

# AXACTOR




Report  
**Q1 2024**





# Axactor helps people and society to a better future



We are passionate, proactive  
and act with integrity

# / Highlights<sup>1</sup>

## First quarter 2024

- Increased average gross IRR for the total NPL book to 18% (17%), with moderate investments in the quarter of EUR 10.8 million (32.8)
- Further improvements in NPL cost to collect, with the first quarter coming in at 38% (39%)
- Gross revenue of EUR 79.1 million, down 4% from the first quarter 2023 (82.8) due to collection headwinds from macroeconomic factors and negative seasonality impacts of Easter. The constant currency growth was also -4%
- Total income of EUR 56.6 million, down 9% from the first quarter 2023 (62.1). In constant currency, the growth was -8%
- EBITDA of EUR 26.2 million (30.4), including EUR 1.0 million in restructuring cost related to a cost efficiency and site consolidation program in Germany
- EBITDA margin of 46%, or 48% excluding restructuring cost (49%)
- Cash EBITDA ended at EUR 49.0 million, down from EUR 51.4 million in the first quarter 2023
- Annualized return on equity to shareholders for the quarter of 1% (7%)
- Good results on majority of 3PC benchmark competitions pointing towards increased volume allocation going forward
- Increasing usage of artificial intelligence assisted tools to improve efficiency



<sup>1</sup> Prior period figures refers to Axactor's continuing operations, unless explicitly stated otherwise

# / Key figures

Key figures that cannot be directly found in the Group's consolidated statements are reconciled in the APM tables. All prior year figures presented are for continuing operations unless otherwise stated.

EUR million	For the quarter end / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
Gross revenue	79	83	344
Total income	57	62	257
EBITDA	26	30	132
Cash EBITDA	49	51	221
Net profit/(loss) after tax	1	8	34
EBITDA margin	46%	49%	51%
Return on equity to shareholders, annualized <sup>1</sup>	1%	7%	7%
Return on equity, annualized	1%	8%	8%
Equity ratio	30%	28%	29%
Acquired NPL portfolios	11	33	116
Book value of NPL portfolios	1,235	1,242	1,265
Estimated remaining collections (ERC)	2,555	2,523	2,620
Number of employees (FTEs)	1,261	1,293	1,255
Price per share, last day of period (NOK)	4.67	6.42	5.08
Market capitalization (NOK million)	1,411	1,938	1,535

<sup>1</sup> Prior year figures for return on equity to shareholders include continuing and discontinued operations

## Gross revenue

EUR million

# 79

-4% y/y

## ERC, NPL

EUR million

# 2,555

1% y/y

## Return on equity

# 1%

## EBITDA

EUR million

# 26

46% margin

## Cash EBITDA

EUR million

# 49

## Equity ratio

# 30%



# Operations

The macroeconomic headwinds continued for Germany and the Nordic countries in the first quarter of 2024, while Italy and Spain delivered stronger collection results. The NPL segment ended the quarter with a collection performance of 92%, and gross revenue of EUR 67.2 million (70.1). The 3PC revenues for the quarter was EUR 11.9 million (12.7). Axactor continues to focus on cost improvement initiatives to compensate for the macro induced delays in collection, especially within personnel expenses and costs related to legal activities. The cost reductions implemented ensured a cost-to-collect below 38% for the first quarter of 2024 (39%), a confirmation of the position as industry leaders in terms of cost efficiency.

Axactor achieved great results on 3PC benchmarking contests in the first quarter. Across the four countries performing 3PC services, Axactor was the top performer in 88% of the benchmarks. Such good results will generally lead to increased volumes allocated to Axactor, and/or improved commission payments.

## Organizational changes

A new NPL dedicated team was established in Milazzo during the first quarter of 2024 to supplement the main Italian NPL contact center in Cuneo. The team will focus on amicable payment plan agreements through dialogue with the debtors and is an extension of the existing contact center in Milazzo, that formerly focused solely on the 3PC segment.

In Germany, a restructuring and site consolidation was announced in March. The operational contact center in Saarbrücken has been closed, with the main office in Heidelberg set to handle all

operations going forward. The employees in Heidelberg has been affected as well, through both severances and a reorganization of tasks and responsibilities. The initiatives will increase the efficiency of the German operation, and in turn improve the competitiveness.

## Improving legal collection

During 2023 Axactor invested close to EUR 13 million in legal activities on the NPL portfolios, sending cases with no amicable solution reached to the courts and the bailiff systems. Following these investments, a 13% increase in legal collection was achieved in the first quarter of 2024 compared to the first quarter last year.

Accuracy and a reasonable success rate within legal collection is key to ensure an efficient cost level, and to avoid placing unnecessary burden on the debtors. In March 2024, a new operational framework was implemented, focusing on optimization

of the amount and type of legal actions to be initiated, and the timing of these actions. The aim of the new framework is to ensure continuous operational improvement and facilitate for innovation.

## Finding new areas to utilize artificial intelligence

Axactor started using generative pre-trained transformer (GPT) services in the first quarter of 2024, within a safe and controlled environment. This has increased the areas of application substantially, and especially IT development and advanced analytics are identified as having large potential benefits from usage of artificial intelligence.

An advanced risk analysis for the NPL segment was amongst the key deliveries in the quarter from the internal data scientist team. The analysis quantifies the risk level across a variety of different claim attributes such as geography, claim size, debtor age, time since default and claim type. The results revealed distinct patterns on the different risk drivers for portfolios, and will enable a more granular valuation approach with more accurate pricing of risk.

## Integrations and infrastructure in focus

A successful pilot was performed with a new integration system vendor during the quarter, and a framework agreement has been signed. The software will gradually replace current integration solutions over the coming quarters. The new solution will improve daily operations and save cost.

An ethical hacking penetration test was performed during the quarter by a new independent vendor, attacking the infrastructure of Axactor and targeted applications. This represents a solid contribution to the established vulnerability management process. The results of the penetration test will be received and analyzed in the second quarter of 2024.

The request-for-proposal (RFP) process for groupwide infrastructure services continued in the first quarter of 2024. The official RFP documents were sent to the vendors participating in the process, and Axactor expects to receive the official bids during May 2024. The infrastructure service provider will be an important partner for Axactor, and the RFP process ensures that Axactor receives high quality services at a correct price.

### Regulatory developments

The NPL directive has been implemented in Sweden and Germany effective from 1 January 2024. During the quarter, applications for the respective credit servicer license(s) have been submitted to the supervisory authorities in both jurisdictions. The deadline for obtaining the new license(s) is end of June 2024, and Axactor expects to have obtained the licenses within the stipulated deadline. Close attention is also being paid to the implementation of the directive in its other jurisdictions but does not expect any news until after the summer.

Axactor has participated in the European banking authority's consultation on Guidelines on complaints handling by credit servicers under the NPL directive during the quarter.

### Sustainability and governance

Axactor aims to contribute to building a viable financial system for people and the society, through own contributions and by engaging actively with its stakeholders. On 17 April, Axactor published its Annual report for 2023, including updated sustainability and corporate governance reports, and the Norwegian transparency act statement. The updated reports show stable high satisfaction from Axactor stakeholders and achievement of relevant KPIs during 2023. Strong ethical values promoting fair treatment of its stakeholders, to protect reputation and company values, are essential to the Group's success, and are principles upon which Axactor was founded. For further details on Axactor's corporate governance and sustainability performance, please see the respective reports included in the Annual report 2023, available at [www.axactor.com](http://www.axactor.com).

Throughout the quarter, Axactor has focused on the corporate sustainability reporting directive (CSRD) implementation, in preparation of the new sustainability reporting framework applicable from 1 January 2024.

### Governance, risk and compliance

As part of its risk management process, Axactor has updated its quarterly risk assessments and conducted operational internal controls. An annual plan for the internal audit function for 2024 has been set and the results of audits conducted have been analyzed and are being followed-up. Compliance awareness e-learning trainings within data privacy, ethics, anti-money laundering, and information security have been reviewed and prepared for distribution throughout 2024.

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

### People

Axactor focuses on building a strong corporate culture. Key areas of attention during the first quarter have been performance management, career planning, leadership development, and fostering a positive and social work environment. Appraisal talks with focus on employee satisfaction and development have been conducted, and incentive targets for 2024 have been set for all managers. The targets support Axactor's strategy and environmental, social and governance related topics.

To improve performance, equal pay for equally valuable work ratio, and to motivate and retain high performers, salaries have been reviewed and new bonus models have been introduced in the Nordics. The remuneration report for Group management and company-wide pay gap measures were published on 17 April, included in the Annual report 2023.

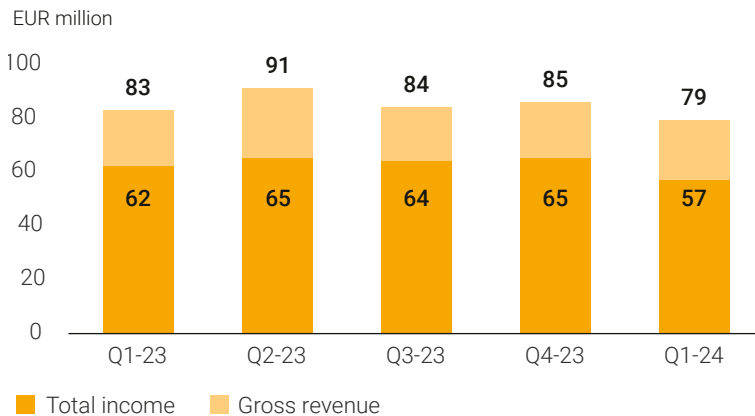
# Financials

Axactor’s operation is split into two business segments, NPL: the acquisition and collection on own portfolios, and 3PC: collection on behalf of third-party clients. Note that unless explicitly stated otherwise, figures for prior periods are stated for continuing operations, i.e. excluding portfolios of purchased real estate (REO).

## Revenue

Total income for the first quarter was EUR 56.6 million, compared to EUR 62.1 million in the first quarter 2023. Gross revenue came in at EUR 79.1 million (82.8), with the decline compared to last year mainly attributable to a tougher collection climate following the prolonged macroeconomic downturn, as well as

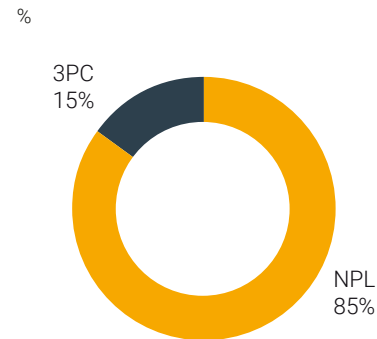
**Total income and Gross revenue**



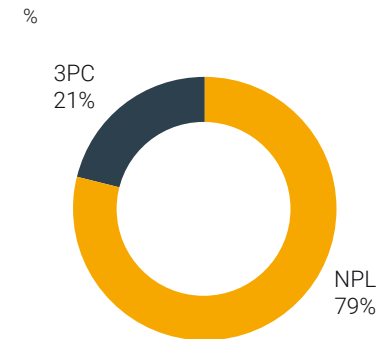
negative seasonality impacts from the Easter holidays. With NPL investments in 2023 at a moderate level and the close-down of 3PC-services in Sweden and Finland, the growth contribution from new business was limited.

The NPL segment delivered a total income of EUR 44.7 million for the quarter, compared to EUR 49.4 million in the first quarter 2023. Gross revenue ended at EUR 67.2 million (70.1), with a collection performance of 92% (98%). The NPL amortization rate fell from 28% to 26%, partially explained by increased average IRR on the portfolios, and also partially explained by prolonged cash flow estimates due to higher share of collections from payment plans

**Gross revenue mix Q1 2024**



**Total income mix Q1 2024**



versus full settlements. Additionally, net revaluations and changes in fair value forward flow commitments of combined EUR -4.8 million were recognized during the first quarter (-0.8).

The 3PC segment total income ended at EUR 11.9 million, down from EUR 12.7 million in the first quarter 2023. The main reason for the decline was the close-down of the 3PC segment in Sweden and Finland in the fourth quarter 2023, whereas Italy, Norway and Spain all recognized continued growth in the quarter.

## Operating expenses

Total operating expenses before depreciation and amortization was EUR 30.3 million for the first quarter (31.7), including EUR 1.0 million in restructuring cost related to a cost efficiency improvement project in Germany. The cost reduction compared to the first quarter last year is the result of Axactor’s continued focus on improving its cost position. Despite a relatively soft quarter collection wise, the cost cuts ensured that the operating expenses as a percentage of gross revenue remained flat at 38% in the first quarter.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.2 million for the quarter, the same level as for the corresponding quarter 2023.

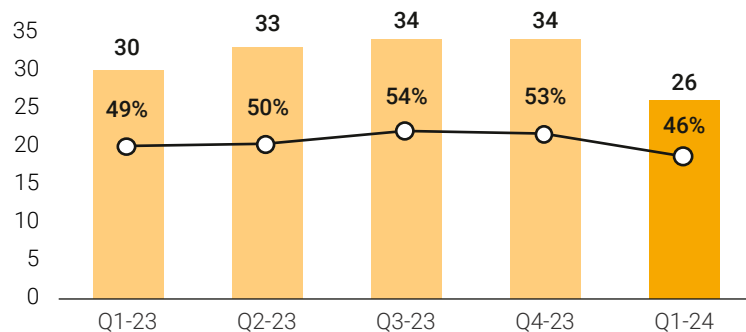
## Operating results

Total contribution margin from the business segments was EUR 37.5 million for the first quarter 2024, down from EUR 41.6 million in the corresponding quarter last year. The contribution margin over total income thus ended at 66%, a slight decrease from the first quarter 2023 (67%).

The NPL segment delivered a contribution margin of EUR 33.7 million in the quarter, down from EUR 37.6 million in the same quarter last year. The decline was caused by the reduced total income, while total operating expenses for the segment ended at EUR 11.0 million (11.7). The operating expenses include EUR 0.2 million in cost of repossessed assets sold (0.2). The margin over total income ended at 75%, marginally down from the first quarter 2023 (76%).

## EBITDA and EBITDA margin

EUR million and %



The contribution margin for the 3PC segment was EUR 3.8 million, down from EUR 4.0 million in the first quarter 2023. Operating expenses for the segment decreased by 8% to EUR 8.1 million (8.8), partially offsetting the reduced segment income. The margin over total income ended at 32% (31%).

EBITDA for the quarter ended at EUR 26.2 million, down from EUR 30.4 million in the first quarter 2023. The reduction from the first quarter last year was driven by the fall in total income and EUR 1.0 million in restructuring costs, partially offset by reduced operational expenses. The margin over total income was 46%, or 48% excluding the abovementioned restructuring cost (49%).

The difference between contribution margin and EBITDA is comprised of unallocated SG&A, IT and corporate costs, which amounted to EUR 11.3 million for the quarter. This includes EUR 1.0 million in restructuring cost related to the cost efficiency program in Germany, and compares to EUR 11.2 million in the corresponding quarter in 2023.

Cash EBITDA amounted to EUR 49.0 million for the first quarter, down from EUR 51.4 million in the corresponding quarter last year. The reduction was mainly driven by the decrease in gross revenue, partly offset by improved cost efficiency.

Operating profit (EBIT) was EUR 24.1 million for the quarter, compared to EUR 28.2 million in the first quarter last year.

## Net financial items

Total net financial items for the first quarter were negative EUR 23.1 million (negative 18.3). The main part of the financial items was made up of interest expense on borrowings of EUR 22.4 million (18.0). The increase from the first quarter last year is mainly attributable to the significant increases in EURIBOR, NIBOR and STIBOR over the last twelve months, but also to the higher margin on the ACR04 bond issued in the third quarter 2023 compared to the former ACR02 bond. Axactor has hedged parts of its interest expenses through an interest rate cap, limiting the effect of the increased interest rates. The quarter saw a net negative impact from foreign exchange movements of EUR 0.4 million, same as during the first quarter last year.

## Earnings and taxes

Earnings before tax ended at EUR 1.0 million for the first quarter (10.0), while net profit ended at EUR 0.7 million (7.7). The effective tax rate was thus 27% for the quarter (23%), in line with the expected long-term average. The first quarter 2023 net profit including contribution from discontinued operations was EUR 6.1 million.

The net profit for the first quarter ended at EUR 0.7 million for shareholders of the parent company, compared to EUR 7.2 million for the first quarter 2023 including contribution from discontinued operations. The net profit attributable to non-controlling interests for the quarter was insignificant but marginally positive, compared to -1.0 million for the first quarter 2023 including discontinued



operations. The resulting earnings per share was thus EUR 0.002 both on a reported basis and fully diluted (0.024), based on the average number of shares outstanding in each period.

### Cash flow

The prior period figures in 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 28.1 million (7.3) for the quarter, of which the amount paid for NPL portfolios was EUR 13.2 million (35.5). The deviation between the investment in NPL portfolios and the cash paid for NPL portfolios in the period relates to deferred payments on certain portfolios. Excluding portfolio investments, the cash flow from operating activities fell to EUR 41.4 million, from EUR 42.9 million in the first quarter 2023. The decrease is partially attributable to a EUR 2.4 million reduction in cash EBITDA from continuing operations, and last year's cash EBITDA contribution from discontinued operations of EUR 1.2 million. Taxes paid during the quarter amounted to EUR 8.8 million, up from EUR 2.9 million in the first quarter last year. Additionally, a decrease in the net working capital of EUR 1.2 million was recognized in the quarter compared to an increase of EUR 6.7 million in the first quarter 2023.

Total net cash flow from investments, not including investments in NPL portfolios, was EUR -0.7 million for the first quarter, compared to EUR -0.8 million for the corresponding quarter 2023.

Total net cash flow from financing activities was EUR -24.1 million for the quarter (-10.0). Axactor recognized a net repayment on credit facilities of EUR 1.4 million for the quarter (net drawdown of 6.4). Interests paid increased from EUR 15.5 million in the first quarter last year, to EUR 21.7 million in the first quarter 2024.

Total net cash flow for the quarter was thus EUR 3.4 million (-3.4), leaving total cash and cash equivalents at EUR 37.0 million at the end of the first quarter 2024 (35.2). This includes EUR 1.7 million in restricted cash (3.8).

### Equity position and balance sheet considerations

Total equity for the Group was EUR 415.2 million at the end of the first quarter (403.5), including non-controlling interests of EUR -9.6 million (-6.7). 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 period was 30%, up from 28% at the end of the first quarter 2023.

### Return on equity

Annualized return on equity for shareholders ended at 1%, down from 7% in the first quarter last year. The main driver of the decreased return is the increased interest expenses compared to last year, as well as the collection headwinds faced during the first quarter 2024.

Looking forward, Axactor will aim for further improvements of key drivers such as improved cost efficiency, changes in the business mix, and accretive portfolio investments. At the same time, the

current macroeconomic environment will continue to put negative pressure on the return on equity development for the near-term through both more difficult collection conditions and through higher interest rates on borrowings.

### Capital expenditure and funding

Axactor invested EUR 10.8 million in NPL portfolios during the first quarter (32.8). The invested amount was thus below the replacement capex for the quarter, and the estimated remaining collections fell by 2% from the end of 2023 to EUR 2,555.1 million (2,522.8). The estimated NPL investment commitments at the end of the first quarter stand at EUR 16.0 million, of which EUR 13.8 million is related to 2024.

Axactor has two outstanding bond loans per the end of the first quarter 2024. The EUR 300 million bond with ticker ACR03 matures in September 2026, and adjusting for treasury bonds the outstanding face value of the bond is EUR 281.1 million. The NOK 2,300 million bond with ticker ACR04 was placed during the third quarter 2023, with a maturity in September 2027. The proceeds from the ACR04 issue was primarily used to repay the former EUR 200 million bond loan with ticker ACR02.

Axactors multi-currency revolving credit facility (RCF) has a total size of EUR 545 million, of which EUR 465.8 million were drawn per the end of the first quarter (518.8). Additionally, the agreement has a EUR 275 million accordion option, contingent on separate credit approval. The maturity of the RCF agreement is 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 925.9 million at the end of the first quarter 2024 (940.3).

Axactor is in compliance with all loan covenants as per the end of the first quarter 2024.

### Outlook

Market prices for NPL portfolios are adjusting down towards what Axactor considers fair levels given the increased funding cost for the industry. Recent deals have been signed on significantly higher gross IRR levels compared to Axactor's early years. This

has resulted in a gradual increase of the average gross IRR for the total portfolio quarter after quarter, ending at 18% at the end of the first quarter 2024. The estimated replacement capex for 2024 is approximately EUR 106 million, and the previously communicated target of EUR 100-200 million in investments should thus secure a relatively stable or growing book value throughout the year.

The Swedish and Finnish 3PC businesses were closed down towards the end of 2023. This will limit the top-line growth for the segment in 2024, but also contribute positively on margins. The 3PC segment is currently growing in the Italian, Norwegian and Spanish markets. Simultaneously, the full review of low-margin contracts continues, aiming to renegotiate or potentially cancel contracts with insufficient profitability.

Despite a soft start to 2024, Axactor delivered two consecutive years of stable earnings prior. The near-term future will continue to be impacted by the increased interest rates and macroeconomic uncertainty, but Axactor aim to continue to deliver stable earnings during these turbulent times. Potential upsides could arise from interest rates and inflation falling faster than the current consensus, an improving bond market, and higher investment volumes at sustained attractive price levels. The Group executive management and Board continue to closely monitor the general macroeconomic situation and its potential business impacts, including the limited headroom under the interest coverage ratio and leverage ratio covenants pertaining to the two outstanding bond loans.

# / Interim condensed consolidated financial statements

<b>Interim condensed consolidated statement of profit or loss</b>	12	<b>Notes to the interim condensed consolidated financial statements</b>	17
<b>Interim condensed consolidated statement of comprehensive income</b>	13	Note 1 Reporting entity and accounting principles	17
<b>Interim condensed consolidated statement of financial position</b>	14	Note 2 Financial risks	17
<b>Interim condensed consolidated statement of cash flows</b>	15	Note 3 Operating segments	19
<b>Interim condensed consolidated statement of changes in equity</b>	16	Note 4 Financial items	21
		Note 5 Income	22
		Note 6 Purchased loan portfolios	24
		Note 7 Interest-bearing loans and borrowings	26
		Note 8 Leases	29
		Note 9 Fair value of forward flow commitments	30
		Note 10 Issued shares and share capital	31
		Note 11 Discontinued operations	32



## Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end / YTD		Full year 2023
		31 Mar 2024	31 Mar 2023	
<b>Continuing operations</b>				
Interest income from purchased loan portfolios	<a href="#">5, 6</a>	54,238	51,956	211,289
Net gain/(loss) purchased loan portfolios	<a href="#">5, 6</a>	-9,900	-5,087	-13,082
Revenue from sale of repossessed assets	<a href="#">5</a>	499	389	2,587
Other operating revenue		11,731	14,849	55,843
Total income	<a href="#">3, 5</a>	56,568	62,107	256,637
Cost of repossessed assets sold, incl impairment	<a href="#">5</a>	-153	-198	-1,759
Personnel expenses		-17,109	-16,540	-66,576
Other operating expenses		-13,083	-14,971	-56,454
Total operating expenses		-30,345	-31,709	-124,789
EBITDA		26,223	30,399	131,848
Amortization and depreciation		-2,163	-2,178	-9,050
Operating profit		24,060	28,220	122,797
Financial revenue	<a href="#">4</a>	44	279	3,389
Financial expenses	<a href="#">4</a>	-23,117	-18,544	-84,750
Net financial items		-23,073	-18,265	-81,360
Profit/(loss) before tax from continuing operations		987	9,955	41,437
Income tax expense		-266	-2,303	-7,874
Net profit/(loss) after tax from continuing operations		720	7,651	33,563

EUR thousand	Note	For the quarter end / YTD		Full year 2023
		31 Mar 2024	31 Mar 2023	
<b>Discontinued operations</b>				
Net profit/(loss) after tax from discontinued operations	<a href="#">11</a>	-	-1,507	-5,969
Net profit/(loss) after tax		720	6,144	27,594
<b>Attributable to:</b>				
<b>Non-controlling interests:</b>				
Net profit/(loss) after tax from continuing operations		45	-143	182
Net profit/(loss) after tax from discontinued operations		-	-901	-3,418
Net profit/(loss) after tax		45	-1,044	-3,235
<b>Shareholders of the parent company:</b>				
Net profit/(loss) after tax from continuing operations		675	7,795	33,381
Net profit/(loss) after tax from discontinued operations		-	-606	-2,551
Net profit/(loss) after tax		675	7,188	30,830
<b>Earnings per share:</b>				
From continuing operations, basic and diluted:		0.002	0.026	0.110
From continuing and discontinued operations, basic and diluted:		0.002	0.024	0.102

## Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
Net profit/(loss) after tax	720	6,144	27,594
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of pension plans	-	-	-48
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences - foreign operations	-8,398	-12,412	-10,495
Cumulative net (gain)/loss on cash flow hedges reclassified to profit or loss	-796	-794	-3,569
Other comprehensive income/(loss) after tax	-9,195	-13,206	-14,112
Total comprehensive income/(loss) for the period	-8,474	-7,062	13,482
<b>Attributable to:</b>			
Non-controlling interests	45	-1,044	-3,235
Shareholders of the parent company	-8,519	-6,018	16,718

## Interim condensed consolidated statement of financial position

EUR thousand	Note	For the quarter end / YTD		
		31 Mar 2024	31 Mar 2023	Full year 2023
<b>Assets</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill		59,018	59,634	59,799
Deferred tax assets		8,056	8,019	8,502
Other intangible assets		14,605	16,097	15,116
<b>Tangible assets</b>				
Property, plant and equipment		1,912	2,292	2,036
Right of use assets	<a href="#">8</a>	10,721	11,419	11,604
<b>Financial assets</b>				
Purchased loan portfolios	<a href="#">6</a>	1,235,256	1,242,411	1,265,327
Other non-current assets		512	575	2,495
<b>Total non-current assets</b>		<b>1,330,079</b>	<b>1,340,447</b>	<b>1,364,879</b>
<b>Current assets</b>				
Repossessed assets		4,237	3,310	2,664
Accounts receivable		6,426	6,005	6,636
Other current assets		27,984	31,773	27,196
Restricted cash		1,662	3,789	2,613
Cash and cash equivalents		35,333	27,699	31,826
<b>Total current assets</b>		<b>75,641</b>	<b>72,575</b>	<b>70,935</b>
Assets classified as held for sale	<a href="#">11</a>	-	10,200	-
<b>Total assets</b>		<b>1,405,721</b>	<b>1,423,222</b>	<b>1,435,815</b>

EUR thousand	Note	For the quarter end / YTD		
		31 Mar 2024	31 Mar 2023	Full year 2023
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	<a href="#">10</a>	158,369	158,369	158,369
Other paid-in equity		270,953	270,481	270,831
Retained earnings		27,758	3,489	27,082
Other components of equity		-32,275	-22,222	-23,080
Non-controlling interests		-9,622	-6,660	-9,667
<b>Total equity</b>		<b>415,182</b>	<b>403,457</b>	<b>423,534</b>
<b>Non-current liabilities</b>				
Interest-bearing debt	<a href="#">7</a>	925,868	278,339	939,104
Deferred tax liabilities		10,341	8,644	10,549
Lease liabilities	<a href="#">8</a>	8,117	9,147	8,969
Other non-current liabilities		4,320	3,409	2,740
<b>Total non-current liabilities</b>		<b>948,646</b>	<b>299,539</b>	<b>961,361</b>
<b>Current liabilities</b>				
Accounts payable		5,324	3,175	4,057
Interest-bearing debt	<a href="#">7</a>	-	661,942	-
Taxes payable		4,141	17,547	12,243
Lease liabilities	<a href="#">8</a>	3,178	2,771	3,194
Other current liabilities		29,250	26,162	31,425
<b>Total current liabilities</b>		<b>41,893</b>	<b>711,598</b>	<b>50,919</b>
Liabilities directly associated with assets classified as held for sale	<a href="#">11</a>	-	8,628	-
<b>Total liabilities</b>		<b>990,539</b>	<b>1,019,765</b>	<b>1,012,281</b>
<b>Total equity and liabilities</b>		<b>1,405,721</b>	<b>1,423,222</b>	<b>1,435,815</b>



## Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end / YTD		Full year 2023
		31 Mar 2024	31 Mar 2023	
<b>Operating activities</b>				
Profit/(loss) before tax from continuing operations		987	9,955	41,437
Profit/(loss) before tax from discontinued operations	<a href="#">11</a>	-	-1,507	-5,969
Taxes paid		-8,793	-2,903	-11,616
Adjustments to reconcile profit before tax to net cash flows:				
Net financial items, continuing operations	<a href="#">4</a>	23,073	18,265	81,360
Net financial items, discontinued operations	<a href="#">11</a>	-	153	348
Portfolio amortization and revaluation		22,388	22,794	88,840
Change in fair value of forward flow commitments		120	-2,120	-1,805
Cost of repossessed assets sold, incl impairment		153	198	1,759
Cost of REOs sold, incl impairment	<a href="#">11</a>	-	2,517	8,422
Depreciation and amortization		2,163	2,178	9,050
Calculated cost of employee share options		123	100	450
Change in working capital		1,185	-6,715	-7,318
Cash flow from operating activities before NPL investments		41,399	42,917	204,959
Purchase of loan portfolios	<a href="#">6</a>	-13,246	-35,537	-119,987
Purchases related to repossessed assets		-17	-32	-73
Net cash flow from operating activities		28,136	7,349	84,898

EUR thousand	Note	For the quarter end / YTD		Full year 2023
		31 Mar 2024	31 Mar 2023	
<b>Investing activities</b>				
Purchase of intangible and tangible assets		-720	-836	-3,874
Interest received		35	37	385
Net cash flow from investing activities		-686	-799	-3,489
<b>Financing activities</b>				
Proceeds from borrowings	<a href="#">7</a>	-	61,767	343,274
Repayment of debt	<a href="#">7</a>	-1,430	-55,337	-341,873
Interest paid		-21,746	-15,489	-67,737
Loan fees paid	<a href="#">7</a>	-117	-	-15,376
Lease payments, principal amount	<a href="#">8</a>	-799	-732	-3,143
Repayments to non-controlling interests		-	-175	-992
Net cash flow from financing activities		-24,092	-9,967	-85,847
Net change in cash and cash equivalents		3,358	-3,417	-4,438
Cash and cash equivalents at the beginning of period, incl. restricted cash		34,439	39,679	39,679
Currency translation		-801	-1,044	-802
Cash and cash equivalents at end of period, incl. restricted cash		36,995	35,218	34,439

## Interim condensed consolidated statement of changes in equity

EUR thousand	Equity attributable to the shareholders of the parent company						Non-controlling interests	Total equity
	Restricted	Non-restricted				Total		
	Share capital	Other paid in equity	Retained earnings	Translation reserve	Cash flow hedge reserve			
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	416,033	-5,441	410,593
Result of the period			7,188			7,188	-1,044	6,144
Other comprehensive income of the period				-12,412	-794	-13,206		-13,206
Total comprehensive income for the period	-	-	7,188	-12,412	-794	-6,018	-1,044	-7,062
Repayments to non-controlling interests						-	-175	-175
Share-based payment		100				100		100
Balance on 31 Mar 2023	158,369	270,481	3,489	-30,829	8,607	410,117	-6,660	403,457
Balance on 31 Dec 2023	158,369	270,831	27,082	-28,912	5,832	433,202	-9,667	423,534
Result of the period			675			675	45	720
Other comprehensive income of the period			-	-8,398	-796	-9,195		-9,195
Total comprehensive income for the period	-	-	675	-8,398	-796	-8,519	45	-8,474
Share-based payment		122				122		122
Balance on 31 Mar 2024	158,369	270,953	27,758	-37,310	5,035	424,804	-9,622	415,182

# Notes to the interim condensed consolidated financial statements

## Note 1 Reporting entity and accounting principles

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

This unaudited interim report has been prepared in accordance with IAS 34. The accounting policies applied correspond to those described in the Annual report 2023. 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 2023.

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.

Accounting policies and significant judgements, estimates and assumptions are more comprehensively discussed in the Annual report 2023. 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.

All prior year figures presented are for continuing operations, unless otherwise stated.

## 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 2023.

### Interest rate and currency risk

The Group's interest rate risk management objective is to apply cash flow hedge accounting for interest rate risk to mitigate the effect of increasing interest rates on issued loans and therefore limit the impact on the Group's interest expenses. The Group's long-term strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. The Group intends to gradually implement the strategy in line with new portfolio investments.

The Group aims to reduce currency risk by keeping interest bearing debt in the same currencies as the Group's assets. The Group also holds cross currency interest rate swaps to reduce currency risk.

### Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. On 31 March 2023, the Group had an unused part of the RCF agreement of EUR 79.2 million, in addition to unrestricted cash and cash equivalents of EUR 35.3 million. The Group had positive cash flow from operating activities before NPL investments of EUR 41.4 million in the first quarter of 2024, and cash flows from operating activities amounted to EUR 28.1 million.

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. The contractual maturity is based on the earliest date on which the Group may be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows of liabilities. 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.



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

Axactor was compliant with all covenants the first quarter of 2024.

EUR thousand	Contractual maturities per 31 Mar 2024							
	Q2-24	Q3-24	Q4-24	Q1-25	1-2 years	2-4 years	4+ years	Total
NPL investment commitments, non-cancellable <sup>1</sup>	5,866	1,346	-	-	-	-	-	7,211
NPL investment commitments, cancellable <sup>1</sup>	-	3,311	3,311	2,207	-	-	-	8,829
Revolving credit facility (RCF)	8,281	8,234	7,656	7,258	29,031	473,063	-	533,522
Bond ACR03 (ISIN NO0011093718)	6,600	6,536	6,191	5,925	23,700	292,900	-	341,852
Bond ACR04 (ISIN NO0013005264)	6,334	6,372	6,238	6,047	24,187	232,930	-	282,107
Other non-current liabilities	-	-	-	1,000	-	-	1,715	2,715
Accounts payable	5,324	-	-	-	-	-	-	5,324
Lease liabilities	951	945	937	942	3,459	3,810	1,779	12,822
Other current liabilities	28,443	-	807	-	-	-	-	29,250
<b>Total contractual maturities</b>	<b>61,798</b>	<b>26,743</b>	<b>25,140</b>	<b>23,378</b>	<b>80,376</b>	<b>1,002,702</b>	<b>3,494</b>	<b>1,223,632</b>

<sup>1</sup> Expected cash flows based on the last three months' actual deliveries. Per 31 March 2024, cash flows are limited to EUR 51.3 million by contracted capex limits. The NPL commitments that are cancellable are cancellable with three to twelve months' notice.

EUR thousand	ERC per 31 Mar 2024							
	Q2-24	Q3-24	Q4-24	Q1-25	1-2 years	2-4 years	4+ years	Total
Estimated remaining collections (ERC)	81,294	73,700	78,370	75,619	298,478	534,827	1,412,809	2,555,097

### 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. The measurement basis of the performance of the segment is the segment's contribution margin.

#### For the quarter end / YTD 31 Mar 2024

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	66,726	-	-	66,726
Portfolio amortization and revaluation	-22,388	-	-	-22,388
Revenue from sale of repossessed assets	499	-	-	499
<b>Other operating income:</b>				
Change in fair value forward flow commitments	-120	-	-	-120
Other operating revenue and other income	-	11,851	-	11,851
<b>Total income</b>	<b>44,716</b>	<b>11,851</b>	<b>-</b>	<b>56,568</b>
Cost of repossessed assets sold	-153	-	-	-153
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-10,846	-8,074	-	-18,920
<b>Contribution margin</b>	<b>33,717</b>	<b>3,777</b>	<b>-</b>	<b>37,494</b>
SG&A, IT and corporate cost			-11,271	-11,271
<b>EBITDA</b>				<b>26,223</b>
Amortization and depreciation			-2,163	-2,163
<b>Operating result</b>				<b>24,060</b>
Total operating expenses	-10,999	-8,074	-11,271	-30,345
Contribution margin (%)	75.4%	31.9%	na	66.3%
EBITDA margin (%)				46.4%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.4%	68.1%	na	24.1%
SG&A, IT and corporate cost / Gross revenue				14.3%

**For the quarter end / YTD 31 Mar 2023**

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

**Full year 2023**

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	287,046	-	-	287,046
Portfolio amortization and revaluation	-88,840	-	-	-88,840
Revenue from sale of repossessed assets	2,587	-	-	2,587
<b>Other operating income:</b>				
Change in fair value forward flow commitments	1,805	-	-	1,805
Other operating revenue and other income	-	54,039	-	54,039
<b>Total income</b>	<b>202,598</b>	<b>54,039</b>	<b>-</b>	<b>256,637</b>
Cost of repossessed assets sold	-1,759	-	-	-1,759
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-46,186	-34,492	-	-80,678
<b>Contribution margin</b>	<b>154,653</b>	<b>19,547</b>	<b>-</b>	<b>174,200</b>
SG&A, IT and corporate cost			-42,352	-42,352
<b>EBITDA</b>				<b>131,848</b>
Amortization and depreciation			-9,050	-9,050
<b>Operating result</b>				<b>122,797</b>
Total operating expenses	-47,945	-34,492	-42,352	-124,789
Contribution margin (%)	76.3%	36.2%	na	67.9%
EBITDA margin (%)				51.4%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.6%	63.8%	na	24.0%
SG&A, IT and corporate cost / Gross revenue				12.3%

## Note 4 Financial items

EUR thousand	For the quarter end / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
<b>Financial revenue</b>			
Interest on bank deposits	35	37	385
Gain on purchase of treasury bonds ( <a href="#">note 7</a> )	-	115	115
Other financial income	9	127	2,889
<b>Total financial revenue</b>	<b>44</b>	<b>279</b>	<b>3,389</b>
<b>Financial expenses</b>			
Interest expense on borrowings <sup>2</sup>	-22,425	-17,984	-81,594
Net foreign exchange loss <sup>1</sup>	-387	-379	-815
Other financial expenses	-305	-181	-2,341
<b>Total financial expenses</b>	<b>-23,117</b>	<b>-18,544</b>	<b>-84,750</b>
<b>Total net financial items</b>	<b>-23,073</b>	<b>-18,265</b>	<b>-81,360</b>

<sup>1</sup> Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position. The amount includes changes in fair value of currency derivatives.

<sup>2</sup> 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 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 / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
Finland	654	3,701	14,425
Germany	9,104	9,718	40,759
Italy	10,106	8,620	38,438
Norway	9,357	11,828	41,088
Spain	22,286	22,349	100,498
Sweden	5,062	5,892	21,428
<b>Total income</b>	<b>56,568</b>	<b>62,107</b>	<b>256,637</b>

### Non-current assets

EUR thousand	Book value		Full year 2023
	31 Mar 2024	31 Mar 2023	
Finland	2,920	3,610	3,017
Germany	15,626	15,787	15,903
Italy	15,777	15,953	15,825
Norway	28,996	31,190	30,186
Spain	19,932	19,912	20,299
Sweden	3,005	2,990	3,325
<b>Total assets</b>	<b>86,256</b>	<b>89,441</b>	<b>88,555</b>



### Portfolio revenue

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

#### For the quarter end / YTD 31 Mar 2024

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Total
Interest income from purchased loan portfolios	3,888	9,167	7,461	9,623	17,702	6,397	54,238
Collections above/(below) forecasts	-837	-1,713	106	-1,765	-531	-437	-5,176
NPV of changes in collection forecasts	-2,404	105	-15	47	-1,559	-898	-4,724
Net gain/(loss) purchased loan portfolios	-3,240	-1,609	91	-1,718	-2,089	-1,335	-9,900
Sale of repossessed assets					499		499
<b>Total portfolio revenue</b>	<b>647</b>	<b>7,558</b>	<b>7,552</b>	<b>7,905</b>	<b>16,112</b>	<b>5,062</b>	<b>44,837</b>

#### For the quarter end / YTD 31 Mar 2023

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Total
Interest income from purchased loan portfolios	3,965	9,208	5,787	9,345	17,098	6,554	51,956
Collections above/(below) forecasts	-406	-1,352	256	-1,112	999	-510	-2,125
NPV of changes in collection forecasts	-38	-104	91	-21	-2,264	-626	-2,962
Net gain/(loss) purchased loan portfolios	-444	-1,456	347	-1,133	-1,265	-1,137	-5,087
Sale of repossessed assets					389		389
<b>Total portfolio revenue</b>	<b>3,521</b>	<b>7,753</b>	<b>6,134</b>	<b>8,212</b>	<b>16,222</b>	<b>5,417</b>	<b>47,258</b>

#### Full year 2023

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	Total
Interest income from purchased loan portfolios	15,713	37,520	26,730	36,345	69,649	25,332	211,289
Collections above/(below) forecasts	-1,654	-2,774	296	-3,274	3,696	-2,295	-6,004
NPV of changes in collection forecasts	-779	-861	335	338	-2,915	-3,196	-7,078
Net gain/(loss) purchased loan portfolios	-2,433	-3,635	631	-2,935	781	-5,491	-13,082
Sale of repossessed assets					2,587		2,587
<b>Total portfolio revenue</b>	<b>13,280</b>	<b>33,885</b>	<b>27,361</b>	<b>33,409</b>	<b>73,017</b>	<b>19,841</b>	<b>200,793</b>

## 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 31 March 2024 (2023: 5%).

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

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

For more information on accounting principles and a description of significant accounting judgments, estimates and assumptions related to purchased loan portfolios, see [note 2.9.1](#) and [note 4](#) in the Group's Annual report 2023.

EUR thousand	For the quarter end		Full year 2023
	31 Mar 2024	31 Mar 2023	
Balance at start of period	1,265,327	1,252,642	1,252,642
Acquisitions during the period	10,764	32,818	116,118
Collections	-66,726	-69,664	-287,046
Interest income from purchased loan portfolios	54,238	51,956	211,289
Net gain/(loss) purchased loan portfolios	-9,900	-5,087	-13,082
Repossessions	-1,708	-245	-1,123
Deliveries on forward flow contracts	185	-	1,435
Currency translation differences	-16,924	-20,009	-14,905
Balance at end of period	1,235,256	1,242,411	1,265,327

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		Full year 2023
	31 Mar 2024	31 Mar 2023	
Nominal value acquired portfolios	482,448	87,035	3,659,615
Expected credit losses at acquisition	-471,684	-54,217	-3,543,497
Acquisitions during the period	10,764	32,818	116,118

Purchase of 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 of purchased loan portfolios per market is presented in the table below:

EUR thousand	31 Mar 2024		31 Mar 2023		Full year 2023	
	Book value	% of total	Book value	% of total	Book value	% of total
Finland	113,962	9%	121,424	10%	118,453	9%
Germany	185,728	15%	189,923	15%	189,308	15%
Italy	163,982	13%	148,864	12%	165,929	13%
Norway	234,378	19%	228,064	18%	240,989	19%
Spain	343,060	28%	353,425	28%	349,715	28%
Sweden	194,146	16%	200,712	16%	200,932	16%
<b>Total book value</b>	<b>1,235,256</b>	<b>100%</b>	<b>1,242,411</b>	<b>100%</b>	<b>1,265,327</b>	<b>100%</b>

The ERC represents the estimated gross collections on the purchased loan portfolios. ERC, amortization, and interest income from purchased loan portfolios per year are specified below (year 1 means the first 12 months from the reporting date):

EUR thousand	Estimated remaining collections (ERC), amortization and interest income from purchased loan portfolios per year															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>31 Mar 2024</b>																
ERC	308,983	298,478	282,842	251,985	218,742	190,965	171,414	154,601	139,430	125,778	107,394	91,227	79,304	70,941	63,015	2,555,097
Amortization	104,332	114,306	120,773	112,967	99,248	87,773	81,653	77,390	74,051	71,781	64,251	57,834	55,176	56,031	57,691	1,235,256
Interest income	204,651	184,173	162,068	139,018	119,494	103,191	89,761	77,211	65,380	53,996	43,143	33,393	24,128	14,909	5,324	1,319,841
<b>31 Mar 2023</b>																
ERC	313,971	304,613	266,427	237,405	209,077	184,254	165,362	149,805	135,499	123,423	112,448	96,462	83,392	74,075	66,585	2,522,798
Amortization	117,803	131,133	115,153	105,102	93,732	83,194	76,853	72,944	69,713	68,299	67,841	62,147	58,600	58,788	61,108	1,242,411
Interest income	196,168	173,480	151,274	132,303	115,345	101,061	88,509	76,862	65,786	55,123	44,606	34,315	24,793	15,286	5,477	1,280,387
<b>Full year 2023</b>																
ERC	314,676	308,058	283,589	259,528	225,064	195,895	176,394	158,644	143,318	129,194	112,964	93,850	81,633	72,962	64,648	2,620,416
Amortization	105,653	120,186	118,013	116,194	102,024	89,571	83,946	79,066	75,868	73,397	68,420	59,450	56,796	57,606	59,135	1,265,327
Interest income	209,023	187,871	165,575	143,334	123,040	106,323	92,448	79,578	67,450	55,797	44,544	34,400	24,838	15,356	5,513	1,355,089

## Note 7 Interest-bearing loans and borrowings

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
<b>Facility</b>							
Bond ACR03 (ISIN NO0011093718)	EUR		300,000	-18,950	277,536	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK		196,650		195,026	3m NIBOR + 825bps	07.09.2027
Total bond loans			496,650	-18,950	472,562		
Revolving credit facility	EUR		322,325		309,827	EURIBOR+ margin	30.06.2026
(multi-currency facility)	SEK		143,480		143,480	STIBOR+ margin	30.06.2026
Total credit facilities		545,000	465,805		453,306		
Total interest-bearing loans and borrowings at end of period			962,455	-18,950	925,868		

Of the total interest-bearing loans and borrowings per 31 March 2023, EUR 925.9 million is classified as non-current and EUR 0 million is classified as current.

**Change in loans and borrowings from financial activities**

EUR thousand	Bond loans	Credit facilities	Total Borrowings
Balance on 1 Jan	480,214	458,889	939,104
Proceeds from loans and borrowings	-	-	-
Repayment of loans and borrowings	-	-1,430	-1,430
Loan fees	-117	-	-117
Total changes in financial cash flow	-117	-1,430	-1,547
Amortization of capitalized loan fees	397	1,311	1,708
Currency translation differences	-8,049	-5,464	-13,514
Other non-cash movements	117	-	117
Total interest-bearing loans and borrowings at end of period	472,562	453,306	925,868

**Maturity**

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

EUR thousand	Currency	Carrying amount	Total estimated future cash flow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years
Bond ACR03 (ISIN NO0011093718)	EUR	277,536	341,852	13,136	12,116	23,700	292,900
Bond ACR04 (ISIN NO0013005264)	NOK	195,026	282,107	12,706	12,285	24,187	232,930
Total bond loan		472,562	623,959	25,841	24,401	47,887	525,830
Revolving credit facility (multi-currency facility)	EUR/SEK	453,306	533,522	16,515	14,914	29,031	473,063
Total credit facilities		453,306	533,522	16,515	14,914	29,031	473,063
Total interest-bearing loans and borrowings at end of period		925,868	1,157,482	42,357	39,315	76,917	998,892



### Revolving credit facility DNB/Nordea

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

The following financial covenants apply:

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

Axactor was compliant with all covenants throughout the year.

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

### Bond loans

#### ACR03 (ISIN NO0011093718)

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026.

The bond is listed on Oslo Børs. On 31 December 2023, the Group holds treasury bonds in ACR03 with a nominal value of EUR 19.0 million.

#### ACR04 (ISIN NO0013005264)

The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027.

The bond is listed on Oslo Børs.

The following financial covenants apply to both bond loans:

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

Axactor was compliant with all covenants throughout the year.

Trustee: Nordic Trustee

## Note 8 Leases

### Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets on 31 Dec 2022	11,263	401	93	11,757
Additions	232	441	-	673
Depreciation	-684	-85	-8	-778
Disposals	-34	-	-	-34
Currency translation differences	-198	-1	-	-200
Right of use assets on 31 Mar 2023	10,579	755	84	11,419
Right of use assets on 31 Dec 2023	10,711	792	101	11,604
Additions	118	47	-	166
Depreciation	-717	-95	-13	-824
Disposals	-62	-18	-	-81
Currency translation differences	-141	-3	-1	-144
Right of use assets on 31 Mar 2024	9,910	723	88	10,721
Remaining lease term	1-8 years	1-3 years	1-4 years	
Depreciation method	Linear	Linear	Linear	

### Lease liabilities

EUR thousand	31 Mar 2024	31 Mar 2023	Full year 2023
Lease liabilities on 1 Jan	12,163	12,239	12,239
Net new leases	84	620	3237
Lease payments, principal amount	-799	-732	-3143
Currency translation differences	-153	-209	-171
Lease liabilities at period end	11,294	11,918	12,163
Current	3,178	2,771	3,194
Non-current	8,117	9,147	8,969

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

EUR thousand	31 Mar 2024	31 Mar 2023	Full year 2023
<b>Undiscounted lease liabilities and maturity of cash outflows</b>			
< 1 year	3,774	3,364	3,837
1-2 years	3,459	3,167	3,598
2-3 years	2,881	2,696	3,232
3-4 years	929	2,269	1,237
4-5 years	627	544	700
> 5 years	1,152	1,629	1,261
Total undiscounted lease liabilities	12,822	13,669	13,866
Discounting element	-1,527	-1,751	-1,703
Total lease liabilities	11,295	11,918	12,163

## 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 2.9.2](#) in the Group's Annual report 2023.

EUR thousand	31 Mar 2024	31 Mar 2023	Full year 2023
Balance on 1 Jan	311	-	-
Value change	-120	2,120	1,805
Deliveries	-185	-	-1,435
Currency translation differences	-5	-10	-58
Balance at period end	-	2,110	311

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

EUR thousand	31 Mar 2024	31 Mar 2023	Full year 2023
Fair value of forward flow commitments (asset)	-	2,110	311
Balance at period end	-	2,110	311

## Note 10 Issued shares and share capital

### Issued shares and share capital

	Number of shares	Share capital (EUR)
On 31 Dec 2022	302 145 464	158 368 902
On 31 Dec 2023	302 145 464	158 368 902
On 31 Mar 2024	302 145 464	158 368 902

### Shares owned by the Board and Group executive management on 31 Mar 2024

Name	Shareholding	Share %
Latino Invest AS <sup>1</sup>	1,040,000	0.3%
Terje Mjøs Holding AS <sup>2</sup>	700,000	0.2%
Johnny Tsohis Vasili <sup>1</sup>	670,000	0.2%
Vibeke Ly <sup>3</sup>	203,750	0.1%
Arnt Andre Dullum <sup>3</sup>	200,000	0.1%
Karl Mamelund <sup>3</sup>	175,000	0.1%
Nina Mortensen <sup>3</sup>	160,000	0.1%
Brita Eilertsen <sup>2</sup>	19,892	0.0%
Ørjan Svanevik, through Oavik Capital AS <sup>2</sup>	13,000	0.0%

<sup>1</sup> CEO/related to the CEO of Axactor ASA

<sup>2</sup> Member of the Board/controlled by member of the Board

<sup>3</sup> Member of the Group executive management

### 20 largest shareholders on 31 Mar 2024

Name	Shareholding	Share %
Geveran Trading Co Ltd	150,385,439	49.8%
Torstein Ingvald Tvenge	10,000,000	3.3%
Skandinaviska Enskilda Banken AB	5,500,000	1.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,907,347	1.0%
Spectatio Finans AS	2,874,758	1.0%
Nordnet Bank AB (Nominee)	2,610,262	0.9%
Endre Rangnes	2,017,000	0.7%
Gvæpseborg AS	1,832,826	0.6%
Alpette AS	1,661,643	0.5%
Stavern Helse og Forvaltning AS	1,500,000	0.5%
Velde Holding AS	1,217,562	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Verdipapirfondet Storebrand Norge	1,166,706	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Øen Holding AS	1,000,000	0.3%
Herman Alfred Brenaas	900,000	0.3%
<b>Total 20 largest shareholders</b>	<b>199,737,931</b>	<b>66.1%</b>
Other shareholders	102,407,533	33.9%
<b>Total number of shares</b>	<b>302,145,464</b>	<b>100%</b>
<b>Total number of shareholders</b>	<b>8,626</b>	

## Note 11 Discontinued operations

There are no discontinued operations or assets classified as held for sale in 2024.

The results of the discontinued operations, which have been included in net profit/(loss) after tax for 2023, were as follows:

EUR thousand	For the quarter end / YTD	
	31 Mar 2023	Full year 2023
Other operating revenue	1,543	4,296
Total income	1,543	4,296
Cost of REOs sold, incl impairment	-2,517	-8,422
Other operating expenses	-380	-1,495
Total operating expenses	-2,897	-9,917
EBITDA	-1,354	-5,621
Amortization and depreciation	-	-
Operating profit	-1,354	-5,621
Financial expenses	-153	-348
Net financial items	-153	-348
Profit/(loss) before tax	-1,507	-5,969
Income tax expense	-	-
Net profit/(loss) after tax	-1,507	-5,969
<b>Attributable to:</b>		
Non-controlling interests	-901	-3,418
Shareholders of the parent company	-606	-2,551
Earnings per share: basic and diluted	-0.002	-0.008



The major classes of assets and liabilities comprising the operations classified as held for sale in 2023 were as follows:

EUR thousand	31 Mar 2023	Full year 2023
<i>Current assets</i>		
Stock of secured assets	5,901	-
Accounts receivable	99	-
Other current assets	469	-
Cash and cash equivalents	3,731	-
<b>Total current assets</b>	<b>10,200</b>	<b>-</b>
<b>Assets classified as held for sale</b>	<b>10,200</b>	<b>-</b>
<i>Non-current liabilities</i>		
Interest-bearing debt	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<i>Current liabilities</i>		
Interest-bearing debt	8,241	-
Other current liabilities	387	-
<b>Total current liabilities</b>	<b>8,628</b>	<b>-</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>8,628</b>	<b>-</b>
<b>Net assets classified as held for sale</b>	<b>1,572</b>	<b>-</b>

The net cash flows incurred by the operations classified as held for sale in 2023 were as follows:

EUR thousand	For the quarter end / YTD 31 Mar 2023	Full year 2023
Net cash flow from operating activities	1,163	2,801
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-1,049	-6,409
<b>Total net cash flow</b>	<b>114</b>	<b>-3,607</b>

# 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 revaluation, 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 amortization and revaluation and change in fair value of forward flow commitments in the consolidated statement of cash flows
Cash EBITDA	EBITDA adjusted for calculated cost of share option program, portfolio amortization and revaluation, change in fair value of forward flow commitments and repossessed assets cost of sale and impairment	To reflect cash from operating activities, excluding timing of taxes paid and movement in working capital	EBITDA (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, incl. discontinued operations	Cash EBITDA 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 (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to <a href="#">note 11</a> , adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collections (ERC)	Estimated remaining collections express the expected future cash collections on purchased loan portfolios in nominal values, over the next 180 months. The ERC does not include sale of repossessed assets if the assets are already repossessed	ERC is a standard APM within the industry with the purpose to illustrate the future cash collections including estimated interest income and opex	Purchased loan portfolios in the consolidated statement of financial position, plus estimated operating expenses for future collections at time of acquisition and estimated discounted gain
Net interest-bearing debt (NIBD)	Net interest-bearing debt reflects total interest-bearing debt less total amount of unrestricted cash and cash equivalents	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 <a href="#">note 11</a> , with adjustments to get to nominal value of the debt, less treasury bonds
Return on equity to shareholders, annualized	Net profit/(loss) after tax 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 divided by average equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, annualized	Net profit/(loss) after tax divided by average total equity for the period, annualized	Measures the profitability in relation to total equity	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss divided by average total equity from the consolidated statement of changes in equity

**Gross revenue**

EUR thousand	For the quarter end / YTD		
	31 Mar 2024	31 Mar 2023	Full year 2023
Total income	56,568	62,107	256,637
Portfolio amortizations and revaluations	22,388	22,794	88,840
Change in fair value of forward flow commitments	120	-2,120	-1,805
Gross revenue	79,076	82,782	343,672

**EBITDA and Cash EBITDA**

EUR thousand	For the quarter end / YTD		
	31 Mar 2024	31 Mar 2023	Full year 2023
Total income	56,568	62,107	256,637
Total operating expenses	-30,345	-31,709	-124,789
EBITDA from continuing operations	26,223	30,399	131,848
Calculated cost of share option program	123	101	450
Portfolio amortizations and revaluations	22,388	22,794	88,840
Change in fair value of forward flow commitments	120	-2,120	-1,805
Cost of repossessed assets sold, incl. impairment	153	198	1,759
Cash EBITDA	49,007	51,372	221,092
EBITDA from discontinued operations	-	-1,354	-5,621
Cost of REOs sold, incl. impairment	-	2,517	8,422
Cash EBITDA, incl discontinued operations	49,007	52,535	223,894
Taxes paid	-8,793	-2,903	-11,616
Change in working capital	1,185	-6,715	-7,318
Cash flow from operating activities before NPL investments	41,399	42,917	204,959

**Estimated remaining collections (ERC)**

EUR thousand	For the quarter end / YTD		
	31 Mar 2024	31 Mar 2023	Full year 2023
Purchased loan portfolios	1,235,256	1,242,411	1,265,327
Estimated opex for future collections at time of acquisition	359,560	360,416	369,720
Estimated discounted gain	960,280	919,971	985,368
Estimated remaining collections (ERC)	2,555,097	2,522,798	2,620,416

**Net interest-bearing debt (NIBD)**

EUR thousand	For the quarter end / YTD		
	31 Mar 2024	31 Mar 2023	Full year 2023
Non-current portion of interest-bearing debt from financial position	925,868	278,339	939,104
Current portion of interest-bearing debt from financial position	-	661,942	-
Interest-bearing debt, discontinued operations	-	8,241	-
Total interest-bearing debt	925,868	948,522	939,104
Capitalized loan fees and other adjustments	17,636	7,233	19,344
Cash and cash equivalents from financial position	35,333	27,699	31,826
Cash and cash equivalents, discontinued operations	-	3,731	-
Net interest-bearing debt (NIBD)	908,170	924,326	926,622

### Return on equity to shareholders, annualized

EUR thousand	For the quarter end / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
Net profit/(loss) after tax attributable to shareholders of the parent company	675	7,188	30,830
Average equity for the period related to shareholders of the parent company	429,003	413,075	419,074
Return on equity to shareholders, annualized	0.6%	7.1%	7.4%

### Return on equity, annualized

EUR thousand	For the quarter end / YTD		Full year 2023
	31 Mar 2024	31 Mar 2023	
Net profit/(loss) after tax <sup>1</sup>	720	7,651	33,563
Average total equity for the period	419,358	407,025	411,350
Return on equity, annualized	0.7%	7.6%	8.2%

<sup>1</sup> Prior year figures are net profit/(loss) after tax from continuing operations

# / Glossary

## Terms

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

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

## Abbreviations

3PC	Third-party collection	FTE	Full time equivalent
AGM	Annual general meeting	GHG	Greenhouse gas emissions
APM	Alternative performance measures	HQ	Headquarters
ARM	Accounts receivable management	IFRS	International financial reporting standards
B2B	Business to business	LTV	Loan to value
B2C	Business to consumer	NCI	Non-controlling interests
BoD	Board of Directors	NPL	Non-performing loan
BS	Consolidated statement of financial position (balance sheet)	OB	Outstanding balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees
CF	Consolidated statement of cash flows	OCI	Consolidated statement of other comprehensive income
CGU	Cash generating unit	P&L	Consolidated statement of profit or loss
CM	Contribution margin	PCI	Purchased credit impaired
D&A	Depreciation and amortization	PPA	Purchase price allocations
Dopex	Direct operating expenses	REO	Real estate owned
EBIT	Operating profit/Earnings before interest and tax	ROE	Return on equity
EBITDA	Earnings before interest, tax, depreciation and amortization	SDG	Sustainable development goal
ECL	Expected credit loss	SG&A	Selling, general & administrative
EGM	Extraordinary general meeting	SPV	Special purpose vehicle
EPS	Earnings per share	VIU	Value in use
ERC	Estimated remaining collections	VPS	Verdipapirsentralen/Norwegian central securities depository
ESG	Environmental, social and governance	WACC	Weighted average cost of capital
ESOP	Employee stock ownership plan	WAEP	Weighted average exercise price
FSA	The financial supervisory authority		

