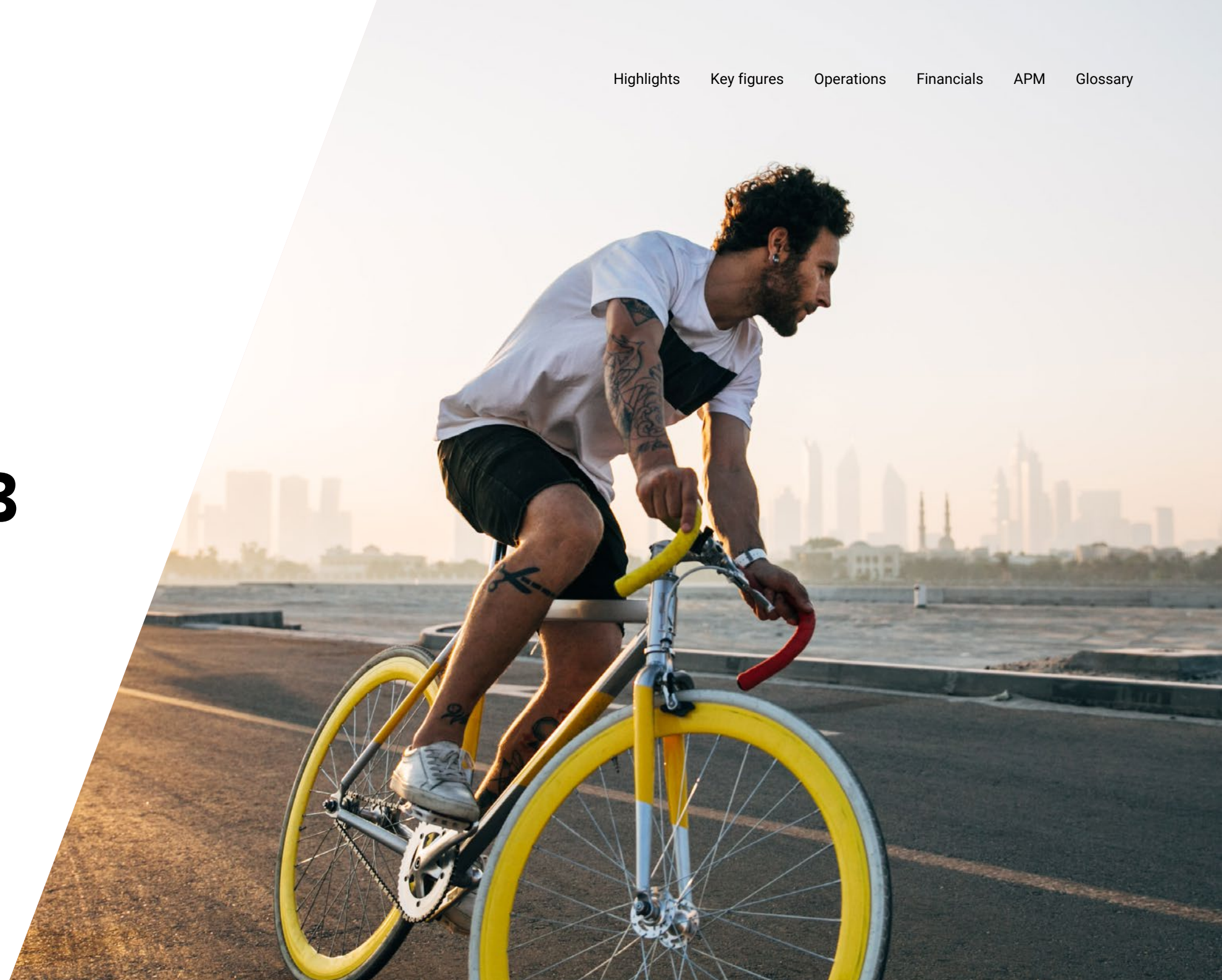



AXACTOR



Report
Q3 2023



Axactor helps people and society to a better future



We are passionate, proactive
and act with integrity

/ Highlights¹

Third quarter 2023

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

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

/ Key figures

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

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

¹ Return on equity to shareholders includes continuing and discontinued operations

Gross revenue

EUR million

84

3% y/y

ERC, NPL

EUR million

2,586

9% y/y

Return on equity

6%

continuing operations

EBITDA

EUR million

34

54% margin

Cash EBITDA

EUR million

55

Equity ratio

29%

/ Operations

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

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

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

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

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

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

Cross-country collaboration enabled by common platforms

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

Utilizing the opportunities provided by the PSD2 directive

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

Information security, compliance awareness and trainings

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

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

Investment process

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

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

Continuous focus on people

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

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

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

Financials

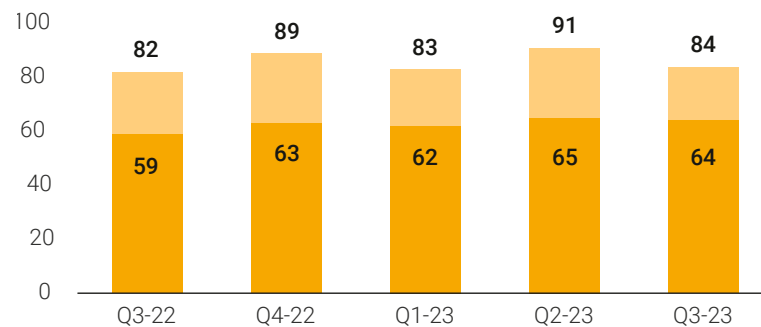
Axactor's operations is split into two business segments: NPL and 3PC. The portfolios of purchased real estate (REO) are in a run-off mode and treated as discontinued operations effective from the fiscal year 2022. All comments and numbers in the following text refer to continuing operations unless explicitly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

Revenue

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

Total income and Gross revenue

EUR million

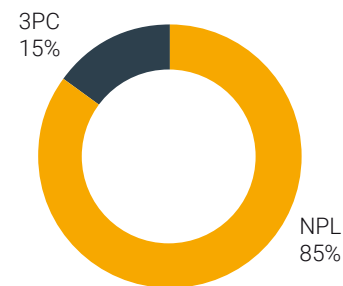


The total income and gross revenue were affected by adverse currency movements of NOK and SEK against EUR. Excluding currency effects, the growth rate was 12% for total income and 5% for gross revenue.

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

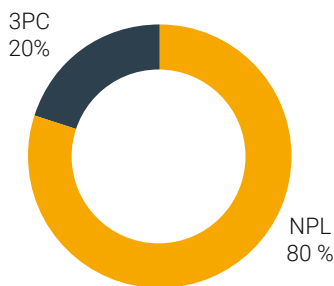
Gross revenue mix Q3 2023

%



Total income mix Q3 2023

%



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

Operating expenses

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

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

Operating results

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

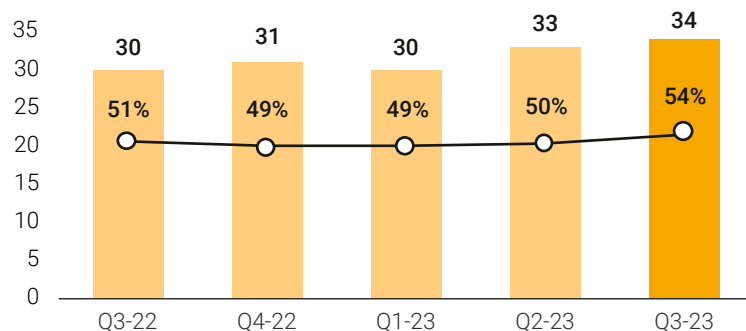
in the third quarter last year. The contribution margin over total income thus ended at 69%, a slight increase from the third quarter 2022 (68%).

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

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

EBITDA and EBITDA margin

EUR million and %



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

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

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

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

Net financial items

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

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

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

Discontinued operations

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

Earnings and taxes

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

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

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

Cash flow

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

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

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

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

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

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

Equity position and balance sheet considerations

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

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

Return on equity

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

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

Capital expenditure and funding

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

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

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

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

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

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

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

Outlook

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

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

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

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

/ Interim condensed consolidated financial statements

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Interim condensed consolidated statement of profit or loss

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

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

Interim condensed consolidated statement of comprehensive income

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

Interim condensed consolidated statement of financial position

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

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

Interim condensed consolidated statement of cash flows

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

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

Interim condensed consolidated statement of changes in equity

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

Notes to the interim condensed consolidated financial statements

Note 1 Reporting entity and accounting principles

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

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

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

Note 2 Financial risks

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

Interest rate and currency risk

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

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

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

Liquidity risk

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

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

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

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

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

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

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

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

Note 3 Operating segments

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

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

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

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

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

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

For the quarter end 30 Sep 2023

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

For the quarter end 30 Sep 2022

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

Year to date 30 Sep 2023

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

Year to date 30 Sep 2022

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

Full year 2022

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

Note 4 Financial items

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

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

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

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

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

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

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

Note 5 Income

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

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

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

Total income

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

Non-current assets

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

Portfolio revenue

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

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

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

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

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

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

Note 6 Purchased loan portfolios

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 7 Interest-bearing loans and borrowings

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

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

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

Change in loans and borrowings from financial activities

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

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

Maturity

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

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

Revolving credit facility DNB/Nordea

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

The following financial covenants apply:

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

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

Bond loans**ACR03 (ISIN NO0011093718)**

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

ACR04 (ISIN NO0013005264)

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

The following financial covenants apply to both bond loans:

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

Trustee: Nordic Trustee

Note 8 Leases

Right of use assets

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

Lease liabilities

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

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

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

Note 9 Fair value of forward flow commitments

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

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

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

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

Note 10 Issued shares and share capital

Issued shares and share capital

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

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

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

¹ CEO/related to the CEO of Axactor ASA

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

³ Member of the Group executive management

20 largest shareholders on 30 Sep 2023

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

Note 11 Discontinued operations

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

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

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

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

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

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

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

Alternative performance measures

Alternative performance measures (APMs) used in Axactor

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

Gross revenue

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

EBITDA and Cash EBITDA

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

Estimated remaining collections (ERC)

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

Net interest-bearing debt (NIBD)

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

Return on equity to shareholders, annualized

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

Return on equity, continuing operations, annualized

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

/ Glossary

Terms

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

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

Abbreviations

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

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

