AFE S.A. SICAV-RAIF

Unaudited Interim Condensed Consolidated Financial Statements
For the Six Months Ended 30 June 2023

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General Information

Fund

AFE S.A. SICAV-RAIF
26-30, Avenue du Dix Septembre
L-2550 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B216080

Board of Directors

- Edward Green (resigned 28 February 2023);
- Audrey Lewis;
- Graham Parry-Dew;
- Christopher Ross-Roberts;
- Eric Verret.

AIFM

Carne Global Fund Managers (Luxembourg) S.A.
3, rue Jean Piret
L-2350 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of the AIFM

- Anouk Agnes;
- John Alldis;
- William Blackwell;
- Veronica Buffoni;
- John Donohoe;
- Jacqueline O'Connor.

Portfolio Manager

Carne Global Fund Managers (Luxembourg) S.A.
3, rue Jean Piret
L-2350 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of the Portfolio Manager

- Anouk Agnes;
- John Alldis;
- William Blackwell;
- Veronica Buffoni;
- John Donohoe;
- Jacqueline O'Connor.

Administrative Agent

Belasko Luxembourg S.a.r.l
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Grand Duchy of Luxembourg

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L-1855 Luxembourg
Grand Duchy of Luxembourg

Auditor

PricewaterhouseCoopers
2, rue Gerhard Mercator
B.P. 1443 L-1014
Luxembourg
Grand Duchy of Luxembourg

Investment Advisor

Veld Capital Limited
Since 21 March 2023:
105 Wigmore Street
London
W1U 1QY

Until 21 March 2023:
1 Stephen Street
London
W1T 1AL

Directors' Report

The Directors of AFE S.A. SICAV-RAIF ("AFE") are pleased to present the Directors' Report and Unaudited Interim Condensed Consolidated Annual Report (the "Financial Statements") on the activities and financial performance of AFE and its subsidiaries (together, the "Group") for the period from 1 January 2023 to 30 June 2023. The Financial Statements incorporate the assets, liabilities, revenue and expenses of the Group.

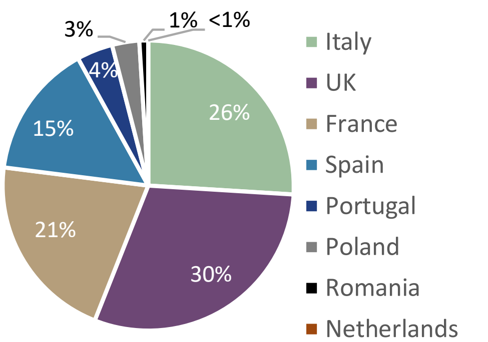
Business Overview

AFE purchases and invests in a diverse range of performing and non-performing debt across Europe. AFE has the capability to price and purchase a wide range of debt, consisting of portfolios of unsecured and secured consumer, SME, mortgage and real estate backed debt*, including mixed portfolios. The Directors believe this ability is a key competitive advantage in originating new investment opportunities and further penetrating current markets and unlocking new ones, providing it with the opportunity to generate strong risk-adjusted returns on an ongoing basis. During the first half of 2023, AFE provided c.€10.5m of funding to existing assets in the UK, France, Italy and the Netherlands.

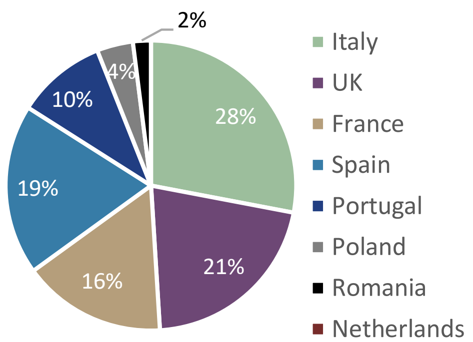
In its debt investment portfolio, AFE has a diverse portfolio of seasoned and granular consumer, SME, mortgage debt and real estate backed debt which is differentiated among debt purchasers with its significant collateral backing as well as the level of borrower diversification, asset types and geographies.

The following charts illustrate the diversification of AFE's 84-month estimated remaining collections ("ERC") from existing purchased loan portfolios, purchased loan notes, investments in joint ventures and inventory (together, the "Group's Assets") by asset type and geography as of 30 June 2023. Geographic and asset diversity provides resilience throughout the cycle in different countries.

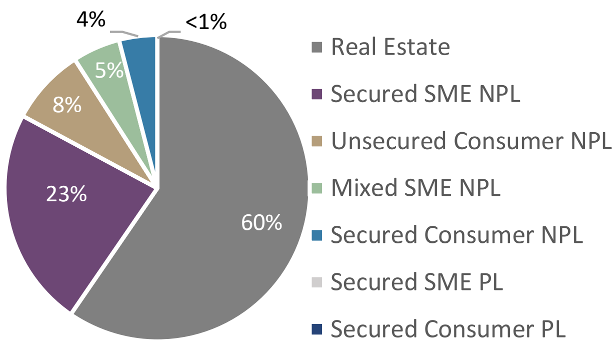
€518.7 million 84-month ERC by geography
30 June 2023



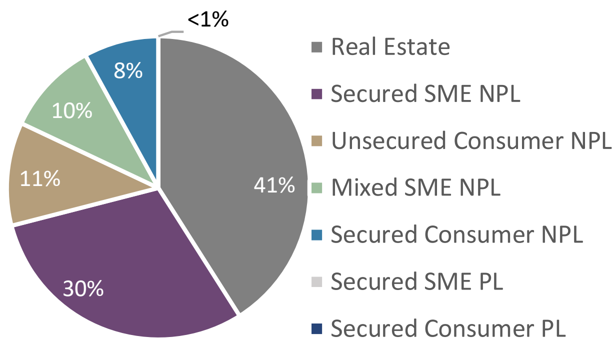
€509.8 million 84-month ERC by geography
30 June 2022



€518.7 million 84-month ERC by asset type
30 June 2023



€509.8 million 84-month ERC by asset type
30 June 2022



* AFE invests in real estate assets through joint venture arrangements, the invested capital is provided to the joint venture through loan instruments alongside equity.

Directors' Report (continued)

Key Performance Indicators

The Directors use a variety of key performance indicators ("KPI's") to monitor, assess and evaluate the performance of the Group, as well as providing the Directors with key financial data to aid with key decision making. The KPI's included within the Directors' Report have been prepared on a basis consistent with the financial data contained in the Offering Memorandum. The data below is based on the Group for the six-months periods ended 30 June 2023 and 30 June 2022. The Directors are satisfied that the financial data in the Financial Statements, and therefore the financial data also used to compute these KPIs, gives a fair and materially accurate reflection of the Group's performance for the period.

		Six months ended 30 June 2023	Six months ended 30 June 2022	% change
84-month ERC (€'000s)	1	518,738	509,808	1.8%
84-month Gross ERC (€'000s)	2	538,509	532,606	1.1%
Cumulative purchases of loan portfolios and loan notes (€'000s)	3	721,604	703,125	2.6%
Number of investments	4	67	59	13.6%
Number of accounts	5	103,983	207,326	-49.8%
Total attributable collections (€'000s)	6	43,245	84,137	-48.6%
Total gross collections (€'000s)	7	43,246	82,625	-47.7%
Core collections (€'000s)	8	35,831	81,514	-56.0%
Operating expenses (€'000s)	9	20,717	16,397	26.3%
Core collection cost ratio	10	57.8%	20.1%	187.7%
Adjusted EBITDA (€'000s)	11	23,635	66,910	-64.7%
Normalised Adjusted EBITDA (€'000s)	12	16,220	65,799	-75.3%

(1) 84-month ERC ("ERC") means AFE's estimated remaining collections on the Group's Assets over an 84-month period, assuming no additional purchases are made and on an undiscounted basis.

(2) 84-month Gross ERC means 84-month ERC plus any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes.

(3) Cumulative purchases of the Group's Assets includes the original purchase price of assets made by the Portfolio Business, plus the purchase price of subsequent portfolio and real estate backed debt by AFE, related capitalised costs (including due diligence, legal and other fees relating to the acquisition but excluding future litigation costs) less pre-determination cash (consisting of collections during the period between pricing of a portfolio and the closing of its acquisition) up to the specified date, less the purchase price for all fully sold portfolios prior to the specified date.

(4) Number of investments represents the number of real estate backed debt investments and individual debt portfolios as of the specified date, including portfolios held by entities which are not under the control of AFE, but give AFE proportionate rights to the cash flows from such portfolios through loan notes.

(5) Number of accounts represent the number of individual accounts acquired at the time of purchase or investment with respect to loan portfolios and real estate backed debt investments, including portfolios held by entities which are not under the control of AFE, but give AFE proportionate rights to the cash flows from such portfolios through loan notes.

(6) Total attributable collections represent total cash collections gross of servicer fees and other costs to collect for all investments comprising the Group's Assets, excluding any share of cash collections that relate to the interests of co-investors holding secured loan notes.

(7) Total gross collections represent cash collected from debtors in connection with purchased loan portfolios and net cash collections (after servicing costs) for purchased loan notes and investments in joint ventures, as well as any disposals of the Groups Assets. Total gross collections include any proportionate share of cash collections that relate to the interests of co-investors holdings of secured loan notes.

(8) Core collections represent total gross collections, less any disposals of the Group's Assets.

(9) Operating expenses represent direct costs of collections related to purchased loan portfolios and other operating expenses, excluding impairment of the Group's Assets, net foreign currency (losses)/gains and non-recurring items.

(10) Core collection cost ratio represent the ratio of operating expenses to core collections.

(11) Adjusted EBITDA represents (loss)/profit before tax adjusted to exclude the effects of finance costs and finance income, share of profit/(loss) in associates, share of profit/(loss) in joint ventures, net foreign currency losses/(gains), impairment of the Group's Assets, disposals and repayments of secured loan notes, and non-recurring items. Revenue on the Group's Assets and costs on secured loan notes calculated using the effective interest rate method are replaced with total gross collections in the period.

Directors’ Report (continued)

Key Performance Indicators (continued)

(12) Normalised Adjusted EBITDA represents Adjusted EBITDA excluding disposals of the Group’s Assets.

Asset base and returns on portfolios purchased

The table below reflects historical capital deployment of the Portfolio Business from 2012 to 27 June 2017 plus capital that has been deployed since the incorporation of AFE; a total of €868 million has been deployed through acquisitions of 78 investments with an aggregate face value of €13.5 billion. Since 2012, 12 portfolios have been fully sold. As of 30 June 2023, the portfolios held by AFE had an aggregate face value of €9.0 billion following the historical sale of deals with a face value of €3.6 billion, with an 84-month ERC of €518.7 million.

Portfolios purchased in the period ended:	Purchase price (13)	Actual collections to 30 June 2023	84-month ERC	Total estimated collections (14)	Gross money multiple (15)
	€000	€000	€000	€000	
Year ended 31 December 2012	75,084	175,715	13,136	188,851	2.5x
Year ended 31 December 2013	77,386	164,181	6,660	170,841	2.2x
Year ended 31 December 2014	59,025	130,333	7,847	138,180	2.3x
Year ended 31 December 2015	47,806	63,188	7,700	70,888	1.5x
Year ended 31 December 2016	125,617	207,253	45,364	252,617	2.0x
Year ended 31 December 2017	65,017	97,083	17,061	114,144	1.8x
Year ended 31 December 2018	161,652	170,395	61,600	231,995	1.4x
Year ended 31 December 2019	36,119	26,810	30,960	57,770	1.6x
Year ended 31 December 2020	22,950	24,416	21,334	45,750	2.0x
Year ended 31 December 2021	110,261	55,777	135,562	191,339	1.7x
Year ended 31 December 2022	93,198	12,427	171,514	183,941	2.0x
Total	**874,115**	**1,127,578**	**518,738**	**1,646,316**	**1.9x**

For real estate investments AFE will be required to fund its share of capital expenditure and other working capital needs. Additional invested capital for real estate investments is recognised in the year that the investment was completed rather than the year it was funded. In parallel, ERC will be recognised over the duration of the investment such that the gross money multiple at any given time reflects the expected returns AFE anticipates to generate upon exit.

(13) Purchase price represents the aggregate amount paid plus costs less any cash received between the cut-off date for pricing an asset and the completion date of the purchase for all portfolio purchases in the period indicated.

(14) Total estimated collections represent actual collections to 30 June 2023 plus forecast collections for the following 84 months.

(15) The Gross money multiple is total estimated collections divided by purchase price, although collections can extend beyond the period covered for total estimated collections.

Directors' Report (continued)

Net debt

Net debt represents third-party indebtedness, including bank guarantees, less cash and cash equivalents excluding unamortised debt issue costs, facility fees and amounts due to co-investors under secured loan notes.

		Six months ended 30 June 2023
		€000
Borrowings:	The Notes	307,500
	Revolving Credit Facility	74,848
	Term Facility	0
Less:	Cash at bank	(7,537)
	Cash held on AFE's account at servicers'	(6,784)
	Less cash deposits paid	(456)
Add back:	Cash collected on behalf of secured loan note holders	1,090
Net debt		**368,661**

LTV ratio at period end	16	71.1%
Adjusted EBITDA leverage ratio	17	5.02
LTM Adjusted EBITDA	18	73,498
Net interest expense	19	23,849
Fixed charge cover ratio ("FCCR")	20	3.08

(16) LTV ratio means the aggregate secured indebtedness of the Group less cash and cash equivalents (including cash and cash equivalents in servicers' accounts or otherwise that are due from servicers but not yet paid by servicers to the Group, less cash collections due to be paid to co-investors under secured loan notes) divided by 84-month ERC.

(17) Adjusted EBITDA leverage ratio means net debt divided by the Adjusted EBITDA for the 12 months ended 30 June 2023. In August 2022 a real estate asset was disposed of realising proceeds of c.€2.2m against ERC of c.€2.2m. In December 2022 AFE's 30% holding in Phoenix Asset Management ("PAM") was sold with proceeds of €12.3m, in addition two portfolio tails were disposed of for €4.2m against ERC of €4.8m. In June 2023 assets were disposed of crystalising loss on disposal of €7.1m. Excluding these sales brings Normalised Adjusted EBITDA leverage ratio to 5.58.

(18) LTM Adjusted EBITDA means Adjusted EBITDA for the 12 months ended 30 June 2023.

(19) Net interest expense means interest expense on total debt for the 12 months ended 30 June 2023.

(20) FCCR is calculated as LTM Adjusted EBITDA divided by net interest expense.

Borrowings used in calculating net debt can be reconciled to the Financial Statements as follows:

		Six months ended 30 June 2023
		€000
Borrowings:	The Notes	307,500
	Unamortised discount on issuance of the Notes	(306)
	Unamortised transaction fees	(1,371)
	Per Financial Statements (non-current liability)	305,823
	Interest payable at 30 June 2023 (current liability)	4,228
	Revolving credit facility - amount drawn	74,848
Total borrowings		**384,899**

Directors' Report (continued)

Significant recent developments

Russian Invasion of Ukraine

The ongoing military invasion of Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Group does not have any direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities within the next financial year. As at six months ended 30th June 2023 no material impacts of the ongoing conflict have been identified.

2023 Performance

In 2023, AFE continued to execute its strategy, demonstrating the resilience of its business model and stable cash generation. The group reported total attributable collections of €43.2m against a target of €58.8m, set in December 2022. This represents a €15.5m or 26.4% underperformance, mainly driven by €8.2m of collection that was delayed and collected in early August, decreasing underperformance to 12.6%.

New investments

During the first half of 2023, AFE made follow on investments of c.€9.9m in existing real estate backed debt investments in France, Italy and the United Kingdom and c.€0.5m in an existing performing loans investment in the Netherlands.

Signed transactions

Under the business plan of the signed and acquired real estate assets, the Group is expected to fund an additional c.€40.8m for its share of capital expenditure over the next three years.

On 4th September 2023, AFE signed a promissory sale agreement for a French real estate asset, following the successful achievement of development milestones. The sale is expected to close in Q4 2023 and to crystalise c.2.00x gross money multiple.

Environmental, Social and Governance:

As AFE is deemed to fall within the scope of Article 6 of SFDR, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The AIFM is required to make certain disclosures under SFDR in respect of its approach to the integration of sustainability risks in the investment decision-making process, as well as an explanation of the likely impacts of sustainability risks on returns. The AIFM relies upon the Investment Adviser's approach to sustainability risks to satisfy these requirements.
Sustainable investing is integral to the Investment Adviser's business and culture. The Investment Advisor seeks to invest responsibly, taking relevant sustainability risks and factors into account throughout its investment process. The Investment Adviser's environmental, social and governance ("ESG") policy is compliant with SFDR. In 2022, the Investment Adviser (as part of the AnaCap group at the time of assessment) was awarded a Gold medal from Ecovadis (an external ESG consultant) for its assessment. The Investment Adviser's approach to the integration of sustainability risks thought the investment process is integral to the way in which the Investment Adviser operates and is relevant to AFE assets.
As part of its ongoing commitment to ESG, the Investment Adviser recently became a signatory to the United Nations Principles for Responsible Investment ("UNPRI"), demonstrating its commitment to responsible investing by incorporating ESG factors into investment decision-making.

Going Concern

The Group continues to actively monitor its liquidity and covenant adherence. The Group's liquidity position remains adequate, with available cash as of the date of signing of the Financial Statements of c.€10.6m. The group has assessed its expected operating performance and liquidity requirements for 2023.

The Group is currently working with advisers to explore options for managing the maturities of the Group's revolving credit facility and senior secured notes and, in connection with such activities, is currently in discussions with its revolving credit facility lenders and certain senior secured notes creditors, and their representatives, regarding various financing options. Assuming a positive outcome from discussions with its lenders, the Board of Directors remain confident that AFE can continue to trade for at least 12 months from the date of signing the Financial Statements and will have sufficient liquidity to manage its operations. Cash management and asset management will be critical throughout the year to help drive performance. AFE's Revolving Credit Facility ("RCF") matures on 31st December 2023.

Directors' Report (continued)

Outlook

Net debt to adjusted EBITDA is above target range, deployment of capital is set to slow during 2023 to preserve liquidity. AFE has a locally embedded platform with 24 FTE equivalents across 4 local geographies, a resilient and low fixed cost operating model which is expected to drive performance into 2023. The development of AFEs master servicing model will provide an opportunity to generate incremental capital-light income from the credit portfolio. AFE will continue to co-invest in mid-market investments (€10M-€50M) focusing on hard asset backing (real estate secured NPLs and performing real estate backed debt) with a focus on continued diversification across a broader range of asset types and geographies.

Eric Verret

Director
15 September 2023

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of **AFE S.A. SICAV-RAIF**

We have reviewed the accompanying interim condensed consolidated financial statements of AFE S.A. SICAV-RAIF (the "Fund"), which comprise interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the interim condensed consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410) as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim condensed financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Fund, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

Emphasis of Matter

We draw attention to Note 1 to these interim condensed consolidated financial statements, which indicates that following the decision taken by the Board of Directors these interim condensed consolidated financial statements replace the previous ones including our signed review report dated 12 September 2023 and approved by the Board on 12 September 2023. Our review report is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 15 September 2023

Electronically signed by:
Thierry Salagnac

Thierry Salagnac

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Interim Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2023

	Notes	Three months ended 30 June 2023 €000	Six months ended 30 June 2023 €000	Three months ended 30 June 2022 €000	Six months ended 30 June 2022 €000
Revenue					
Interest income from purchased loan portfolios	10	7,727	15,664	9,765	19,799
Interest income from purchased loan notes	10	232	444	225	474
Interest income on loans to joint ventures at amortised cost	10	3,194	6,269	2,468	5,004
Fair value gain on investments in joint ventures at FVPL	10	4,562	8,976	20,586	20,586
Other income		957	2,197	1,056	2,189
Total revenue	5	**16,672**	**33,550**	**34,100**	**48,052**
Operating expenses					
Collection activity costs		(5,883)	(11,530)	(4,937)	(8,342)
Impairment losses		(9,036)	(9,036)	(1,643)	(1,643)
Loss on disposal		(7,100)	(7,100)	-	-
Net foreign currency gain/(loss)	6	660	1,715	(177)	(282)
Other operating expenses	6	(3,975)	(9,187)	(4,136)	(8,055)
Total operating expenses		**(25,334)**	**(35,138)**	**(10,893)**	**(18,322)**
Operating profit		**(8,662)**	**(1,588)**	**23,207**	**29,730**
Finance costs	7	(9,514)	(18,214)	(6,872)	(12,645)
Share of profit in joint venture accounted for using equity method	11	10,473	10,473	977	1,033
Profit from discontinued operation		-	-	547	812
(Loss)/profit before tax		**(7,703)**	**(9,329)**	**17,859**	**18,930**
Tax charge	8	(60)	(99)	408	356
Comprehensive (loss)/income for the period		**(7,763)**	**(9,428)**	**18,267**	**19,286**

The above Unaudited Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2023

	Notes	As at 30 June 2023 €000	As at 31 December 2022 €000
Assets			
Non-current assets			
Property, plant and equipment		127	221
Investments in joint ventures at amortised cost	10	49,721	45,420
Investments in joint ventures at FVPL	10	91,976	80,061
Participation in joint ventures	11	60,602	47,926
Goodwill	9	1,836	1,836
Total non-current assets		**204,262**	**175,464**
Current assets			
Cash and cash equivalents		7,537	18,806
Trade and other receivables	13	28,009	42,296
Tax receivable		323	68
Other assets	13	8,487	2,984
Purchased loan portfolios	10	98,279	127,392
Purchased loan notes	10	7,224	7,683
Investments in joint ventures at amortised cost	10	43,967	50,773
Inventory	12	17,502	18,856
Total current assets		**211,328**	**268,858**
Total assets		**415,590**	**444,322**
Liabilities			
Non-current liabilities			
Borrowings	20	305,823	305,039
Total non-current liabilities		**305,823**	**305,039**
Current liabilities			
Borrowings	20	79,076	98,504
Secured loan notes	20	12,637	12,145
Trade and other payables	14	10,840	11,792
Other liabilities	14	1,066	1,066
Tax provisions	21	4,677	4,877
Total current liabilities		**108,296**	**128,384**
Total liabilities		**414,119**	**433,423**
Equity			
Share capital	15	1,250	1,250
Retained earnings		221	9,649
Total equity		**1,471**	**10,899**
Total equity and liabilities		**415,590**	**444,322**

The above Unaudited Interim Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023 were approved by the Board of Directors and authorised for issue on its behalf by:

Eric Verret

Director

15 September 2023

Interim Condensed Consolidated Statement of Cash Flows for the Six Months Ended 30 June 2023

	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022
		€000	**€000**
Cash flows from operating activities			
(Loss)/profit before tax		**(9,329)**	**18,930**
Adjustments for:			
Interest income from purchased loan portfolios	10	(15,664)	(19,799)
Interest income from purchased loan notes	10	(444)	(474)
Interest income from joint ventures	10	(6,269)	(5,004)
Fair value movement of investment in joint ventures at FVPL	10	(8,976)	(20,586)
Impairment losses		9,036	1,643
Loss on disposals		7,100	-
Finance costs	7	18,214	12,645
Unrealised foreign currency (gain)/loss	6	(1,784)	851
Share of profit in joint venture accounted for using equity method	11	(10,473)	(1,033)
Share of profit in associate classified as held for sale		-	(812)
Operating cash flows before movements in working capital		**(18,589)**	**(13,639)**
Change in trade and other receivables*		13,398	(36,483)
Change in trade and other payables*		(952)	(179)
Cash generated from operating activities before collections and purchases		**(6,143)**	**(50,301)**
Taxes paid		(622)	(580)
Collections in the period - sale of inventory	10	2,964	5,829
Collections in the period - loans	10	33,639	56,384
Collections in the period - joint ventures	10	6,642	20,412
Acquisition of purchased loan notes	10	(520)	-
Acquisition of joint ventures	10	(9,853)	(35,819)
Net cash generated from/(used in) operating activities		**26,107**	**(4,075)**
Cash flows from financing activities			
Proceeds from borrowings		11,537	21,263
Repayment of borrowings		(33,756)	(10,991)
Repayment of secured loan notes		(1,164)	(1,794)
Finance costs paid		(13,993)	(9,386)
Net cash used in financing activities		**(37,376)**	**(908)**
Net movements in cash and cash equivalents		(11,269)	(4,983)
Cash and cash equivalents at the beginning of the period		18,806	21,438
Cash and cash equivalents at the end of the period		**7,537**	**16,455**

*Movement in working capital is net of accruals and prepayments related to the Notes and the Revolving Credit Facility.
The above Unaudited Interim Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2023

	Share capital	Retained earnings	Total equity
	€000	€000	€000
Balance as at 1 January 2023	**1,250**	**9,649**	**10,899**
Comprehensive loss for the period	-	(9,428)	(9,428)
Balance as at 30 June 2023	**1,250**	**221**	**1,471**

Comparative figures from 1 January to 30 June 2022:

	Share capital	Retained earnings	Total equity
	€000	€000	€000
Balance as at 1 January 2022	**1,250**	**(14,945)**	**(13,695)**
Comprehensive income for the period	-	19,286	19,286
Balance as at 30 June 2022	**1,250**	**4,341**	**5,591**

The above Unaudited Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. General information

AFE S.A. SICAV–RAIF ("AFE", "Fund"), a public limited liability company (société anonyme), was incorporated on 28 June 2017 under the laws of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternatif réservé)* in the form of an investment company with variable capital (*société d'investissement à capital variable*). On 30 September 2022 the fund changed its registered name from AnaCap Financial Europe S.A. SICAV-RAIF to AFE S.A. SICAV-RAIF.

On 28 June 2017, AFE entered into an alternative investment fund management agreement with Carne Global Fund Managers (Luxembourg) S.A. ("Carne") to appoint Carne to be its alternative investment fund manager ("AIFM"). In its capacity as AIFM Carne will perform functions in accordance with AIFM law and reserved alternative investment fund law ("RAIF law"). On 30 September 2022 the AIFM became the portfolio manager and Veld Capital Limited ("Veld") acts as investment advisor to the Portfolio Manager.

The principal activity of AFE and its subsidiaries as listed in note 17 (together, the "Group") is to seek risk adjusted investment returns by acquiring, holding, servicing, and disposing of portfolio investments comprising of loans, leases, or other credit-related obligations, including primarily diversified portfolios of unsecured and secured consumer debts, SME debt, and mortgages, as well as seek opportunities in the direct real estate backed debt market.

The Interim Condensed Consolidated Financial Statements (hereafter the "Financial Statements") are prepared in accordance with IAS34 "Interim Financial Reporting" and do not contain all disclosures required for annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. The principal accounting policies that have been applied to the Financial Statements have been applied consistently throughout the period unless otherwise stated.

The change reflected in these Financial Statements compared to the version approved by the Board of Directors issued on 12 September 2023 is a decrease in Impairment losses of €3,313,000 as disclosed in the Interim Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2023 and Interim Condensed Consolidated Statement of Cash Flows for the Six Months Ended 30 June 2023.

These Financial Statements replace the version issued on 12 September 2023.

Significant changes in the current reporting period

New Investments

During the first half of 2023, AFE made follow on investments of c.€9.9m in existing real estate backed debt investments in France, Italy and the United Kingdom and c.€0.5m in an existing performing loans investment in the Netherlands.

Signed Transactions

Under the business plan of the signed and acquired real estate assets, the Group is expected to fund an additional c.€40.8m for its share of capital expenditure over the next three years.

Market developments

An increasingly challenging economic backdrop relating to persistent inflationary pressures and rising interest rates has developed over 2022 and continued in 2023. The group closely monitors market developments and mitigates risks through regular monitoring of the group's liquidity position and business plan. Whilst the group acknowledges increasing macro risks arising from climate change, no material impact has been assessed on AFE's operations at the reporting date. Additionally, no material impact has been identified from the ongoing war in Ukraine or related sanctions.

2. Adoption of new and amended International Financial Reporting Standards and changes in accounting policies

A number of other new and amended standards became applicable for the current reporting period but did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (effective on annual periods on or after 1 January 2024) clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Other new standards and amendments have been published from IASB but are not yet applicable. The Group do not expect there to be material impact on the Financial Statements due to the adoption of these standards and amendments.

3. Significant accounting policies adopted in the period

There are no new accounting policy adoption or amendments during the period impacting the financial statements.

Notes to the Consolidated Financial Statements (continued)

4. Critical accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Critical judgments in applying accounting policies

The following are the critical judgments that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

The carrying values of non-derivative financial assets and financial liabilities are derived using the forecasted cash flows over the expected life of the underlying instruments. Due to the nature of the business, the expected cash flows are measured using an 84-month rolling expected life from the date of the Interim Condensed Consolidated Statement of Financial Position. An expected life of 84 months has been used as this most appropriately reflects the period over which cash flows are expected to be received based on management experience.

In relation to non-paying accounts, judgments will be made as to which operational strategy is the most appropriate to move the account to paying status, which may include placing these accounts into litigation. Operational factors, that may impact future estimated cash flows, are also considered such as improved collections processes and systems. The Board of Directors also reviews the model on a portfolio basis to take into account external factors, which have impacted historical or will impact future performance and, where necessary, the carrying amount is adjusted to take into account these known factors.

Critical estimates

The following are the key sources of assumption and estimation uncertainty that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Due to the nature of the business, the expected cash flows on financial assets are measured using an 84-month rolling expected life from the date of the Interim Condensed Consolidated Statement of Financial Position. 84-month cash flow forecasts are prepared for each portfolio. For larger balances, these forecasts are manually evaluated and underwritten based on the expected cash flows from reviews of underlying detailed loan documentation and the availability of security against the balance. For smaller balances, these forecasts are generated using statistical models incorporating a number of factors, including predictions of payments, which are informed by customer and account level data, credit agency data and historic experience with accounts which have similar key attributes. Valuations are performed for each individual portfolio in order to assess potential changes in forecasted cash-flows compared to current targets based on underlying macro- economic, credit, behavioural, legal, collateral, and operational cost assumptions driving liquidation performance and ultimate exit value if applicable. Macro-economic assumptions that are incorporated into the forecasts include factors such as GDP growth rates, unemployment rates and inflation. A further key model input is previous payments made by a customer. The assumptions and estimates made are specific to the characteristics of each portfolio.

Given the distressed nature of some of the assets acquired, NPL assets are acquired significantly below the gross book value of the portfolio and are priced at a level that meets the Group's risk-adjusted return targets, with the Group being able to leverage off of both internal expertise within the Group's asset management platform and trusted and established relationships with third parties to support pricing assumptions to ensure that expected credit losses and the full distressed nature of the NPL portfolio are fully baked into pricing at acquisition.

The portfolio cash flow projections are assessed on at least a bi-annual basis where credit loss is assessed at loan level, with adjustments made to future cash flows to reflect any changes to management assumptions on anticipated credit loss for a portfolio.

AFE has deployed capital into real estate investments, the fair value of these investments is determined using discounted cashflow ("DCF") methodology. Valuations are based on analysis of the underlying investments guided by the investment advisor's valuation principles and observable market evidence. Assumptions and estimations are made regarding the discount rate and the timing of cashflows. AFE reassess the assumptions in the DCF methodology on a bi-annual basis.

Changes in estimates

The expected cash flows created from the forecasting models are regularly benchmarked at a portfolio level against actual performance; this informs the decision as to whether a change in carrying value of the portfolio may be required. The estimated future cash flows generated by the above process are the key estimate and judgment in the Financial Statements. When assessing the future cash flows at portfolio level there are many macro level indicators that are considered when building expectations and assumptions. Two of the main drivers behind estimating cash flow forecasts include:

1) time to collect on certain positions. Asset management strategies are tailored to segments or certain positions across the portfolio in order to optimise recoveries. However due to the nature of the majority of the Group's portfolio (non-performing loans) estimating timing of recoveries include various assumptions, including timing to push through judicial cases, timing of foreclosures and other legal processes.

Notes to the Consolidated Financial Statements (continued)

4. Critical accounting judgments and estimates (continued)

Changes in estimates (continued)

2) collateral values. On acquisition of secured debt portfolios, the underlying collateral securing the debt is valued by an independent 3rd party valuer. The asset valuations are reviewed on at least an annual basis and updated as necessary to ensure that the asset price used in the cash flow forecasts fairly reflects the price at which the asset will be sold for based on the Group's best estimates.

A change in the expected future cash flows by +10% would increase the carrying value of financial assets as at 30 June 2023 by €18.3m. A change in the expected future cash flows by -10% would reduce the carrying value of financial assets as at 30 June 2023 by €16.9m.

Following completion of an investment the cash flow forecast is reviewed each quarter for a rolling 84-month period for material movements and a formal full reforecast is undertaken on a loan by loan basis for larger secured positions and a statistical model used for smaller positions every June and December. If any material indicators are identified for any portfolio group, AFE adjusts the corresponding cash flow and a possible impairment charge or revaluation gain may be applied.

Going Concern

The Group continues to actively monitor its liquidity and covenant adherence. The Group's liquidity position remains adequate, with available cash as of the date of signing of the Financial Statements of c.€10.6m. The group has assessed its expected operating performance and liquidity requirements for 2023.

The Group is currently working with advisers to explore options for managing the maturities of the Group's revolving credit facility and senior secured notes and, in connection with such activities, is currently in discussions with its revolving credit facility lenders and certain senior secured notes creditors, and their representatives, regarding various financing options. Assuming a positive outcome from discussions with its lenders, the Board of Directors remain confident that AFE can continue to trade for at least 12 months from the date of signing the Financial Statements and will have sufficient liquidity to manage its operations. Cash management and asset management will be critical throughout the year to help drive performance. AFE's Revolving Credit Facility ("RCF") matures on 31st December 2023.

5. Segmental reporting

The Group represents two reportable segments. The first segment is performing and non-performing loans, the second is real estate backed debt investments. The Group entities are all managed through Luxembourg with subsidiaries and portfolio investments across Europe. The below tables summarise the information in line with the internal reporting.

	As at 30 June 2023	As at 31 December 2022
	€000	€000
Purchased loan portfolios	98,279	127,392
Purchased loan notes	7,224	7,683
Investments in joint ventures	246,266	224,180
Inventory	17,502	18,856
Consolidated Statement of Financial Position		
Total segment assets	415,590	444,322
Total segment liabilities	(414,119)	(433,423)
Segment net assets	**1,471**	**10,899**

The table below represents the total revenue of the Group by geography, excluding revenue derived from real estate:

	Three months ended 30 June 2023	Six months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2022
	€000	€000	€000	€000
- United Kingdom	-	-	(4)	-
- Romania	105	209	182	372
- Poland	505	1,000	604	1,223
- Netherlands	52	87	-	-
- Italy, Spain, Portugal	10,258	21,034	12,045	24,528
Total revenue	**10,920**	**22,330**	**12,827**	**26,123**

Notes to the Consolidated Financial Statements (continued)

5. Segmental reporting (continued)

The table below represents the total revenue of the Group by geography from real estate:

	Three months ended 30 June 2023	Six months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2022
	€000	**€000**	**€000**	**€000**
- United Kingdom	4,690	8,662	-	20,586
- France	1,189	2,244	698	1,343
- Italy	(127)	314	(11)	-
Total revenue	**5,752**	**11,220**	**687**	**21,929**

The table below represents the carrying value of the purchased loan portfolios, purchased loan notes, investments in joint ventures, investments in associates held for sale and inventory by geography, excluding real estate:

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
- Romania	3,510	3,980
- Poland	11,264	13,539
- Netherlands	1,491	1,089
- Italy, Spain, Portugal	150,707	196,034
Total	**166,972**	**214,642**

The table below represents the carrying value of real estate by geography:

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
- United Kingdom	101,616	83,000
- France	77,241	60,137
- Italy	23,442	20,332
Total	**202,299**	**163,469**

The table below represents the 84-month Gross ERC and the 84-month ERC of the Group's Assets by geography, excluding real estate:

	Gross ERC 30 June 2023	ERC 30 June 2023
	€000	**€000**
- Romania	4,419	4,419
- Italy	89,491	89,491
- Spain	93,141	76,052
- Portugal	27,904	25,222
- Poland	15,795	15,795
- Netherlands	2,537	2,537
Total	**233,287**	**213,516**

Notes to the Consolidated Financial Statements (continued)

5. Segmental reporting (continued)

Comparative figures for the period ended 31 December 2022:

	Gross ERC 31 December 2022	ERC 31 December 2022
	€000	€000
- Romania	5,145	5,145
- Italy	113,874	113,874
- Spain	105,083	86,825
- Portugal	43,380	40,496
- Poland	16,449	16,449
- Netherlands	1,695	1,695
Total	**285,626**	**264,484**

The table below represents the 84-month Gross ERC and the 84-month ERC of the Group's real estate Assets by geography:

	Gross ERC 30 June 2023	ERC 30 June 2023
	€000	€000
- United Kingdom	153,456	153,456
- Italy	43,111	43,111
- France	108,655	108,655
Total	**305,222**	**305,222**

Comparative figures for the period ended 31 December 2022:

	Gross ERC 31 December 2022	ERC 31 December 2022
	€000	€000
- United Kingdom	141,870	141,870
- Italy	43,430	43,430
- France	102,764	102,764
Total	**288,064**	**288,064**

Estimated remaining collections ("ERC") represents AFE's estimated remaining collections on the Group's Assets over an 84-month period on an undiscounted basis, excluding any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes (Gross ERC includes this proportionate share). ERC can be attributed to the Group's financial instruments and reconciled as such:

1) Purchased loan portfolios - purchased loan portfolios comprise of different groups of homogenous assets. The carrying value of each purchased loan portfolio group is calculated by discounting future cash flows (Gross ERC) using the EIR method.

2) Purchased loan notes - the Group invests in portfolios held by entities which are not under the control of the Group via loan notes, which gives the Group proportionate rights to the cash flows from the underlying portfolios. The carrying value of each purchased loan note group is calculated by discounting the Groups forecast share of cash flows (ERC less the Group's proportionate share of costs) using the EIR method.

3) Investments in joint ventures measured at amortised cost - Investment in joint ventures are measured at amortised cost where cash flows comprise solely of principal and interest, with an intention to hold to collect and where the Group has joint control over the arrangement. The Group is entitled to its share of the collections of the underlying investment after deduction of collection and overhead costs in the joint venture. The carrying value of each investment in joint venture is calculated by discounting the net collections attributable to the Group using the EIR method.

4) For financial instruments measured at FVPL, the carrying values are calculated by discounting the Groups share of future cash flows using a prevailing market rate, whereas ERC represents the Groups share of estimated remaining collections undiscounted.

Notes to the Consolidated Financial Statements (continued)

6. Other operating expenses and foreign exchange of the Group's Assets

Other operating expenses and foreign exchange losses of the Group's Assets are as follows:

	Three months ended 30 June 2023	Six months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2022
	€000	€000	€000	€000
Management fees	1,437	3,521	1,324	2,753
Directors' fees	39	77	45	88
Legal and professional fees	(149)	90	18	249
Administration fees	292	633	210	526
Audit fees	144	225	279	329
Abort deal fees	-	-	36	36
Depositary charges	7	15	14	29
Staff costs	997	2,441	993	1,929
Other expenses	1,208	2,185	1,217	2,116
Other operating expenses	**3,975**	**9,187**	**4,136**	**8,055**
Realised foreign currency losses/(gains)	(8)	69	(187)	(569)
Unrealised foreign currency (gains)/losses	(652)	(1,784)	364	851
Net foreign currency (gains)/losses	**(660)**	**(1,715)**	**177**	**282**

Staff costs include the total remuneration cost of all employees within the Group during the period. As at 30 June 2023, the Group had 24 employees (30 June 2022: 23). Other expenses include €1.6m borne by the Group from Veld Capital Limited in accordance with the Support Services agreement (see note 16 related party transactions), (Six months ended 30 June 2022 €1.0m from Anacap Financial Partners Limited).

7. Finance costs

	Three months ended 30 June 2023	Six months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2022
	€000	€000	€000	€000
Fees on Revolving Credit Facility	5	8	50	129
Interest on borrowings	1,763	4,087	1,074	2,064
Interest on Senior Secured Notes and related Charges	6,605	12,537	4,260	8,469
Interest expense - secured loan notes	446	887	455	950
Revaluation loss on secured loan notes	695	695	1,033	1,033
Total finance costs - borrowings	**9,514**	**18,214**	**6,872**	**12,645**

8. Taxation

The Group's activities are subject to local income taxes, which are mainly incurred in jurisdictions such as Luxembourg, Spain, Portugal, Romania and UK.

AFE is subject to the Luxembourg subscription tax which is imposed at the rate of 0.01% per annum based on the aggregate Net Asset Value ("NAV") of the Fund at the end of the relevant quarter, calculated and paid quarterly, subject to certain exceptions (e.g. to the extent that the NAV of the Fund is represented by investments made by the Fund in other undertakings for collective investments, which have already borne the Luxembourg subscription tax).

For the period ended 30 June 2023, the Group's tax charge of €0.1m (30 June 2022: tax credit €0.4m) comprised Portuguese and other local tax charges. Further information on the Portuguese tax charges or credits can be found in note 21 'Commitments and contingencies'.

Tax charges or credits in the Financial Statements have been determined based on tax charges or credits recorded in the legal entities comprising the Group in the relevant geographies.

Notes to the Consolidated Financial Statements (continued)

9. Goodwill

As at 30 June 2023, the Group's goodwill amounts to €1.84m (as at 31 December 2022: €1.84m). Goodwill arose in 2018 on the acquisition of 100% of the share capital in a Spanish asset manager, Galata Asset Management S.L.

The Group has reviewed the carrying value of the goodwill in the Financial Statements to determine whether any impairment ought to be recognised. Following an assessment on the current financial performance and position of Galata Asset Management S.L. and a review of its business plan and outlook, the Group is comfortable that no impairment is required.

10. Financial assets

The maturity profile for the Group's financial assets (excluding cash and trade receivables) is as follows:

	As at 30 June 2023	As at 31 December 2022
	€000	€000
Expected falling due after one year:		
Purchased loan portfolios	38,790	71,104
Purchased loan notes	2,768	3,187
Investments in joint ventures at amortised cost	80,722	83,806
Investments in joint ventures at FVPL	74,221	66,036
Total	**196,501**	**224,133**
Expected falling due within one year:		
Purchased loan portfolios	59,489	56,288
Purchased loan notes	4,456	4,496
Investments in joint ventures at amortised cost	12,966	12,387
Investments in joint ventures at FVPL	17,755	14,025
Total	**94,666**	**87,196**

The movements in purchased loan notes in the period were as follows:

	As at 30 June 2023
	€000
Purchased loan notes as at beginning of period	7,683
Loan notes acquired during the period	619
Interest income from purchased loan notes	444
Collections in the period	(696)
Impairment loss	(826)
Purchased loan notes at the end of the period	**7,224**

Purchased loan notes represent the interests of the Group in investment vehicles (or compartments in these investment vehicles) where the Group does not exercise control, with each vehicle/compartment holding a single underlying loan portfolio. The Group has exposure to the underlying portfolios by way of purchasing notes issued by these entities as a mechanism to fund the original purchase of the loan portfolios and thereafter to distribute cash generated on loan collections. Purchased loan notes in the Unaudited Condensed Consolidated Statement of Financial Position represent the Group's total interest in these entities measured at amortised cost, using the EIR method.

Seasonal factors, including the number of working days in a given month, the propensity of customers to take holidays at particular times of the year, annual cycles in disposable income as well as seasonal interruptions of court calendars can impact collections. Collections within portfolios tend to have high seasonal variances, resulting in high variances of collections between periods. In addition, the timing of asset acquisitions by the Group is likely to be uneven during the fiscal year which can lead to fluctuations in collections and carrying values of the Group's Assets between periods. Typically, the last quarter in the fiscal year sees strong collections and capital deployment as judicial matters are settled and selling banks prepare for year-end close.

10. Financial assets (continued)

The movements in purchased loan portfolios in the period were as follows:

	As at 30 June 2023
	€000
Purchased loan portfolios as at beginning of period	127,392
Interest income from purchased loan portfolios	15,664
Collections in the period - sale of inventory	(2,964)
Collections in the period - loans	(20,230)
Collections in the period - derecognition on sale *	(7,382)
Impairment **	(2,966)
Loss on disposal	(7,100)
Add: movement in inventory and other receivables	(4,135)
Purchased loan portfolios at the end of the period	**98,279**

* Includes €7.4m proceeds from asset sales in June 2023. The proceeds from these sales were recognised as collections in the year – derecognition on sale.
** The impairment arose on lower expected auction values.

The movements in investments in joint ventures at amortised cost in the period were as follows:

	As at 30 June 2023
	€000
Joint ventures at amortised cost as at beginning of period	96,193
Investments acquired in joint ventures at amortised cost	2,741
Interest income from joint ventures	6,269
Collections in the period	(6,609)
Collections in the period - derecognition on sale	(33)
Impairment *	(5,244)
Reclassification	(283)
Net foreign currency gain	654
Joint ventures at amortised cost at the end of the period	**93,688**

* The impairment arose on lower expected auction values.

The movements in investments in joint ventures at FVPL in the period were as follows:

	As at 30 June 2023
	€000
Loans to joint ventures at FVPL as at beginning of period	80,061
Investment in loans to joint ventures at FVPL	5,192
Collections in the period	(5,331)
Movement in fair value	8,976
Net foreign currency gain	3,078
Loans to joint ventures at FVPL at the end of the period	**91,976**

Where a contractual arrangement gives the Group and another party collective control of the arrangement, and where unanimous consent is required for both strategic and financial decision making, the arrangement is deemed to be jointly controlled. As such the transactions are deemed to be joint ventures and have been accounted for as such. Investments in joint ventures in the Unaudited Interim Condensed Consolidated Statement of Financial Position represent the Group's total interest in these entities.

As at 30 June 2023, the carrying value of investments in joint ventures at FVPL is €92.0m (31 December 2022: €80.1m).

Notes to the Consolidated Financial Statements (continued)

11. Participation in joint ventures

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
Participation in joint ventures at the beginning of the period	47,926	11,956
Participation acquired during the period	1,919	27,622
Reclassification	284	-
Share of net profit of joint ventures using equity method	10,473	8,348
Participation in joint ventures at the end of the period	**60,602**	**47,926**

The share of net profit is the fair value gain attributable to AFE's economic interest in the equity participation in joint ventures of the group.

12. Inventory

Inventory comprises collateral assets, mainly real estate, repossessed as part of the management of secured non-performing loan portfolios. All inventory within the Group is held through real estate owned companies ("REOCOs") in the jurisdiction in which the asset resides.

The following table shows the movements in inventory during the period:

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
Opening inventory	18,856	22,707
Re-possessions	1,641	7,871
Disposals	(2,995)	(11,722)
Closing balance at the end of the period	**17,502**	**18,856**

13. Trade and other receivables

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
Collections receivable	12,795	27,338
Other receivables *	15,214	14,958
Other assets	8,487	2,984
Total	**36,496**	**45,280**

*Includes €7.6m provided as a cash guarantee.

Collections receivable relate to amounts held by servicers which are owed to the Group. Other receivables include prepaid expenses in relation to fees incurred in obtaining the revolving credit facility and set up costs of the master servicing platform, as well as VAT receivable, prepayments, deposits on signed transactions and cash guarantees. Other assets include advances made by REOCOs for properties which are held as a receivable until all legal documentation is in place confirming the asset title has transferred to the REOCO.

14. Trade and other payables

		As at 30 June 2023	As at 31 December 2022
	Notes	**€000**	**€000**
Trade payables		1,574	558
Deferred and contingent consideration		1,066	1,066
Amounts due to related parties	16	3,355	7,310
Accrued expenses		5,911	3,924
Total trade and other payables		**11,906**	**12,858**

Notes to the Consolidated Financial Statements (continued)

15. Share capital

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
Share capital at 1 January 2023	1,250	1,250
Total share capital at 30 June 2023	**1,250**	**1,250**

There are 1,250k Class A shares in issue, which were fully issued for a total amount of €1,250k. These shares were fully subscribed to by AFE Holding SCSp SICAV-RAIF, its sole shareholder.

16. Related party transactions

Management fees

The AIFM is entitled to receive a management fee on a quarterly basis, based on 1.75% of AFE's NAV (as defined in the Offering Memorandum, pro-rated for the number of days in each period), which includes fees payable to Veld Capital Limited, acting as Portfolio Manager since 30 September 2022. The management fee for the reporting period was €3,521k, all of which has been fully paid.

The management fee for the six months ended 30 June 2022 was €2,753k (€2,671k paid to AnaCap Investment Management Limited, acting as Portfolio Manager until 30 September 2022 and €82k paid to Carne Global Fund Managers (Luxembourg) S.A. in relation to management company services).

Master servicing income

During the period the Group recognised €0.4m, €1.2m and €0.2m of income from the Veld Credit Opportunities III L.P. (formerly AnaCap Credit Opportunities III L.P.), Veld Credit SCSp SICAV RAIF (formerly AnaCap Credit SCSp SICAV RAIF), and Veld Real Estate Co-Invest L.P. (formerly AnaCap Veld Real Estate Co-Invest L.P.) fund structures respectively in relation to master servicing activities provided by the Group to each fund structure (six months ended 30 June 2022: €0.4m, €1.2m and €0.3m respectively).

Fees payable to Veld Luxembourg S.à r.l.

During the period, the Group incurred charges of €31k (six months ended 30 June 2022: €63k) to Veld Luxembourg S.à r.l. (formerly AnaCap Luxembourg S.à r.l.) in relation to support functions and services provided to the master servicing platform.

Fees payable to Veld Capital Limited

During the period, the Group incurred charges of €1,602k (six months ended 30 June 2022: €nil) to Veld Capital Limited in relation to support functions and services provided to the Group. This includes central functions, HR, office rent and staff costs, €1,109k of which has been fully paid.

Notes to the Consolidated Financial Statements (continued)

16. Related party transactions (continued)

	As at 30 June 2023	As at 31 December 2022
	€000	€000
Due to related parties		
Carne Global Fund Managers (Luxembourg) S.A.	78	-
Veld Credit SCSp SICAV RAIF	991	4,320
Veld Capital Limited	493	645
AnaCap Financial Partners Limited	-	607
Alpha Credit Solutions 7 S.à r.l.	78	-
Prime Credit Solutions 4 S.à r.l.	15	15
Prime Credit Solutions 19 S.à r.l.	1,700	1,700
AFE Holdings SCSp SICAV RAIF	-	23
Total	**3,355**	**7,310**

Directors' fees

Each of the Group entities has a Board of Directors who receives Directors' fees on a fixed basis. The table below shows the payment to the Directors during the period and the balances due to them at the end of the period.

	Three months ended 30 June 2023	Six months ended 30 June 2023	Three months ended 30 June 2022	Six months ended 30 June 2022
	€000	€000	€000	€000
Fees charged				
Directors' fees	39	77	45	88
Total fees charged during the period	**39**	**77**	**45**	**88**

	As at 30 June 2023	As at 31 December 2022
	€000	€000
Fees payable		
Directors' fees payable	59	73
Directors' fees payable at the end of the period	**59**	**73**

Notes to the Consolidated Financial Statements (continued)

17. Investments in subsidiaries and controlled entities

Details of the Group's subsidiaries and controlled entities are as follows:

	Place of incorporation	Ownership % as at 30 June 2023	Ownership % as at 31 December 2022	Current status
ACOF II Portugal Limited	Guernsey	100%**	100%**	Active
AFE Spain Limited	Guernsey	100%	100%	Active
Veld Asset Solutions S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Holdings S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Holdings 3 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Holdings 7 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Solutions 1 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Solutions 2 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Solutions 4 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Solutions 5 S.à r.l.	Luxembourg	100%	100%	Active
Alpha Credit Solutions 6 S.à r.l.	Luxembourg	100%	100%	Active
Veld Asset Solutions Limited	United Kingdom	100%	100%	Active
Aurora Reo S.r.l.	Italy	100%	100%	Active
Aurora SPV S.r.l.*	Italy	0%	0%	Active
Augustus SPV S.r.l.*	Italy	0%	0%	Active
Veld Asset Solutions Italy S.r.l.	Italy	100%	100%	Active
Mountrock S.L.U.	Spain	100%	100%	Active
Prime Credit 3 S.à r.l.	Luxembourg	100%	100%	Active
Prime Credit 6 S.à r.l.	Luxembourg	100%	100%	Active
Prime Credit 7 S.à r.l.	Luxembourg	100%	100%	Active
Sagres Holdings Limited*	Malta	0%	0%	Active
Silview S.L.U.	Spain	100%	100%	Active
Tiberius SPV S.r.l.*(Compartments 1-4)	Italy	0%	0%	Active
Tiberius III REOCO S.R.L	Italy	100%	100%	Active
Thor SPV S.r.l.*	Italy	0%	0%	Active
Belice ITG, S.L.U.	Spain	100%	100%	Active
Veld Asset Solutions, S.L.U.	Spain	100%	100%	Active
Galata Asset Management, S.L.	Spain	100%	100%	Active
Episódio Válido - S.A.	Portugal	100%	100%	Active
Atticus STC, S.A.	Portugal	100%	100%	Active
Átila, Unipessoal LDA	Portugal	100%	100%	Active
APM 2 sp. Z.o.o.	Poland	60%	60%	Active

As of 30 June 2023 the Group had 24 employees spread across 4 different subsidiaries:

- Veld Asset Solutions Limited: 5 (2022: 5)
- AFE Asset Solutions S.a r.l.: 1 (2022: 2)
- Galata Asset Management, S.L: 11 (2022: 13)
- Atila, Unipessoal LDA: 7 (2022: 6)

* In accordance with IFRS 10 these entities have been deemed to be under the control of the Group and have therefore been consolidated in the Financial Statements. IFRS 10 determines there to be control when the Group is exposed to the majority of the variable returns and has the ability to affect those returns through power over an investee.

** Represents 100% ownership and 100% of the voting and controlling rights of the A shares. A co-investor owns the B shares in ACOF II Portugal Limited, but the B shares have no voting or controlling rights. Both the A shares and the B shares track the Portuguese Group Assets, through inter-company funding loan notes and equity.

Notes to the Consolidated Financial Statements (continued)

18. Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligations.

The Group's principal activity is the acquisition and monetisation of pools of non-performing loan portfolios and is therefore subject to significant counterparty risk. Most of the loan portfolios are purchased at a deep discount and hence are impaired by nature at acquisition and classified as POCI (Purchased or Originated Credit-Impaired) financial assets. Subsequent to acquisition the expected cash flows are regularly benchmarked against actual performance and market and proprietary data which in turn leads to a revision up or down to the estimated remaining collections that forms the basis for the carrying value estimation at the reporting date. The carrying value estimation also takes into account collaterals, whenever applicable. Further details of the forecasting process are given in note 4.

The below table shows how the Group's financial assets can be classified into different stages and a reconciliation from the opening balance to the closing balance of the loss allowance:

Financial instrument	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	€'000	€'000	€'000	€'000	€'000
Purchased loan portfolios	-	-	-	188,455	188,455
Purchased loan notes	8,519	-	-	-	8,519
Investments in joint ventures at amortised cost	102,691	-	-	-	102,691
Gross carrying amount	111,210	-	-	188,455	299,665
Loss allowance	(10,298)	-	-	(90,176)	(100,474)
Carrying amount	**100,912**	**-**	**-**	**98,279**	**199,191**

Comparative figures for the year ended 31 December 2022:

Financial instrument	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	€'000	€'000	€'000	€'000	€'000
Purchased loan portfolios	-	-	-	207,502	207,502
Purchased loan notes	8,152	-	-	-	8,152
Investments in joint ventures at amortised cost	99,952	-	-	-	99,952
Gross carrying amount	108,104	-	-	207,502	315,606
Loss allowance	(4,228)	-	-	(80,110)	(84,338)
Carrying amount	**103,876**	**-**	**-**	**127,392**	**231,268**

19. Valuation of financial assets, liabilities and other instruments

The fair value hierarchy, fair value and book value of financial assets and financial liabilities of the Group are set out below (the below analysis does not include inventory as this is not considered a financial asset under IFRS):

Financial assets	Fair value hierarchy	Fair Value 30 June 2023	Book value 30 June 2023
		€000	€000
Purchased loan portfolios*	Level 3	89,616	98,279
Purchased loan notes	Level 3	7,616	7,224
Investments in joint ventures at amortised cost	Level 3	92,088	93,688
Investments in joint ventures at FVPL	Level 3	91,976	91,976
Cash and cash equivalents	Level 2	7,537	7,537
Trade and other receivables	Level 2	28,009	28,009
Total		**316,842**	**326,713**

Notes to the Consolidated Financial Statements (continued)

19. Valuation of financial assets, liabilities, and other instruments (continued)

Financial liabilities	Fair value hierarchy	Fair Value 30 June 2023	Book value 30 June 2023
		€000	€000
Senior Secured Notes	Level 1	214,214	310,051
Revolving Credit Facility	Level 2	74,848	74,848
Secured loan notes	Level 3	12,637	12,637
Trade and other payables	Level 2	10,840	10,840
Total		**312,539**	**408,376**

Comparative figures as at 31 December 2022:

Financial assets	Fair value hierarchy	Fair Value 31 December 2022	Book value 31 December 2022
		€000	€000
Purchased loan portfolios*	Level 3	108,357	127,392
Purchased loan notes	Level 3	7,413	7,683
Investments in joint ventures at amortised cost	Level 3	94,399	96,193
Loan to joint venture at FVPL	Level 3	80,061	80,061
Cash and cash equivalents	Level 2	18,806	18,806
Trade and other receivables	Level 2	42,296	42,296
Total		**351,332**	**372,431**

Financial liabilities	Fair value hierarchy	Fair Value 31 December 2022	Book value 31 December 2022
		€000	€000
Senior Secured Notes	Level 1	262,928	308,520
Revolving Credit Facility	Level 2	88,518	88,518
Term Facility	Level 2	6,505	6,505
Secured loan notes	Level 3	12,145	12,145
Trade and other payables	Level 2	11,792	11,792
Total		**381,888**	**427,480**

* The fair value of purchased loan portfolios is net of amounts owing to secured loan note holders and the term facility, whereas the book value of purchased loan portfolios is gross of amounts owing to secured loan note holders.

For the Group, the carrying value of financial assets and financial liabilities is considered to be the best estimate of fair value, with the exception of purchased loan portfolios, purchased loan notes, investments in joint ventures and secured loan notes.

The fair values of financial assets accounted for at amortised cost are calculated using the discounted cash flow method, with discount rates applied accurately reflecting the economic environment and prevailing market conditions as at 30 June 2023. The book values of these assets are calculated using EIR accounting where the EIR remains fixed.

The three main influencing factors in calculating the fair value of purchased loan portfolios, purchased loan notes and investments in joint ventures are: (i) gross collections forecast, (ii) the cost level, and (iii) the market discount rate. On a quarterly basis, the Group assesses net collection forecasts for all portfolios and discounts the forecasts to present value, which serves as the basis for calculating the reported fair value for each portfolio.

The Group has gained considerable experience from the many portfolio transactions in which it has participated in or has knowledge providing the expertise to estimate a market discount rate. The discount rate corresponding to the market's required return is updated on a bi-annual basis (or on a quarterly basis if the change is considered material) and reflects actual return on relevant and comparable transactions in the market.

Fair value estimation

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Notes to the Consolidated Financial Statements (continued)

19. Valuation of financial assets, liabilities, and other instruments (continued)

Fair value estimation (continued)

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted market prices within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group measures certain loan investments into joint venture vehicles at FVPL. Investments which are classified at FVPL are classified at level 3, with the investments valued using the discounted cash flow model technique. The valuations of these investments/assets are performed by the Investment Advisor, Veld, on at least a bi-annual basis, with the valuations subsequently approved by Carne as Portfolio Manager.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, using prices from observable current market transactions and dealer quotes for similar instruments and unobservable inputs such as historic performance data.

The Unaudited Interim Condensed Consolidated Statement of Financial Position value of the Group's Assets is derived from discounted cash flows generated by an 84-month ERC model. The inputs into the ERC model are historic portfolio collection performance data. This ERC is updated with the core collections experience to date on a monthly basis. The Group has an established control framework with respect to the measurement of the Group's Assets values. This includes regular monitoring of portfolio performance overseen by the Group, which considers actual versus forecast results at an individual portfolio level and re-forecasting cash flows on a 3-6 monthly basis.

Derivative financial instruments are initially recognised, and subsequently measured, at fair value. The fair values of derivative instruments are calculated using quoted prices. Borrowings are initially measured at fair value and are subsequently measured at amortised cost, there have been no movement between levels.

For loans to joint ventures measured at FVPL whose value is determined by the fair value changes underlying real estate assets held by the joint venture, the following key factors are critical when assessing future cash flows and the fair value of the asset:

1) The forecast sales price of the real estate assets

2) The forecast date of sale of the real estate assets

When assessing these factors, the Investment Advisor will look at the following factors to help support its assumptions used on future cash flows:

1) Market conditions and prevailing market prices for similar properties in the same location and exit prices achieved

2) Yields achieved in the market for similar assets in the same location

3) Tenancy rates and the impact prevailing market conditions may have on this (e.g. inflation)

For assets whose fair value is linked to the performance of real estate investments, a 10% reduction to sales price would have a €24.8m impact to the carrying value as of 30 June 2023, and a 12 month delay in forecast exit dates would have a €56.9m impact to the carrying value as of 30 June 2023.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, using prices from observable current market transactions and dealer quotes for similar instruments and unobservable inputs such as historic performance data.

Notes to the Consolidated Financial Statements (continued)

19. Valuation of financial assets, liabilities, and other instruments (continued)

The carrying values of the Term Facility, Revolving Credit Facility and Secured Loan Notes are reasonable approximation of their fair values. The fair value of the Senior Secured Notes was determined using the quoted market price at Euro MTF Market of Luxembourg Stock Exchange (Level 1) as at 30 June 2023 €214.2m (as at 31 December 2022: €262.9m).

A reconciliation of the closing balances for the year of the purchased loan portfolios, purchased loan notes and investments in joint ventures can be seen in note 10.

The Group did not hold any other financial instruments not measured at fair value for which a fair value needs to be calculated in the period.

20. Borrowings and facilities

	As at 30 June 2023	As at 31 December 2022
	€000	**€000**
Expected falling due after one year		
Senior Secured Notes	305,823	305,039
Secured loan notes	6,665	10,223
Total	**312,488**	**315,262**
Expected falling due within one year		
Revolving Credit Facility	74,848	88,518
Term Facility	-	6,505
Senior Secured Notes	4,228	3,481
Secured loan notes	5,972	1,922
Total	**85,048**	**100,426**

Secured loan notes represent amounts owed to external parties which invest in portfolios held by entities which are under the control of the Group via subscriptions to secured loan notes and shares issued by entities within the Group. The secured loan notes in the above table are carried at amortised cost using the EIR method.

On 21 July 2017 AFE issued Senior Secured Floating Rate Notes for a value of €325.0m (the "Notes"). The Notes will mature on 1 August 2024, and at any time on or after 1 August 2019 AFE may redeem all or a portion of the Notes. Interest is charged at annual interest rate of 5.00% plus EURIBOR (subject to 0% floor). On 3 May 2019 AFE repurchased Senior Secured Notes with a nominal value of €10.0m with a carrying value per the Financial Statements of c.€9.8m for a total consideration of c.€9.0m. On 25 June 2019 AFE repurchased Senior Secured Notes with a nominal value of €7.5m with a carrying value per the Financial Statements of c.€7.4m for a total consideration of c.€6.5m. On repurchase the Senior Secured Notes were cancelled with immediate effect.

The Notes are guaranteed on a senior secured basis (the "Guarantees") by ACOF II Portugal Limited, AFE Spain Limited, Alpha Credit Holdings S.à r.l., Alpha Credit Solutions 1 S.à r.l., Alpha Credit Solutions 4 S.à r.l., Prime Credit 3 S.à r.l., Prime Credit 6 S.à r.l. and Prime Credit 7 S.à r.l. (together, the "Guarantors") and the Facility is guaranteed by the Guarantors and by AFE.

AFE's and the Guarantors' obligations are secured on a first-ranking basis, (i) the outstanding capital stock of AFE that is held by its direct parent, AFE Holdings SCSp SICAV-RAIF, (ii) all capital stock of each of the Guarantors that is owned by AFE or another Guarantor, (iii) certain bank accounts of AFE and of the Guarantors and (iv) receivables from certain inter-company loan notes and securitisation notes that are held by AFE and by one of the Guarantors and receivables from a participation agreement due to another of the Guarantors.

The assets of the Group, excluding amounts owing to secured loan note holders, have been pledged as security for the Senior Secured Notes, the Super Senior Revolving Credit Facility, and the Term Facility. For the period ended 30 June 2023 the Group remained compliant with all covenants outlined on the Senior Secured Notes and the Super Senior Revolving Credit Facility.

As at 30 June 2023 AFE had a €75.0m (2022: €90.0m) Super Senior Revolving Credit Facility available to use to help facilitate its working capital requirements (the "Facility"). Interest accrues on the Facility at a rate of 3.50% p.a. plus Euribor for amounts drawn (the "Margin"), with commitment fees being 35% of the Margin. As at 30 June 2023, €74.8m (31 December 2022: €88.5m) had been drawn as a loan from the Facility. The total amount available to draw upon as at 30 June 2023 is equal to €0.2m (31 December 2022: €1.5m). The Revolving Credit Facility ("RCF") maturity date has been extended to 31 December 2023.

Notes to the Consolidated Financial Statements (continued)

20. Borrowings and facilities (continued)

In accordance with the Facility agreement, AFE is required to ensure that at each quarter end date i) the LTV Ratio does not exceed 0.75:1 and ii) the SSRCF LTV Ratio does not exceed 0.25:1. As at 30 June 2023, the LTV Ratio was 71.1% and the SSRCF LTV Ratio was 12.9%.

On 17 January 2020, Alpha Credit Solutions 6 S.a r.l. ("ACS6") upsized the Term Facility by €6.3m, increasing the total Term Facility available to draw on to €31.3m, due to mature 17 July 2023. The facility was repaid in full on 30 May 2023 (31 December 2022: €6.5m had been drawn). Interest accrues at a rate equal to the Margin and EURIBOR.

The Board of Directors remain confident that all liabilities and obligations of the Group will be met for a period of at least 12 months from the date the Financial Statements are signed.

21. Commitments and contingencies

Portuguese tax liability

On 14 January 2021, the Group received a notification issued by the Portuguese Tax Authorities ("PTA") referring to tax audit proceedings in relation to the Portuguese assets held within the Group for the financial years 2016 – 2018. This notification has been expected in light of the Portuguese tax charge that was settled in 2018 relating to financial years 2013 – 2015. A settlement of €0.3m was made in relation to this notification in 2022.

The total tax provision reflected in the Financial Statements as at 30 June 2023 is €4.7m (31 December 2022: €4.9m).

Real estate investments

Under the business plan of the signed and acquired real estate assets, as at 30 June 2023, the Group is expected to fund c.€40.8m (c.€39.5m as at 31 December 2022) for its share of acquisition cost and capital expenditure over the next three years.

22. Ultimate parent entity

The ultimate parent entity of the Group is Veld Offshore LLP.

23. Subsequent events

Signed and Completed transactions

During the period from 30th June 2023 to the signing of the interim condensed consolidated annual report AFE made follow on investments in existing real estate backed debt investments for an aggregate amount of c.€1.8m and received collections of €11.9m, including the lagging collection.

On 4th September 2023, AFE signed a promissory sale agreement for a French real estate asset, following the successful achievement of development milestones. The sale is expected to close in Q4 2023 and to crystalise c.2.00x gross money multiple.

24. Adjusted EBITDA and Normalised EBITDA

Adjusted and Normalised EBITDA is the profit before interest, tax, depreciation, amortisation, non-recurring items, foreign exchange gains or losses and share of associates profit or loss. Revenue and costs on purchased loan portfolios, purchased loan notes, investments in joint ventures and secured loan notes that are calculated using the EIR method or at fair value are also replaced with actual cash collections in the period. Collections in the period represent cash received by the Group and/or the servicers engaged by the Group within that year and include deferred consideration on a received basis.

Normalised EBITDA eliminates the impact of portfolio disposals.

The Adjusted EBITDA and Normalised EBITDA reconciliations for the relevant periods are shown below.

Notes to the Consolidated Financial Statements (continued)

24. Adjusted EBITDA and Normalised EBITDA (continued)

Reconciliation of profit before tax to Normalised and Adjusted EBITDA:

	Six months ended 30 June 2023	Six months ended 30 June 2022
	€000	**€000**
(Loss)/profit before tax	**(9,329)**	**18,930**
Finance costs	18,214	12,645
Share of profit in associate and joint ventures	(10,473)	(1,845)
Net foreign currency movements	(1,715)	282
Impairment loss	9,036	1,643
Loss on disposal	7,100	-
Proceeds from portfolio disposals	7,415	1,111
Collections from portfolios	35,830	81,514
Revenue	(33,550)	(48,052)
Other income	2,197	2,189
Cash collected on behalf of secured loan noteholders	(1,090)	(1,507)
Adjusted EBITDA	**23,635**	**66,910**
Less assets disposals	(7,415)	(1,111)
Normalised Adjusted EBITDA	**16,220**	**65,799**

Reconciliation of net cash used in operating activities to Normalised and Adjusted EBITDA:

	Six months ended 30 June 2023	Six months ended 30 June 2022
	€000	**€000**
Net cash generated from/(used in) operating activities	**26,107**	**(4,075)**
Portfolio acquisitions	10,373	35,819
Taxation paid	622	580
Cash collected on behalf of secured loan noteholders	(1,090)	(1,507)
Working capital adjustments	(12,446)	36,662
Realised foreign currency losses/(gains)	69	(569)
Adjusted EBITDA	**23,635**	**66,910**
Less assets disposals	(7,415)	(1,111)
Normalised Adjusted EBITDA	**16,220**	**65,799**

Reconciliation of core collections to Normalised and Adjusted EBITDA:

	Six months ended 30 June 2023	Six months ended 30 June 2022
	€000	**€000**
Core Collections in the period	**35,830**	**81,514**
Proceeds from portfolio disposals	7,415	1,111
Other income	2,197	2,189
Operating expenses	(35,138)	(18,322)
Net foreign currency movements	(1,715)	282
Impairment loss	9,036	1,643
Loss on disposal	7,100	-
Cash collected on behalf of secured loan noteholders	(1,090)	(1,507)
Adjusted EBITDA	**23,635**	**66,910**
Less assets disposals	(7,415)	(1,111)
Normalised Adjusted EBITDA	**16,220**	**65,799**