in 2022.

The 3PC segment experienced a disappointing second quarter. The third quarter is usually seasonally slow, and Axactor is currently reviewing all contracts looking to cut low-profitable business. The Swedish 3PC business will be closed down, with a gradual run-off through the second half of 2023. The 3PC segment is thus not expected to experience top-line growth during the second half of 2023, and remains a relatively small share of Axactor’s overall operations.

With the renewal of the RCF in the second quarter, 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 plans to refinance the remaining EUR 156.0 million during the third quarter of 2023.

Although the third quarter is usually seasonally weak due to the holiday period Axactor still see the operations in Southern Europe performing well, with limited impacts from the current high inflation and increasing interest rates. 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.

/ Responsibility statement

We confirm that, to the best of our knowledge, that the condensed set of interim consolidated financial statements for the first half of 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and profit or loss for the Group and the company taken as whole.

We also confirm that, to the best of our knowledge, that the half-yearly report gives a fair overview of important events that have occurred during the first six months of the financial year and their impact on the half-yearly financial report, any significant related party transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, 16 August 2023

Terje Mjøs
Chair

Brita Eilertsen
Board member

Lars Erich Nilsen
Board member

Kjersti Høklingen
Board member

Johnny Tsolis
CEO

/ Interim condensed consolidated financial statements

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Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Continuing operations						
Interest income from purchased loan portfolios	5, 6	52,194	46,049	104,150	89,542	187,490
Net gain/(loss) purchased loan portfolios	5, 6	-505	-2,541	-5,591	-3,058	-8,185
Revenue from sale of repossessed assets	5	1,020	2,291	1,409	3,520	4,526
Other operating revenue		12,363	14,602	27,212	27,814	55,846
Other income		-	-	-	15	15
Total income	3, 5	65,073	60,400	127,180	117,832	239,692
Cost of repossessed assets sold, incl impairment		-538	-531	-735	-927	-1,496
Personnel expenses		-17,047	-16,574	-33,586	-32,277	-64,655
Other operating expenses		-14,771	-13,256	-29,742	-26,898	-54,587
Total operating expenses		-32,355	-30,362	-64,064	-60,101	-120,738
EBITDA		32,718	30,038	63,116	57,731	118,955
Amortization and depreciation		-2,332	-2,186	-4,510	-4,300	-8,895
Operating profit		30,386	27,852	58,606	53,431	110,060
Financial revenue	4	2,681	1,980	2,960	2,006	3,194
Financial expenses	4	-19,121	-15,099	-37,665	-28,485	-59,061
Net financial items		-16,439	-13,118	-34,705	-26,479	-55,867
Profit/(loss) before tax from continuing operations		13,947	14,733	23,902	26,953	54,193
Income tax expense		-3,342	-2,270	-5,645	-6,837	-13,549
Net profit/(loss) after tax from continuing operations		10,605	12,463	18,257	20,116	40,644

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Discontinued operations						
Net profit/(loss) after tax from discontinued operations	11	-997	-1,847	-2,504	-3,829	-8,066
Net profit/(loss) after tax		9,608	10,616	15,752	16,287	32,578
Attributable to:						
Non-controlling interests:						
Net profit/(loss) after tax from continuing operations		-83	637	-226	820	489
Net profit/(loss) after tax from discontinued operations		-594	-1,084	-1,494	-2,227	-4,668
Net profit/(loss) after tax		-676	-447	-1,720	-1,407	-4,179
Shareholders of the parent company:						
Net profit/(loss) after tax from continuing operations		10,688	11,827	18,483	19,296	40,156
Net profit/(loss) after tax from discontinued operations		-403	-763	-1,010	-1,602	-3,399
Net profit/(loss) after tax		10,284	11,063	17,473	17,694	36,757
Earnings per share:						
From continuing operations, basic and diluted:		0,035	0,039	0,061	0,064	0,133
From continuing and discontinued operations, basic and diluted:		0,034	0,037	0,058	0,059	0,122

Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Net profit/(loss) after tax	9,608	10,616	15,752	16,287	32,578
Items that will not be reclassified subsequently to profit and loss					
Remeasurement of pension plans	-	-	-	-	238
Net gain/(loss) on equity instruments designated at fair value through OCI	-	-	-	-	16
Items that may be reclassified subsequently to profit and loss					
Foreign currency translation differences - foreign operations	-7,224	-12,595	-19,636	-6,691	-11,343
Fair value net gain/(loss) on cash flow hedges during the period	-	2,100	-	5,151	9,876
Cumulative net (gain)/loss on cash flow hedges reclassified to profit or loss	-1,288	-	-2,081	-	-245
Other comprehensive income/(loss) after tax	-8,512	-10,494	-21,718	-1,540	-1,458
Total comprehensive income/(loss) for the period	1,096	122	-5,965	14,747	31,120
Attributable to:					
Non-controlling interests	-676	-447	-1,720	-1,407	-4,179
Shareholders of the parent company	1,773	569	-4,245	16,154	35,299

Interim condensed consolidated statement of financial position

EUR thousand	Note	For the quarter end / YTD		
		30 Jun 2023	30 Jun 2022	Full year 2022
Assets				
Non-current assets				
Intangible assets				
Goodwill		59,015	61,452	61,069
Deferred tax assets		2,999	12,307	5,356
Other intangible assets		15,877	17,373	16,617
Tangible assets				
Property, plant and equipment		2,179	2,464	2,372
Right of use assets	8	12,127	12,909	11,757
Financial assets				
Purchased loan portfolios	6	1,241,373	1,154,509	1,252,642
Other non-current assets		565	6,599	607
Total non-current assets		1,334,135	1,267,613	1,350,420
Current assets				
Reposessed assets		3,180	2,243	3,230
Accounts receivable		5,834	5,919	6,376
Other current assets		30,993	16,538	29,021
Restricted cash		7,935	6,421	7,026
Cash and cash equivalents		34,217	29,264	29,045
Total current assets		82,161	60,384	74,699
Assets classified as held for sale	11	7,538	20,008	12,660
Total assets		1,423,834	1,348,005	1,437,778

EUR thousand	Note	For the quarter end / YTD		
		30 Jun 2023	30 Jun 2022	Full year 2022
Equity and liabilities				
Equity				
Share capital	10	158,369	158,369	158,369
Other paid-in equity		270,621	270,168	270,381
Retained earnings		13,773	-23,000	-3,699
Other components of equity		-30,734	-8,860	-9,016
Non-controlling interests		-8,128	-2,175	-5,441
Total equity		403,902	394,502	410,593
Non-current liabilities				
Interest-bearing debt	7	783,206	853,297	445,590
Deferred tax liabilities		8,374	10,567	6,143
Lease liabilities	8	9,397	10,209	9,404
Other non-current liabilities		3,834	2,130	3,423
Total non-current liabilities		804,811	876,202	464,561
Current liabilities				
Accounts payable		5,546	7,939	7,141
Interest-bearing debt	7	159,540	3,404	499,709
Taxes payable		15,979	19,977	17,578
Lease liabilities	8	3,243	2,981	2,835
Other current liabilities		23,864	26,170	24,741
Total current liabilities		208,173	60,472	552,005
Liabilities directly associated with assets classified as held for sale	11	6,948	16,829	10,619
Total liabilities		1,019,932	953,503	1,027,185
Total equity and liabilities		1,423,834	1,348,005	1,437,778

Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Operating activities						
Profit/(loss) before tax from continued operations		13,947	14,733	23,902	26,953	54,193
Profit/(loss) before tax from discontinued operations	11	-997	-1,847	-2,504	-3,829	-8,066
Taxes paid		-3,120	-1,814	-6,023	-2,852	-10,713
Adjustments for:						
Net financial items, continuing operations	4	16,439	13,118	34,705	26,479	55,867
Net financial items, discontinued operations	11	115	291	268	657	1,059
Portfolio amortization, revaluation and change in forward flow commitments		26,226	26,754	46,901	47,795	97,218
Cost of repossessed assets sold, incl impairment		538	531	735	927	1,496
Cost of REOs sold, incl impairment	11	1,280	4,543	3,797	10,432	18,318
Depreciation and amortization		2,332	2,186	4,510	4,300	8,895
Calculated cost of employee share options		141	215	241	249	462
Change in working capital		6,935	-2,682	220	74	1,291
Cash flow from operating activities before NPL and REO investments		63,835	56,029	106,752	111,185	220,019
Purchase of loan portfolios	6	-42,765	-43,706	-78,302	-126,533	-290,816
Purchases related to REO/repossessed assets		-28	-54	-60	-103	-227
Net cash flow from operating activities		21,041	12,269	28,390	-15,451	-71,025

EUR thousand	Note	For the quarter end		Year to date		Full year 2022
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Investing activities						
Investment in subsidiaries, net of cash acquired		-	-	-	-3,085	-3,085
Purchase of intangible and tangible assets		-1,118	-1,497	-1,954	-2,710	-4,862
Interest received		48	31	85	45	203
Net cash flow from investing activities		-1,070	-1,465	-1,869	-5,750	-7,744
Financing activities						
Proceeds from borrowings	7	38,503	33,592	100,268	201,224	354,051
Repayment of debt	7	-20,400	-37,771	-75,737	-158,183	-222,001
Interest paid		-15,692	-11,964	-31,181	-23,550	-51,067
Loan fees paid	7	-11,449	-3	-11,449	-83	-83
Lease payments, principal amount	8	-726	-519	-1,458	-1,202	-2,755
Repayments to non-controlling interests		-792	-644	-967	-1,744	-2,238
Net cash flow from financing activities		-10,555	-17,308	-20,522	16,463	75,907
Net change in cash and cash equivalents		9,416	-6,505	5,999	-4,739	-2,862
Cash and cash equivalents at the beginning of period, incl. restricted cash		35,218	45,977	39,679	43,953	43,953
Currency translation		-84	-997	-1,128	-738	-1,413
Cash and cash equivalents at end of period, incl. restricted cash		44,550	38,475	44,550	38,475	39,679

Interim condensed consolidated statement of changes in equity

EUR thousand	Equity related the shareholders of the parent company							Non-controlling interest	Total equity
	Restricted	Non-restricted							
	Share capital	Other paid in equity	Retained earnings	Translation reserve	Cash flow hedge reserve	Other reserves	Total		
Balance on 31 Dec 2021	158,150	269,919	-40,475	-7,074	-230	-16	380,273	976	381,249
Result of the period			17,694				17,694	-1,407	16,287
Other comprehensive income of the period				-6,691	5,151		-1,540		-1,540
Total comprehensive income for the period	-	-	17,694	-6,691	5,151	-	16,154	-1,407	14,747
Repayments to non-controlling interests							-	-1,744	-1,744
Share-based payment		249					249		249
Bonus issue	219		-219				-		-
Balance on 30 Jun 2022	158,369	270,168	-23,000	-13,765	4,921	-16	396,677	-2,175	394,502
Result of the period			19,063				19,063	-2,772	16,291
Other comprehensive income of the period			238	-4,652	4,480	16	82		82
Total comprehensive income for the period	-	-	19,301	-4,652	4,480	16	19,145	-2,772	16,373
Repayments to non-controlling interests							-	-494	-494
Share-based payment		212					212		212
Bonus issue							-		-
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	-	416,033	-5,441	410,593
Result of the period			17,473				17,473	-1,720	15,752
Other comprehensive income of the period				-19,636	-2,081		-21,718		-21,718
Total comprehensive income for the period	-	-	17,473	-19,636	-2,081	-	-4,245	-1,720	-5,965
Repayments to non-controlling interests							-	-967	-967
Share-based payment		241					241		241
Balance on 30 Jun 2023	158,369	270,621	13,773	-38,053	7,319	-	412,030	-8,128	403,902

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.

Note 2 Financial risks

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

Interest rate risk

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group’s interest rate exposure. On 30 June 2023, the Group holds two interest rate caps with a strike of 0.5% EURIBOR and maturity 15 December 2023. The two contracts hedge the interest rate risk of EUR 573 million in borrowings, equaling a hedging ratio of 59%. Per 30 June 2023, the fair value of the interest rate hedging derivatives was positive EUR 8.3 million, reported as part of other current receivables in the consolidated statement of financial position.

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. On 30 June 2023, the Group had an unused part of the RCF agreement of EUR 18.0 million and an uncommitted accordion option of EUR 275.0 million, in addition to unrestricted cash and cash equivalents of EUR 36.6 million (including cash related to discontinued operations). The Group had positive cash flow from operating activities before NPL investments of EUR 106.8 million in the first half of 2023, and cash flows from operating activities ended at EUR 28.4 million for the same period.

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

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 [note 6](#)). The Group renewed its revolving credit facility for a new three-year maturity in 2023 and the current credit facility matures in 2026. For more information on the renewal, see [note 8](#).

Per 30 June 2023, the Group’s estimated collection from purchased loan portfolios exceeds the Group’s contractual commitments for the next four quarters, except for Q1 2024 which includes repayment of bond ACR02. The Group expects to conclude on the refinancing of ACR02 well in advance of the maturity date.

Axactor was compliant with all covenants throughout the first half of 2023.

EUR thousand	Contractual maturities per 30 Jun 2023							
	Q3-23	Q4-23	Q1-24	Q2-24	1-2 years	2-4 years	4+ years	Total
NPL investment commitments, non-cancellable ¹	14,834	2,993	2,337	2,009	241	-	-	22,415
NPL investment commitments, cancellable ¹	-	2,606	1,483	-	858	-	-	4,948
Revolving credit facility	9,522	10,088	10,050	10,228	40,911	567,951	-	648,749
Bond ACR02 (ISIN: NO0010914666)	4,213	4,356	157,429	-	-	-	-	165,997
Bond ACR03 (ISIN: NO0011093718)	6,407	6,665	6,577	6,687	26,747	314,484	-	367,566
Interest rate caps	-3,962	-3,962	-	-	-	-	-	-7,925
Other non-current liabilities	-	-	-	-	1,800	-	2,034	3,834
Accounts payable	5,546	-	-	-	-	-	-	5,546
Other current liabilities	23,741	800	-	-	-	-	-	24,541
Total contractual maturities	60,301	23,546	177,876	18,924	70,557	882,435	2,034	1,235,670

¹ Expected cash flows based on the last three months’ actual deliveries. Per 30 June 2023, cash flows are limited to EUR 81.3 million by contracted capex limits. The NPL commitments that are cancellable are cancellable with three to twelve months’ notice

EUR thousand	ERC per 30 Jun 2023							
	Q3-23	Q4-23	Q1-24	Q2-24	1-2 years	2-4 years	4+ years	Total
Estimated remaining collection (ERC)	74,198	76,227	78,613	83,286	296,629	518,248	1,435,865	2,563,067

Note 3 Operating segments

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

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

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

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

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

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

For the quarter end 30 Jun 2023

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	77,154	-	-	77,154
Portfolio amortization and revaluation	-25,464	-	-	-25,464
Revenue from sale of repossessed assets	1,020	-	-	1,020
Other operating income:				
Change in fair value forward flow commitments	-762	-	-	-762
Other operating revenue and other income	-	13,125	-	13,125
Total income	51,947	13,125	-	65,073
Cost of repossessed assets sold	-538	-	-	-538
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-11,829	-8,794	-	-20,624
Contribution margin	39,580	4,331	-	43,911
SG&A, IT and corporate cost			-11,193	-11,193
EBITDA				32,718
Amortization and depreciation			-2,332	-2,332
Operating result				30,386
Total operating expenses	-12,367	-8,794	-11,193	-32,355
Contribution margin (%)	76,2%	33,0%	na	67,5%
EBITDA margin (%)				50,3%
Opex ex SG&A, IT and corporate cost / Gross revenue	15,8%	67,0%	na	23,2%
SG&A, IT and corporate cost / Gross revenue				12,3%

For the quarter end 30 Jun 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	70,262	-	-	70,262
Portfolio amortization and revaluation	-26,754	-	-	-26,754
Revenue from sale of repossessed assets	2,291	-	-	2,291
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	14,602	-	14,602
Total income	45,798	14,602	-	60,400
Cost of repossessed assets sold	-531	-	-	-531
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-10,203	-8,686	-	-18,889
Contribution margin	35,064	5,916	-	40,980
SG&A, IT and corporate cost			-10,942	-10,942
EBITDA				30,038
Amortization and depreciation			-2,186	-2,186
Operating result				27,852
Total operating expenses	-10,734	-8,686	-10,942	-30,362
Contribution margin (%)	76,6%	40,5%	na	67,8%
EBITDA margin (%)				49,7%
Opex ex SG&A, IT and corporate cost / Gross revenue	14,8%	59,5%	na	22,3%
SG&A, IT and corporate cost / Gross revenue				12,6%

Year to date 30 Jun 2023

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	146,818	-	-	146,818
Portfolio amortization and revaluation	-48,259	-	-	-48,259
Revenue from sale of repossessed assets	1,409	-	-	1,409
Other operating income:				
Change in fair value forward flow commitments	1,358	-	-	1,358
Other operating revenue and other income	-	25,855	-	25,855
Total income	101,325	25,855	-	127,180
Cost of repossessed assets sold	-735	-	-	-735
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-23,373	-17,571	-	-40,944
Contribution margin	77,217	8,284	-	85,501
SG&A, IT and corporate cost			-22,385	-22,385
EBITDA				63,116
Amortization and depreciation			-4,510	-4,510
Operating result				58,606
Total operating expenses	-24,109	-17,571	-22,385	-64,064
Contribution margin (%)	76,2%	32,0%	na	67,2%
EBITDA margin (%)				49,6%
Opex ex SG&A, IT and corporate cost / Gross revenue	16,3%	68,0%	na	23,9%
SG&A, IT and corporate cost / Gross revenue				12,9%

Year to date 30 Jun 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	134,279	-	-	134,279
Portfolio amortization and revaluation	-47,795	-	-	-47,795
Revenue from sale of repossessed assets	3,520	-	-	3,520
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	27,814	15	27,828
Total income	90,004	27,814	15	117,832
Cost of repossessed assets sold	-927	-	-	-927
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-20,361	-17,354	-	-37,714
Contribution margin	68,716	10,460	15	79,191
SG&A, IT and corporate cost			-21,460	-21,460
EBITDA				57,731
Amortization and depreciation			-4,300	-4,300
Operating result				53,431
Total operating expenses	-21,287	-17,354	-21,460	-60,101
Contribution margin (%)	76,3%	37,6%	na	67,2%
EBITDA margin (%)				49,0%
Opex ex SG&A, IT and corporate cost / Gross revenue	15,4%	62,4%	na	23,3%
SG&A, IT and corporate cost / Gross revenue				13,0%

Full year 2022

EUR thousand	NPL	3PC	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
Other operating income:				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	55,846	15	55,861
Total income	183,831	55,846	15	239,692
Cost of repossessed assets sold	-1,430	-	-	-1,430
Impairment repossessed assets	-65	-	-	-65
Direct operating expenses	-41,980	-34,674	-	-76,654
Contribution margin	140,356	21,172	15	161,543
SG&A, IT and corporate cost			-42,588	-42,588
EBITDA				118,955
Amortization and depreciation			-8,895	-8,895
Operating result				110,060
Total operating expenses	-43,475	-34,674	-42,588	-120,738
Contribution margin (%)	76,4%	37,9%	na	67,4%
EBITDA margin (%)				49,6%
Opex ex SG&A, IT and corporate cost / Gross revenue	15,5%	62,1%	na	23,2%
SG&A, IT and corporate cost / Gross revenue				12,6%

Note 4 Financial items

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Financial revenue					
Interest on bank deposits	48	31	85	45	203
Net foreign exchange gain ¹	-	-	-	-	550
Gain on purchase of bonds in own bond loans (note 7)	-	1,947	115	1,947	2,349
Other financial income	2,633	2	2,760	15	91
Total financial revenue	2,681	1,980	2,960	2,006	3,194
Financial expenses					
Interest expense on borrowings ²	-18,551	-14,333	-36,535	-27,796	-57,902
Net foreign exchange loss ¹	-317	-461	-696	-216	-
Other financial expenses	-252	-304	-434	-474	-1,158
Total financial expenses	-19,121	-15,099	-37,665	-28,485	-59,061
Total net financial items	-16,439	-13,118	-34,705	-26,479	-55,867

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

As the Group started applying hedge accounting at the end of 2021, and the material part of the hedged future cash flows are still expected to occur, the Group is required to apply hedge accounting for the material part of the original amount and duration of the agreement, even though the duration has changed. This causes a mismatch between interest paid and interest expensed for the hedge accounting period. For the first half of 2023, the hedging reduces interest paid with EUR 4.9 million and interest expensed with EUR 2.7 million. There is hence a timing difference from hedge accounting, where interest expensed on borrowings is reduced by EUR 2.2 million less than interest paid on borrowings for the first half of 2023.

In June 2023, Axactor signed a renewal agreement for its revolving credit facility, see note 7. A modification gain of EUR 1.9 million is included in the line item ‘Other financial income’ for the second quarter of 2023.

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

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

Note 5 Income

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

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

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

Total income

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Finland	3,261	4,121	6,963	7,971	16,100
Germany	10,017	9,369	19,735	17,240	35,112
Italy	9,409	7,068	18,029	13,422	28,574
Norway	7,570	9,730	19,398	21,753	40,862
Spain	29,086	22,817	51,435	42,748	91,029
Sweden	5,729	7,295	11,621	14,698	28,016
Total income	65,073	60,400	127,180	117,832	239,692

Non-current assets

EUR thousand	Book value		
	30 Jun 2023	30 Jun 2022	Full year 2022
Finland	3,424	4,066	3,747
Germany	16,372	15,672	15,894
Italy	15,919	16,060	16,039
Norway	30,186	34,507	33,068
Spain	19,845	20,221	19,883
Sweden	3,452	3,672	3,185
Total assets	89,198	94,198	91,816

Portfolio revenue

Portfolio revenue consists of interest income from purchased loan portfolios, net gain/(loss) from purchased loan portfolios and revenue from sale of repossessed assets. Net gain/(loss) from purchased loan portfolios is split into 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 30 Jun 2023
Interest income from purchased loan portfolios	3,933	9,530	6,407	8,785	17,179	6,361	52,194
Collection above/(below) forecasts	-572	-1,036	203	-1,173	3,728	-1,012	138
NPV of changes in collection forecasts	-283	-386	120	-675	773	-192	-642
Net gain/(loss) purchased loan portfolios	-855	-1,422	323	-1,848	4,501	-1,204	-505
Sale of repossessed assets					1,020		1,020
Total portfolio revenue	3,077	8,108	6,730	6,936	22,700	5,158	52,709

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	For the quarter end 30 Jun 2022
Interest income from purchased loan portfolios	3,684	6,996	4,837	9,882	13,504	7,146	46,049
Collection above/(below) forecasts	216	-882	-64	-1,781	-213	986	-1,738
NPV of changes in collection forecasts	48	1,030	39	-33	-418	-1,469	-803
Net gain/(loss) purchased loan portfolios	264	148	-25	-1,814	-631	-483	-2,541
Sale of repossessed assets					2,291		2,291
Total portfolio revenue	3,948	7,143	4,813	8,068	15,163	6,663	45,798

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Year to date 30 Jun 2023
Interest income from purchased loan portfolios	7,898	18,739	12,193	18,129	34,276	12,915	104,150
Collection above/(below) forecasts	-978	-2,389	459	-2,285	4,727	-1,522	-1,988
NPV of changes in collection forecasts	-321	-489	212	-696	-1,491	-818	-3,604
Net gain/(loss) purchased loan portfolios	-1,299	-2,878	670	-2,981	3,236	-2,340	-5,591
Sale of repossessed assets					1,409		1,409
Total portfolio revenue	6,598	15,861	12,864	15,148	38,921	10,575	99,968

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Year to date 30 Jun 2022
Interest income from purchased loan portfolios	7,274	13,327	8,979	19,647	25,942	14,373	89,542
Collection above/(below) forecasts	388	-1,590	87	-1,396	-643	777	-2,377
NPV of changes in collection forecasts	-8	1,319	83	129	-631	-1,574	-681
Net gain/(loss) purchased loan portfolios	380	-270	171	-1,267	-1,274	-798	-3,058
Sale of repossessed assets					3,520		3,520
Total portfolio revenue	7,654	13,057	9,150	18,379	28,188	13,575	90,004

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 6% of the book value of the loans are secured by a property object per 30 June 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.

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Balance at start of period	1,242,411	1,160,374	1,252,642	1,095,789	1,095,789
Acquisitions during the period	40,155	46,840	72,973	126,457	288,052
Collection	-77,154	-70,262	-146,818	-134,279	-276,524
Interest income from purchased loan portfolios	52,194	46,049	104,150	89,542	187,490
Net gain/(loss) purchased loan portfolios	-505	-2,541	-5,591	-3,058	-8,185
Repossessions	-380	-180	-626	-484	-1,925
Deliveries on forward flow contracts	378	-	378	-409	-409
Currency translation differences	-15,726	-25,771	-35,735	-19,048	-31,646
Balance at end of period	1,241,373	1,154,509	1,241,373	1,154,509	1,252,642

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

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Nominal value acquired portfolios	461,129	1,026,919	548,164	1,227,634	2,429,169
Expected credit losses at acquisition	-420,974	-980,078	-475,191	-1,101,177	-2,141,117
Credit impaired acquisitions during the period	40,155	46,840	72,973	126,457	288,052

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

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

EUR thousand	Book value		
	30 Jun 2023	30 Jun 2022	Full year 2022
Finland	120,228	115,464	121,300
Germany	195,299	154,786	179,654
Italy	155,324	138,132	147,678
Norway	221,599	245,165	243,468
Spain	359,349	288,399	357,137
Sweden	189,574	212,562	203,405
Total book value	1,241,373	1,154,509	1,252,642

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 thousandEstimated 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
30 Jun 2023																
ERC	312,324	296,629	273,436	244,812	213,873	188,201	169,008	153,907	139,956	127,850	116,138	97,355	85,612	76,061	67,903	2,563,067
Amortization	111,646	117,603	116,154	107,627	95,068	84,080	77,650	74,455	71,912	70,891	70,147	61,871	59,928	60,164	62,177	1,241,373
Interest income	200,679	179,026	157,282	137,185	118,805	104,120	91,358	79,452	68,044	56,959	45,991	35,484	25,684	15,898	5,726	1,321,694
30 Jun 2022																
ERC	288,747	273,820	244,490	220,753	189,256	167,134	150,616	135,705	122,094	109,591	99,220	89,500	72,603	62,987	52,265	2,278,780
Amortization	113,526	118,931	109,572	103,699	87,305	78,116	73,026	68,816	65,299	62,373	61,263	60,684	52,511	50,899	48,489	1,154,509
Interest income	175,222	154,889	134,918	117,054	101,951	89,018	77,590	66,888	56,795	47,218	37,957	28,816	20,092	12,088	3,776	1,124,272
Full year 2022																
ERC	310,027	305,914	271,347	237,417	212,308	185,750	168,327	152,172	137,607	124,971	113,833	99,900	84,323	74,817	66,705	2,545,419
Amortization	113,530	130,485	118,518	103,930	95,595	83,424	78,622	74,325	71,027	69,190	68,662	65,230	59,403	59,493	61,207	1,252,642
Interest income	196,496	175,428	152,829	133,487	116,714	102,326	89,705	77,847	66,581	55,781	45,171	34,670	24,921	15,324	5,498	1,292,777

Note 7 Interest-bearing loans and borrowings

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

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
Facility							
Bond ACR02 (ISIN: NO0010914666)	EUR		200,000	-44,050	158,449	3m EURIBOR+700bps	12/01/2024
Bond ACR03 (ISIN: NO0011093718)	EUR		300,000	-18,950	279,548	3m EURIBOR+535bps	15/09/2026
Total bond loans			500,000	-63,000	437,998		
Revolving credit facility (multiple currency facility)	EUR		256,858		240,835	EURIBOR+ margin	30/06/2026
	NOK		125,768		125,768	NIBOR+ margin	30/06/2026
	SEK		144,414		144,414	STIBOR+ margin	30/06/2026
Total credit facilities		545,000	527,040		511,017		
Total loans and borrowings at end of period			1,027,040	-63,000	949,017		

Of the total borrowings per 30 June 2023, EUR 789.5 million is classified as non-current and EUR 159.5 million is classified as current. Discontinued operations have EUR 6.3 million in non-current borrowings ([note 11](#)). All borrowings in discontinued operations are denominated in EUR.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities	Total Borrowings
Balance on 1 Jan	449,648	505,899	955,546
Proceeds from loans and borrowings	-	100,268	100,268
Repayment of loans and borrowings	-13,500	-62,237	-75,737
Loan fees	-	-11,449	-11,449
Total changes in financial cash flow	-13,500	26,582	13,082
Change in accrued interest	431	27	458
Amortization of capitalized loan fees	1,420	1,887	3,307
Currency translation differences	-	-21,101	-21,101
Other non-cash movements	-	-2,278	-2,278
Total loans and borrowings at end of period	437,998	511,017	949,017

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.

			Estimated future cash flow within				
	Currency	Carrying amount	Total estimated future cash flow	6 months or less	6-12 months	1-2 years	2-5 years
Bond ACR02 (ISIN: NO0010914666)	EUR	158,449	165,997	8,569	157,429	-	-
Bond ACR03 (ISIN: NO0011093718)	EUR	279,548	367,567	13,072	13,263	26,747	314,484
Total bond loan		437,998	533,564	21,641	170,692	26,747	314,484
Revolving credit facility (multiple currency facility)	EUR/NOK/SEK	511,017	648,749	19,610	20,278	40,911	567,951
Total credit facilities		511,017	648,749	19,610	20,278	40,911	567,951
Total loans and borrowings at end of period		949,017	1,182,313	41,251	190,969	67,658	882,435

Revolving credit facility DNB/Nordea

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 renewal agreement was signed in June 2023. The new facility is of the same size and similar structure as the previous facility. As the new facility does not have substantially different terms than the former facility, the renewal was accounted for as a modification of the contractual cash flows of the original instrument. A modification gain was accounted for in the second quarter of 2023, see [note 4](#).

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

- The following financial covenants apply:
- NIBD ratio to pro-forma adjusted cash EBITDA < 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)

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

Bond 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

During 2023 the Group has repurchased EUR 13.5 million of outstanding bonds. On 30 June 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).

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

Note 8Leases

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets on 31 Dec 2021	10,247	475	46	10,768
Additions	3,832	105	-	3,937
Depreciation	-1,252	-164	-7	-1,423
Disposals	-120	-3	-	-123
Currency translation differences	-246	-2	-2	-251
Right of use assets on 30 Jun 2022	12,460	411	37	12,909
Additions	461	233	69	763
Depreciation	-1,417	-222	-12	-1,650
Disposals	-178	-21	-	-199
Currency translation differences	-64	-1	-1	-66
Right of use assets on 31 Dec 2022	11,263	401	93	11,757
Additions	1,826	573	53	2,452
Depreciation	-1,477	-186	-19	-1,682
Disposals	-34	-	-	-34
Currency translation differences	-362	-2	-1	-365
Right of use assets on 30 Jun 2023	11,216	786	125	12,127
Remaining lease term	1-9 years	1-3 years	2-5 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	30 Jun 2023	30 Jun 2022	Full year 2022
Lease liabilities on 1 Jan	12,239	11,051	11,051
Net new leases	2,240	3,563	4241
Lease payments, principal amount	-1,458	-1,202	-2755
Currency translation differences	-380	-222	-297
Lease liabilities at period end	12,641	13,190	12,239
Current	3,243	2,981	2,835
Non-current	9,397	10,209	9,404

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

EUR thousand	30 Jun 2023	30 Jun 2022	Full year 2022
Undiscounted lease liabilities and maturity of cash outflows			
< 1 year	3,851	3,617	3,441
1-2 years	3,420	3,029	3,015
2-3 years	2,965	2,623	2,620
3-4 years	2,025	2,456	2,464
4-5 years	628	1,753	822
> 5 years	1,491	1,803	1,745
Total undiscounted lease liabilities	14,379	15,281	14,106
Discounting element	-1,738	-2,092	-1,866
Total lease liabilities	12,641	13,190	12,239

Note 9 Fair value of forward flow commitments

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

EUR thousand	30 Jun 2023	30 Jun 2022	Full year 2022
Balance on 1 Jan	-	-409	-409
Value change	1,358	-	-
Deliveries	-378	409	409
Currency translation differences	-75	-	-
Balance at period end	904	-	-

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

EUR thousand	30 Jun 2023	30 Jun 2022	Full year 2022
Fair value of forward flow commitments (asset)	904	-	-
Balance at period end	904	-	-

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 30 Jun 2023	302,145,464	158,368,902

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

Name	Shareholding	Share %
Latino Invest AS ¹	1,040,000	0,3%
Johnny Tsois Vasili ¹	670,000	0,2%
Terje Mjøs Holding AS ²	500,000	0,2%
Vibeke Ly ³	203,750	0,1%
Arnt Andre Dullum ³	200,000	0,1%
Nina Mortensen ³	160,000	0,1%
Karl Mamelund ³	150,000	-
Brita Eilertsen ²	19,892	-

¹ CEO/related to the CEO of Axactor ASA
² Member of the Board/controlled by member of the Board
³ Member of the Group executive management

20 largest shareholders on 30 Jun 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	2,638,881	0,9%
Endre Rangnes	2,017,000	0,7%
Gvapseborg 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%
Masani AS	1,407,000	0,5%
Velde Holding AS	1,259,931	0,4%
J.P. Morgan SE (Nominee)	1,241,194	0,4%
Andres Lopez Sanchez	1,177,525	0,4%
David Martin Ibeas	1,177,525	0,4%
Herman Alfred Brenaas	1,150,000	0,4%
Latino Invest AS	1,040,000	0,3%
Verdipapirfondet Nordea Avkastning	1,035,709	0,3%
Total 20 largest shareholders	196,817,874	65,1%
Other shareholders	105,327,590	34,9%
Total number of shares	302,145,464	100%
Total number of shareholders	9,478	

Note 11 Discontinued operations

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

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

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Other operating revenue	792	3,823	2,335	8,865	14,113
Total income	792	3,823	2,335	8,865	14,113
Cost of REOs sold, incl impairment	-1,280	-4,543	-3,797	-10,432	-18,318
Other operating expenses	-394	-836	-774	-1,605	-2,803
Total operating expenses	-1,674	-5,379	-4,571	-12,037	-21,121
EBITDA	-882	-1,556	-2,236	-3,172	-7,008
Amortization and depreciation	-	-	-	-	-
Operating profit	-882	-1,556	-2,236	-3,172	-7,008
Financial expenses	-115	-291	-268	-657	-1,059
Net financial items	-115	-291	-268	-657	-1,059
Profit/(loss) before tax	-997	-1,847	-2,504	-3,829	-8,066
Income tax expense	-	-	-	-	-
Net profit/(loss) after tax	-997	-1,847	-2,504	-3,829	-8,066
Attributable to:					
Non-controlling interests	-594	-1,084	-1,494	-2,227	-4,668
Shareholders of the parent company	-403	-763	-1,010	-1,602	-3,399
Earnings per share: basic and diluted	-0,001	-0,003	-0,003	-0,005	-0,011

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

EUR thousand	30 Jun 2023	30 Jun 2022	Full year 2022
<i>Current assets</i>			
Stock of secured assets	4,621	16,296	8,418
Accounts receivable	133	602	116
Other current assets	386	319	518
Cash and cash equivalents	2,397	2,791	3,607
Total current assets	7,538	20,008	12,660
Assets classified as held for sale	7,538	20,008	12,660
<i>Non-current liabilities</i>			
Interest-bearing debt	6,271	15,605	-
Total non-current liabilities	6,271	15,605	-
<i>Current liabilities</i>			
Interest-bearing debt	-	-	10,247
Other current liabilities	677	1,224	373
Total current liabilities	677	1,224	10,619
Liabilities directly associated with assets classified as held for sale	6,948	16,829	10,619
Net assets classified as held for sale	590	3,179	2,041

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

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Net cash flow from operating activities	397	1,871	1,561	5,062	11,310
Net cash flow from investing activities	-	-	-	-	-
Net cash flow from financing activities	-1,731	-2,669	-2,771	-6,789	-12,220
Total net cash flow	-1,333	-798	-1,210	-1,727	-910

/ Alternative performance measures

Alternative performance measures (APMs) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in fair value of forward flow commitments	To review the revenue before split into interest and amortization (for own portfolios)	Total income from consolidated statement of profit or loss plus portfolio amortizations and revaluations in the consolidated statement of cash flows and change in fair value of forward flow commitments
Cash EBITDA from continuing operations	EBITDA adjusted for calculated cost of share option program, portfolio amortization, revaluation and change in forward flow commitments and repossessed assets cost of sale and impairment	To reflect cash from continuing operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA	Cash EBITDA from continuing operations plus EBITDA from discontinued operations, adjusted for REO cost of sale, including impairment	To reflect cash from continuing and discontinued operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 11 , adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining 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 in the consolidated statement of financial position, plus estimated operating expenses 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 attributable to both continuing and discontinued operations, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group’s ability to pay off all of its debt	Non-current and current portion of interest-bearing debt and cash and cash equivalents from the consolidated statement of financial position and as attributable to discontinued operations according to note 11 , with adjustments to get to nominal value of the debt, less treasury bonds
Return on equity to shareholders, annualized	Net profit/(loss) after tax from continuing and discontinued operations attributable to shareholders divided by average equity for the period attributable to shareholders, annualized	Measures the profitability in relation to shareholders’ equity	Net profit/(loss) after tax attributable to shareholders of the parent company from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, continuing operations, annualized	Net profit/(loss) after tax from continuing operations divided by average total equity for the period, annualized	Measures the profitability of continuing operations in relation to total equity	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss and total equity from the consolidated statement of changes in equity

Gross revenue

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Total income	65,073	60,400	127,180	117,832	239,692
Portfolio amortizations and revaluations	25,464	26,754	48,259	47,795	97,218
Change in fair value of forward flow commitments	762	-	-1,358	-	-
Gross revenue	91,299	87,154	174,081	165,628	336,911

EBITDA and Cash EBITDA

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Total income	65,073	60,400	127,180	117,832	239,692
Total operating expenses	-32,355	-30,362	-64,064	-60,101	-120,738
EBITDA from continuing operations	32,718	30,038	63,116	57,731	118,955
Calculated cost of share option program	141	215	242	249	462
Portfolio amortization, revaluation and change in forward flow commitments	26,226	26,754	46,901	47,795	97,218
Cost of repossessed assets sold, incl. impairment	538	531	735	927	1,496
Cash EBITDA from continuing operations	59,623	57,539	110,995	106,702	218,130
EBITDA from discontinued operations	-882	-1,556	-2,236	-3,172	-7,008
Cost of REOs sold, incl. impairment	1,280	4,543	3,797	10,432	18,318
Cash EBITDA	60,020	60,526	112,556	113,963	229,440
Taxes paid	-3,120	-1,814	-6,023	-2,852	-10,713
Change in working capital	6,935	-2,682	220	74	1,291
Cash flow from operating activities before NPL and REO investments	63,835	56,029	106,752	111,185	220,019

Estimated remaining collection (ERC)

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Purchased loan portfolios	1,241,373	1,154,509	1,241,373	1,154,509	1,252,642
Estimated opex for future collection at time of acquisition	368,757	319,223	368,757	319,223	363,858
Estimated discounted gain	952,936	805,048	952,936	805,048	928,920
Estimated remaining collection (ERC)	2,563,067	2,278,780	2,563,067	2,278,780	2,545,419

Net interest-bearing debt (NIBD)

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Non-current portion of interest-bearing debt from financial position	783,206	853,297	783,206	853,297	445,590
Current portion of interest-bearing debt from financial position	159,540	3,404	159,540	3,404	499,709
Interest-bearing debt, discontinued operations	6,271	15,605	6,271	15,605	10,247
Total interest-bearing debt	949,017	872,306	949,017	872,306	955,546
Accrued interest, capitalized loan fees and other adjustments	15,025	8,996	15,025	8,996	4,972
Cash and cash equivalents from financial position	34,217	29,264	34,217	29,264	29,045
Cash and cash equivalents, discontinued operations	2,397	2,791	2,397	2,791	3,607
Net interest-bearing debt (NIBD)	927,427	849,247	927,427	849,247	927,865

Return on equity to shareholders, annualized

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Net profit/(loss) after tax attributable to shareholders of the parent company	10,284	11,063	17,473	17,694	36,757
Average equity for the period related to shareholders of the parent company	411,073	396,285	412,727	390,947	399,433
Return on equity to shareholders, annualized	10,0%	11,2%	8,5%	9,2%	9,2%

Return on equity, continuing operations, annualized

EUR thousand	For the quarter end		Year to date		Full year 2022
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	
Net profit/(loss) after tax from continuing operations	10,605	12,463	18,257	20,116	40,644
Average total equity for the period	403,679	394,655	405,984	390,187	397,163
Return on equity, continuing operations, annualized	10,5%	12,6%	9,1%	10,4%	10,2%

/ Glossary

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
Reposessed assets	Property reposessed 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
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

