AnaCap Financial Europe S.A. SICAV-RAIF

Unaudited Interim Condensed Consolidated Financial Statements
For the Quarter Ended 31 March 2021

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General Information

Fund

AnaCap Financial Europe S.A. SICAV-RAIF
Since 24 January 2020:
412F, route d' Esch
L-2086 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B216080

Board of Directors

- Audrey Lewis;
- Christopher Ross-Roberts;
- Edward Green;
- Eric Verret (appointed 1 January 2021);
- Yazid Oudina.

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

- Bill Blackwell;
- John Alldis;
- John Donohue;
- David McGowan;
- Veronica Buffoni;
- Martin Dobbins.

Portfolio Manager

AnaCap Investment Manager Limited
Ground Floor, Cambridge House, Le Truchot
St Peter Port
Guernsey GY1 1WD

Board of Directors of the Portfolio Manager

- David Copperwaite;
- Nigel Ward;
- Peter Niven;
- Gregory McKenzie;

Administrative Agent

IQ EQ Fund Services (Luxembourg) S.A.
412F, Route d'Esch
L-2086 Luxembourg

Depositary

RBS International Depositary Services S.A.
Luxembourg Branch
The Square, Building A – 40 Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Auditor

PricewaterhouseCoopers
2, rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg

Investment Advisor

AnaCap Financial Partners Limited
1 Stephen Street
Fitzrovia
London W1T 1AL

Directors' Report

The Directors of AnaCap Financial Europe 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 2021 to 31 March 2021. The Financial Statements incorporate the assets, liabilities, revenue, and expenses of the Group.

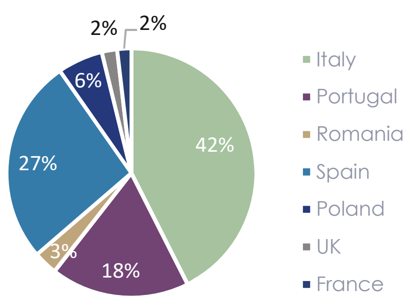
Business Overview

AFE purchases and invests in a diverse range of 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, and mortgage debt, including portfolios that are a mix of these assets. The Directors believe this ability is a key competitive advantage in originating new investment opportunities and further penetrating its current markets and unlocking new ones, providing it with the opportunity to generate strong returns on an ongoing basis. During the first quarter of 2021, AFE continued to source and originate new opportunities in the direct real estate market having successfully executed €1.9m direct real estate transactions in UK and €0.5m in France.

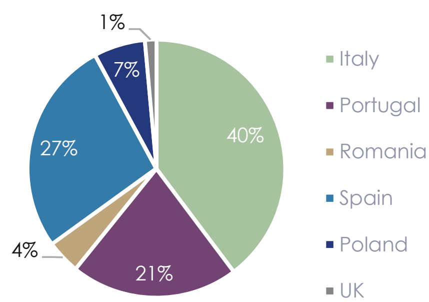
In its debt investment portfolio, AFE has a diverse portfolio of seasoned and granular consumer, SME and mortgage debt which is differentiated among debt purchasers in the level of diversification across borrowers, asset types and geographies, as well as with its significant collateral backing.

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 31 March 2021. Geographic diversity provides resilience to economic cycles in any one country and local market trends and combined with the asset diversity provides access to a greater investment opportunity set.

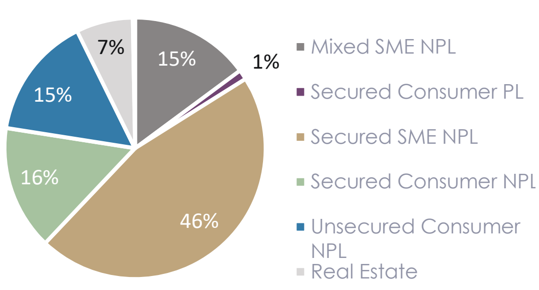
€460.5 million 84-month ERC by geography
31 March 2021



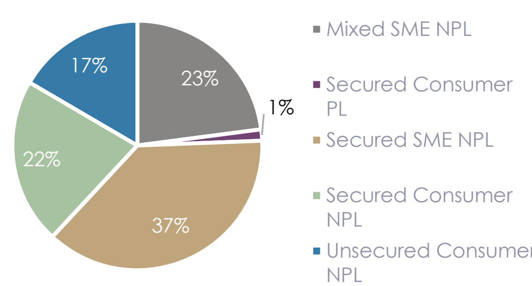
€496.4 million 84-month ERC by geography
31 March 2020



€460.5 million 84-month ERC by asset type
31 March 2021



€496.4 million 84-month ERC by asset type
31 March 2020



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 three-months periods ended 31 March 2021 and 31 March 2020. 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.

		Quarter ended 31 March 2021	Quarter ended 31 March 2020	% change
84-month ERC (€'000s)	1	460,518	496,363	-7.2%
84-month Gross ERC (€'000s)	2	488,460	527,031	-7.3%
Cumulative purchases of loan portfolios and loan notes (€'000s)	3	619,520	598,220	3.6%
Number of investments	4	40	30	33.3%
Number of accounts	5	209,761	217,913	-3.7%
Total attributable collections (€'000s)	6	18,594	20,158	-7.8%
Total gross collections (€'000s)	7	17,711	19,687	-10.0%
Core collections (€'000s)	8	17,711	19,687	-10.0%
Operating expenses (€'000s)	9	7,603	6,797	11.9%
Core collection cost ratio	10	42.9%	34.5%	24.3%
Adjusted EBITDA (€'000s)	11	10,645	12,589	-15.4%
Normalised Adjusted EBITDA (€'000s)	12	10,645	12,589	-15.4%

(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 direct real estate acquisitions 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 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, 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 portfolios 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, net foreign currency losses/(gains), impairment of the Group's Assets, disposals and

Directors' Report (continued)

Key Performance Indicators (continued)

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.

(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 €673 million has been deployed through acquisitions of and investments in 45 portfolios with an aggregate face value of €13 billion. Since 2012, 5 portfolios have been fully sold. As of 31 March 2021, the portfolios held by AFE had an aggregate face value of €10.5 billion following the historical sale of deals with a face value of €2.5 billion, with an 84-month ERC of €460.5 million.

Portfolios purchased in the period ended:	Purchase price (13)	Actual collections to 31 March 2021	84-month ERC	Total estimated collections (14)	Gross money multiple (15)
	€000	€000	€000	€000	
Year ended 31 December 2012	75,084	168,748	19,295	188,043	2.5x
Year ended 31 December 2013	77,386	140,439	27,593	168,032	2.2x
Year ended 31 December 2014	59,025	120,221	19,143	139,364	2.4x
Year ended 31 December 2015	47,806	50,973	22,131	73,104	1.5x
Year ended 31 December 2016	125,617	156,217	95,379	251,596	2.0x
Year ended 31 December 2017	65,017	81,556	31,805	113,361	1.7x
Year ended 31 December 2018	161,507	96,625	148,051	244,676	1.5x
Year ended 31 December 2019	36,265	10,081	51,063	61,144	1.7x
Year ended 31 December 2020	21,020	1,878	39,260	41,138	2.0x
Period ended 31 March 2021	4,028	110	6,798	6,908	1.7x
Total	**672,755**	**826,848**	**460,518**	**1,287,366**	**1.9x**

(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 31 March 2021 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, and excluding unamortised debt issue costs, facility fees and amounts due to co-investors under secured loan notes.

		Quarter ended 31 March 2021 €000
Borrowings:	The Notes	307,500
	Revolving Credit Facility	15,955
	Term Facility	25,118
Less:	Cash at bank	(14,432)
	Cash held on AFE's account at servicers'	(4,596)
	Less cash deposits paid	(942)
Add back:	Cash collected on behalf of secured loan note holders	221
Net debt		**328,824**

LTV ratio at period end	16	71.4%
Adjusted EBITDA leverage ratio	17	6.42
LTM Adjusted EBITDA	18	51,218
Net interest expense	19	18,127
Fixed charge cover ratio ("FCCR")	20	2.83

(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 31 March 2021. During December 2020 the Group successfully sold the remaining portion of a legacy portfolio for c.€2m, crystallizing a c.€1.1m gain on book value. Excluding this sale results in a Normalised Adjusted EBITDA leverage ratio of 6.68.

(18) LTM Adjusted EBITDA means Adjusted EBITDA for the 12 months ended 31 March 2021.

(19) Net interest expense means interest expense on total debt for the 12 months ended 31 March 2021.

(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:

		Quarter ended 31 March 2021 €000
Borrowings:	The Notes	307,500
	Unamortised discount on issuance of the Notes	(924)
	Unamortised transaction fees	(4,136)
	Per Financial Statements (non-current liability)	302,440
	Interest payable at 31 March 2021 (current liability)	2,520
	Revolving credit facility - amount drawn	15,955
	Term Facility - current liability	25,118
	Unamortised transaction fees on Term Facility	(467)
Total borrowings		**345,566**

Directors' Report (continued)

Significant recent developments

COVID-19

Following a gradual easing of restrictions, Group employees began to return to the offices at the start of Q2 2021 with strict virus prevention measures in place. The Group continues to work with its servicing partners, agents, and advisors to help safeguard the health and wellbeing of all staff and customers.

2021 Performance

Despite the challenges faced so far from COVID-19, the Group can report a successful period of collections performance against reforecast targets set in December 2020 ("Dec-20 RF"), with attributable collections for the quarter ended 31 March 2021 finishing at €18.6m vs a target of €16.1m, representing a 16% or €2.5m outperformance. This has largely been driven by proactive asset management overseen by Group's dedicated Master Servicing platform. Highlights include accelerating cash in court payments in Italy despite disruptions to court proceedings as well as achieving higher than expected residential real estate sales in Portugal.

New investments

During Q1 2021, the Group successfully deployed €4.0m of capital across NPLs and direct real estate.

On 7 January 2021 the Group financed its share of a joint venture acquisition to facilitate the purchase of an office complex in the U.K for a total amount of c.€1.9m. The acquisition was successfully completed with ACOF IV co-investing into the transaction in a 50/50 joint venture arrangement.

On 12 February 2021 AFE completed the acquisition of an Italian SME secured NPL portfolio for c.€1.3m. The acquisition was successfully completed with ACOF IV co-investing into the transaction, with AFE's economic interest in the portfolio amounting to 33.3%.

Following the 'sale promise' agreement that the Group entered into on 15 December 2020 for the opportunity to acquire a Grade A listed office complex in Paris, the Group successfully signed and entered into a VEFA contract on 10 March 2021 in connection with the asset, with c.€0.5m paid on closing as consideration. Throughout the duration of the VEFA contract the Group is committed to fund €6.7m to finance its share of the transaction.

Signed transactions

On 17 December 2020, the Group entered into a 'sale promise' agreement in connection with joint venture opportunity with ACOF IV to acquire a partly occupied office complex in Paris. On signing of the 'sale promise' agreement the Group paid c.€1.0m as a deposit. An additional deposit under the 'sale promise' agreement of c.€4.8m was paid on 29 April 2021. The Group successfully completed the acquisition subsequent to the period end on 19 May 2021 with c.€14.1m paid on closing.

On 11 May 2021, the Group entered into a 'sale promise' agreement in connection with joint venture opportunity with ACOF IV to acquire a c.10,000sqm office property in Paris. On signing of the 'sale promise' agreement the Group paid c.€1.3m as a deposit. Subject to all condition's precedent being met the Group expect to close and acquire the asset during 2021.

In connection with the signed and acquired real estate assets made by joint venture entities of the Group, the Group, subject to certain conditions precedent being met, is obligated to fund between €10m-€12m for its share of acquisition cost and capital expenditure over the next three years.

Changes to administration and governance

Eric Verret, AFPL's Managing Director for Risk & Liability Management, joined AFE's management team as Chief Financial Officer and a member of Board of Directors and IRC, both with effect from 1 January 2021.

Going Concern

The Group continues to actively monitor its liquidity and covenant adherence. The Group's liquidity position remains strong, with available cash as of the date of signing of the Financial Statements of c.€69m. The group has assessed its expected operating performance and liquidity requirements for 2021 considering the impact of COVID-19, as well as any potential impact the virus could have on the Group's ability to meet its obligations and wider covenant requirements. Despite the continued uncertainties surrounding the market amidst COVID-19, the Board of Directors remain confident that AFE can continue to trade for a period of at least 12 months from the date of signing the Financial Statements and will have sufficient liquidity to manage its operations during that time. Cash management and asset management will be critical throughout the year to help drive performance.

Directors' Report (continued)

Outlook

The Board of Directors expect that the level of activity within the credit asset industry will grow in 2021, and the Group will continue to explore opportunities in both core NPL markets as well as across a broadening range of asset types where it co-invests alongside AnaCap's Credit Opportunities funds, including direct real estate and other performing loans. The Group will remain highly selective in pursuing the best risk-adjusted returns and only pursue opportunities that are suitable and are in line with the strategic objectives of the Group, which could include expanding into a wider range of asset classes building upon AnaCap's well established, broader credit investment experience, including performing loans, mortgages and other structured credit opportunities. Moreover, by co-investing alongside AnaCap's funds, it is possible to maintain a higher level of diversification across the number of deals and variety of asset types whilst generating additional capital-light income from the provision of Asset Management services to the entire transaction.

The Group also expects to continue to develop its internal servicing capabilities during 2021 across its core markets, with the platform now including 23 employees as of 31 March 2021 across offices in Spain, Portugal, Italy, Luxembourg and the U.K. The Group is realizing direct benefits from the increased local presence, including assistance with due diligence through to local asset management capabilities, particularly valuable at a time where international travel has been constrained. These capabilities include both master servicing, where day to day engagement with, and oversight of, local asset servicers has been vital in driving collections performance during the pandemic, as well as selectively internalising direct special servicing, leveraging internal competencies around amicable and legal recoveries, real estate valuation and management, financial, corporate administration, reporting and analytics. Increasing asset management capabilities in core markets will assist in continually improving underwriting and due diligence on potential new acquisitions as well as optimising performance and rapidly addressing performance challenges where they arise.

Eric Verret

Director
20 May 2021

Eric Verret

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of **AnaCap Financial Europe S.A. SICAV-RAIF**

We have reviewed the accompanying interim condensed consolidated financial statements of AnaCap Financial Europe S.A. SICAV-RAIF (the "Fund"), which comprise the interim condensed consolidated statement of financial position as at 31 March 2021, 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 three-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 fair 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 "Review of interim financial information performed by the independent auditor of the entity) 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 consolidated 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 Company, 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.

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 — Luxembourg, 20 May 2021
Represented by

Electronically signed by:
Thierry Salagnac

Thierry Salagnac

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
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Interim Condensed Consolidated Statement of Comprehensive Income for the Quarter Ended 31 March

	Notes	Quarter Ended 31 March 2021 €000	Quarter Ended 31 March 2020 €000
Revenue			
Interest income from purchased loan portfolios	11	12,085	14,768
Interest income from purchased loan notes	11	346	475
Interest income on loans to joint ventures at amortised cost	11	2,074	2,041
Other income		758	179
Total revenue	5	**15,263**	**17,463**
Operating expenses			
Collection activity costs		(4,042)	(4,737)
Impairment losses		-	(37,230)
Net foreign currency loss	6	(237)	(1,706)
Other operating expenses	6	(3,561)	(2,060)
Total operating expenses		**(7,840)**	**(45,733)**
Operating profit/(loss)		**7,423**	**(28,270)**
Finance income		-	51
Finance costs	7	(5,534)	(2,995)
Share of profit in associate	10	150	96
Profit/(loss) before tax		**2,039**	**(31,118)**
Tax charge	8	(22)	(365)
Comprehensive income/(loss) for the period		**2,017**	**(31,483)**

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

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021

	Notes	As at 31 March 2021 €000	As at 31 December 2020 €000
Assets			
Non-current assets			
Property, plant and equipment		113	177
Investment in associate	10	7,927	7,777
Investments in joint ventures at amortised cost	11	5,174	2,282
Loans to joint ventures at FVPL	11	7,656	7,656
Participation in joint ventures	12	458	297
Goodwill	9	1,836	1,836
Total non-current assets		**23,164**	**20,025**
Current assets			
Cash and cash equivalents		14,432	17,233
Trade and other receivables	14	9,214	12,423
Other assets	14	4,616	4,569
Purchased loan portfolios	11	193,676	193,916
Purchased loan notes	11	12,850	13,231
Investments in joint ventures at amortised cost	11	61,881	62,904
Loans to investment in associate at FVPL	11	1,859	1,666
Inventory	13	26,448	26,027
Total current assets		**324,976**	**331,969**
Total assets		**348,140**	**351,994**
Liabilities			
Non-current liabilities			
Borrowings	21	302,440	323,310
Other liabilities	15	991	948
Total non-current liabilities		**303,431**	**324,258**
Current liabilities			
Borrowings	21	43,126	27,336
Secured loan notes	21	13,891	13,617
Trade and other payables	15	8,077	9,046
Other liabilities	15	301	297
Tax payable		1,090	426
Tax provisions	22	5,156	5,963
Total current liabilities		**71,641**	**56,685**
Total liabilities		**375,072**	**380,943**
Equity			
Share capital	16	1,250	1,250
Retained earnings		(28,182)	(30,199)
Total equity		**(26,932)**	**(28,949)**
Total equity and liabilities		**348,140**	**351,994**

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

The Interim Condensed Consolidated Financial Statements for the period ended 31 March 2021 were approved by the Board of Directors and authorised for issue on its behalf by:

Eric Verret

Director

20 May 2021

Eric Verret

Interim Condensed Consolidated Statement of Cash Flows for the Quarter Ended 31 March 2021

	Notes	Quarter Ended 31 March 2021	Quarter Ended 31 March 2020
		€000	€000
Cash flows from operating activities			
Profit/(Loss) before tax		**2,039**	**(31,118)**
Adjustments for:			
Interest income from purchased loan portfolios	11	(12,085)	(14,768)
Interest income from purchased loan notes	11	(346)	(475)
Interest income from joint ventures	11	(2,074)	(2,041)
Finance income		-	(51)
Impairment losses (including reversals of impairment losses or gains)		-	37,230
Finance costs	7	5,534	2,995
Unrealised foreign currency losses	6	182	1,706
Share of profit in associate	10	(150)	(96)
Operating cash flows before movements in working capital		**(6,900)**	**(6,618)**
Change in trade and other receivables*		2,451	3,929
Change in trade and other payables*		(1,113)	(1,077)
Cash used in operating activities before collections and purchases		**(5,562)**	**(3,766)**
Tax paid		(164)	(135)
Collections in the period - sale of inventory	11	1,156	-
Collections in the period - loans	11	16,555	19,687
Acquisition of joint ventures	11	(4,028)	(240)
Net cash generated from operating activities		**7,957**	**15,546**
Cash flows from financing activities			
Proceeds from re-financing acquisition of purchased loan notes		-	462
Proceeds from borrowings		3,285	25,483
Repayment of borrowings		(8,699)	(29,295)
Repayment of secured loan notes		(764)	(341)
Finance costs paid		(4,580)	(5,045)
Net cash used in from financing activities		**(10,758)**	**(8,736)**
Net movements in cash and cash equivalents		(2,801)	6,810
Cash and cash equivalents at the beginning of the period		17,233	26,474
Cash and cash equivalents at the end of the period		**14,432**	**33,284**

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

Interim Condensed Consolidated Statement of Changes in Equity for the Quarter Ended 31 March 2021

	Share capital	Retained earnings	Total equity
	€000	€000	€000
Balance as at 1 January 2021	**1,250**	(30,199)	(28,949)
Comprehensive income for the period		2,017	2,017
Balance as at 31 March 2021	**1,250**	**(28,182)**	**(26,932)**

Comparative figures from 1 January to 31 March 2020.

	Share capital	Retained earnings	Total equity
	€000	€000	€000
Balance as at 1 January 2020	**1,250**	**(4,812)**	**(3,562)**
Comprehensive loss for the period	-	(31,483)	(31,483)
Balance as at 31 March 2020	**1,250**	**(36,295)**	**(35,045)**

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

Notes to the Interim Condensed Consolidated Financial Statements

1. General information

AnaCap Financial Europe 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 24 January 2020, the registered address of the Fund was changed from E Building, Parc d'Activité Syrdall, 6, Rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg to 412F, route d' Esch, L-2086 Luxembourg, Grand Duchy of Luxembourg.

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 28 June 2017, the AIFM entered into a portfolio management agreement with AnaCap Investment Manager Limited (the "Portfolio Manager") to delegate portfolio management functions in accordance with AIFM law and RAIF law. AnaCap Financial Partners Limited ("AFPL") acts as investment advisor to the Portfolio Manager.

The principal activity of AFE and its subsidiaries as listed in note 18 (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 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 period ended from 1 January 2020 to 31 December 2020. The principal accounting policies that have been applied to the Financial Statements have been applied consistently throughout the period unless otherwise stated.

Significant changes in the current reporting period

The Group continues to remain prudent on both short-term and mid-long term future outlook amidst the continued uncertainties COVID-19 continues to have across the Groups' core geographies and markets. During 2021, the Group successfully deployed €4.0m of capital across NPLs and direct real estate.

On 1 January 2021 Eric Verret was appointed on the Board of Directors.

On 7 January 2021 the Group financed its share of a joint venture acquisition to facilitate the purchase of an office complex in the U.K for a total amount of c.€1.9m. The acquisition was successfully completed with ACOF IV co-investing into the transaction in a 50/50 joint venture arrangement.

On 12 February 2021 AFE completed the acquisition of an Italian SME secured NPL portfolio for c.€1.3m. The acquisition was successfully completed with ACOF IV co-investing into the transaction, with AFE's economic interest in the portfolio amounting to 33.3%.

Following the 'sale promise' agreement that the Group entered into on 15 December 2020 for the opportunity to acquire a Grade A listed office complex in Paris, the Group successfully signed and entered into a VEFA contract on 10 March 2021, with c.€0.5m paid on closing as consideration.

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

Interest rate benchmark reform Phase 2 is effective beginning on 1 January 2021. Amendments to IFRS 7, IFRS 4 and IFRS 16 require that, for financial instruments under amortised cost, changes to the basis of determining the contractual cash flows required by the reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised in the income statement. 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 2023) 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 Interim Condensed Consolidated Financial Statements

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 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 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 assets acquired, 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 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.

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.

2) collateral values. On acquisition of secured 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

4. Critical accounting judgments and estimates (continued)

A change in the expected future cash flows by +10% would increase the carrying value of financial assets as at 31 March 2021 by €28,102k. A change in the expected future cash flows by -10% would reduce the carrying value of financial assets as at 31 March 2021 by €31,452k.

Following completion of the acquisition of a portfolio, 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 has assessed its expected operating performance and liquidity requirements for 2021, taking into consideration COVID-19, as well as the potential impact the virus could have on the Group's ability to meet its obligations and wider covenant requirements. Despite the uncertainties COVID-19 continues to have on the market and across Europe the Board of Directors remain confident that AFE can continue to trade for a period of at least 12 months from the date of signing these Condensed Consolidated Financial Statements and will have sufficient liquidity to manage its operations during that time. Cash management and asset management will be critical throughout the year to help drive performance.

5. Segmental reporting

The Group represents a single reportable segment. 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 31 March 2021	As at 31 December 2020
	€000	**€000**
Investment in associate	7,927	7,777
Purchased loan portfolios	193,676	193,916
Purchased loan notes	12,850	13,231
Investments in joint ventures	75,169	73,139
Loans to associate at FVPL	1,859	1,666
Inventory	26,448	26,027
Statement of Financial Position		
Total segment assets	348,140	351,994
Total segment liabilities	(375,073)	(380,943)
Segment net liabilities	**(26,933)**	**(28,949)**

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

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	**€000**
- United Kingdom	165	234
- Romania	281	368
- Poland	742	814
- France	14	-
- Italy, Spain, Portugal	14,061	16,047
Total revenue	**15,263**	**17,463**

5. Segmental reporting (continued)

The table below represents the carrying value of the purchased loan portfolios, purchased loan notes, investments in joint ventures and the investments in associates by geography:

	As at 31 March 2021	As at 31 December 2020
	€000	€000
- United Kingdom	4,019	4,166
- Romania	10,479	10,744
- Poland	18,026	18,602
- France	3,217	2,579
- Italy, Spain, Portugal	282,188	279,665
Total	**317,929**	**315,756**

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

	Gross ERC 31 March 2021	ERC 31 March 2021
	€000	€000
- United Kingdom	9,211	9,211
- Romania	14,308	14,308
- Italy	195,964	195,964
- Spain	146,437	122,554
- Portugal	87,018	82,959
- Poland	27,125	27,125
- France	8,397	8,397
Total	**488,460**	**460,518**

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 are entitled to its share of the collections of the underlying portfolio 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.

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.

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

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	€000
Management fees	1,122	1,416
Directors' fees	66	52
Legal and professional fees	96	24
Administration fees	272	277
Audit fees	145	84
Abort deal fees	2	-
Depositary charges	15	14
Subscription tax	1	-
Staff costs	1,070	161
Other expenses	772	32
Other operating expenses	**3,561**	**2,060**
Realised foreign currency losses	55	129
Unrealised foreign currency losses	182	1,577
Net foreign currency losses	**237**	**1,706**

Staff costs include the total remuneration cost of all employees within the Group during the period. As at 31 March 2021, the Group had 23 employees (31 March 2020: 11). Other expenses include additional cost of €0.4m (quarter ended 31 March 2020 €0m) borne by the Group from AFPL in accordance with the Support Services agreement (see note 17 related party transactions).

7. Finance costs

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	€000
Fees on Revolving Credit Facility	215	154
Interest on borrowings	635	732
Interest on Senior Secured Notes and related Charges	4,189	4,443
Interest expense - secured loan notes	495	605
Revaluation gain on secured loan notes	-	(2,939)
Total finance costs - borrowings	**5,534**	**2,995**

8. Taxation

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

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).

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 Interim Condensed Consolidated Financial Statements (continued)

9. Goodwill

As at 31 March 2021, the Group's goodwill amounts to €1.84m (as at 31 December 2020: €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 recognized. Following an assessment on the current financial performance and position of Galata Asset Management S.L. and a review of its business plan and future outlook the Group are comfortable that no impairment is required.

10. Investment in associate

The Group owns 30% of the issued share capital of Phoenix Asset Management SpA ("PAM").

The terms of the holding mean that the Group exercises significant influence over PAM, which is achieved through the power to participate in the financial policy decisions of PAM and being involved in key strategic decision making processes.

PAM specialises in offering management services, valuation, acquisition, and evaluation of NPL Portfolios which is strategic and key to the Group's operations in Italy.

The associate is accounted for using the equity method.

Below is a reconciliation of the movements in the carrying value of the Group's interest in PAM as at 31 March 2021:

Name	Place of incorporation	Registered office	Economic interest
Phoenix Asset Management SpA	Italy	Corso Vittorio Emanuele II 154 Roma RM	30% ownership of issued share capital

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Interest in net assets at beginning of period	7,396	6,522
Share of profit in associate	150	874
Interest in net assets of associate at the end of the period	**7,546**	**7,396**

In 2020 AFE subscribed to 34% of the share capital in and provided a convertible shareholder loan to Green Stone SICAF S.p.A cell Stone 9 ("Green Stone cell Stone 9"), which is a cell of an Italian closed ended real estate alternative investment fund, with the proceeds then being applied to support the acquisition of a land plot located in Milan. The land plot is currently undergoing demolition and remediation work such that the land can be used to build and develop two residential towers. The convertible shareholder loan has been structured such that the loan will automatically be converted into equity if the land is successfully demolished and certain other conditions are met, however if these conditions are not met then the Group will exit the transaction and both its loan and equity commitments will be fully repaid. The total amount provided as a convertible shareholder loan is €1.7m, with €0.4m provided by way of equity financing.

The terms of the equity participation mean that the Group exercises significant influence over Green Stone cell Stone 9, which is achieved through the power to participate in the financial policy decisions of the cell and being involved in key strategic decision-making processes. The Group's equity investment into the cell is therefore accounted for using the equity method.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

10. Investment in associate (continued)

Below is a reconciliation of the movements in the carrying value of the Group's interest in Green Stone cell Stone 9 as at 31 March 2021:

Name	Place of incorporation	Registered office	Economic interest
Green Stone SICAF S.p.A cell Stone 9	Italy	Via Ennio Quirino Visconti, 8 - 00193 Roma RM	34% ownership of issued share capital

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Interest in net assets acquired during the period	381	381
Interest in net assets of associate at the end of the period	**381**	**381**

11. Financial assets

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

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Expected falling due after one year:		
Purchased loan portfolios	145,982	157,354
Purchased loan notes	7,578	9,372
Investments in joint ventures at amortised cost	55,834	56,312
Loans to joint ventures at FVPL	7,656	7,656
Total	**217,050**	**230,694**
Expected falling due within one year:		
Purchased loan portfolios	47,694	36,562
Purchased loan notes	5,272	3,859
Investments in joint ventures at amortised cost	11,221	8,874
Loans to associate at FVPL	1,859	1,666
Total	**66,046**	**50,961**

Loans to joint ventures at amortised cost as 31 December 2020 in amount of €2.3m were grouped with investments in joint ventures at amortised cost for comparative purposes as instruments of the same nature.

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

	As at 31 March 2021
	€000
Purchased loan portfolios as at beginning of period	193,916
Interest income from purchased loan portfolios	12,085
Collections in the period - sale of inventory	(1,156)
Collections in the period - loans	(12,217)
Add: movement in inventory and other receivables	1,048
Purchased loan portfolios at the end of the period	**193,676**

11. Financial assets (continued)

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

	As at 31 March 2021
	€000
Purchased loan notes as at beginning of period	13,231
Interest income from purchased loan notes	346
Collections in the period	(727)
Purchased loan notes at the end of the period	**12,850**

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 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.

The movements in investments in joint ventures were as follows:

	As at 31 March 2021
	€000
Joint ventures at amortised cost as at beginning of period	65,186
Investments in joint ventures at amortised cost	3,725
Interest income from joint ventures	2,074
Collections in the period	(3,611)
Net foreign currency loss	(319)
Joint ventures at the end of the period	**67,055**

The movements in loans to joint ventures were as follows:

	As at 31 March 2021
	€000
Loans to joint ventures at FVPL	7,656
Loans to joint ventures at FVPL at the end of the period	**7,656**

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 Consolidated Statement of Financial Position represent the Group's total interest in these entities.

As at 31 March 2021, the carrying value of the investment is €7.7m (31 December 2020: €7.7m). The investment is being accounted for as a joint venture since decisions relating to the activities of the SV require unanimous consent from the Noteholders and AFE is entitled to 50% of the net assets of the Italian securitisation vehicle.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

11. Financial assets (continued)

The movements in loans to associate were as follows:

	As at 31 March 2021
	€000
Loans to associate at FVPL as at beginning of the period	1,666
Loan to associates at FVPL in the period	142
Interest income	51
Loans to associates at FVPL at the end of the period	**1,859**

In 2020 AFE provided a convertible shareholder loan to Green Stone cell Stone 9 with the proceeds then being applied to support the acquisition of a land plot located in Milan. The loan will automatically convert into equity if the land plot is successfully demolished and certain other conditions are met. The loan accrues interest at 13% per annum.

12. Participation in joint ventures

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Participation in joint ventures at the beginning of the period	297	255
Participation acquired during the period	161	-
Share of net profit of joint ventures using equity method	-	42
Participation in joint ventures at the end of the period	**458**	**297**

13. 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 31 March 2021	As at 31 December 2020
	€000	€000
Opening inventory	26,027	26,025
Re-possessions	2,941	7,182
Disposals	(2,520)	(7,180)
Closing balance at the end of the period	**26,448**	**26,027**

14. Trade and other receivables

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Collections receivable	4,596	6,073
Other receivables	4,618	6,350
Other assets	4,616	4,569
Total	**13,830**	**16,992**

Collections receivable relate to amounts held by servicers which are owed to the Group.

Other receivables include prepaid expenses in relation to fees incurred on obtaining the revolving credit facility and set up costs of the master servicing platform, as well as VAT receivable, prepayments. 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

15. Trade and other payables

	Notes	As at 31 March 2021 €000	As at 31 December 2020 €000
Trade payables		909	1,262
Deferred and contingent consideration		301	297
Amounts due to related parties	17	706	1,410
Accrued expenses		6,462	6,374
Trade and other payables - current		8,378	9,343
Deferred and contingent consideration - non-current		991	948
Total trade and other payables		**9,369**	**10,291**

16. Share capital

	As at 31 March 2021 €000	As at 31 December 2020 €000
Share capital at 1 January 2021	1,250	1,250
Total share capital at 31 March 2021	**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 AnaCap Financial Europe Holding SCSp SICAV-RAIF, its sole shareholder.

17. Related party transactions

	As at 31 March 2021 €000	As at 31 December 2020 €000
Due to related parties		
Carne Global Fund Managers (Luxembourg) S.A.	32	32
AnaCap Investment Manager Limited	-	9
AnaCap Luxembourg S.à r.l.	17	56
AnaCap Financial Partners Limited	416	1188
Belasko UK Limited	241	125
Total	**706**	**1,410**

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 AnaCap Investment Management Limited, acting as Portfolio Manager. The management fee for the reporting period was €1,122k (quarter ended 31 March 2020: €1,416k).

Master servicing income

During the period the Group recognised €0.3m and €0.3m of income from the AnaCap Credit Opportunities III L.P and ACOF IV fund structures respectively in relation to master servicing activities provided by the Group to each fund structure during Q1 2021.

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

During the period, the Group incurred charges of €84k (quarter ended 31 March 2020: €242k) to AnaCap Luxembourg S.à r.l. in relation to support functions and services provided to the master servicing platform.

Fees payable to AnaCap Financial Partners Limited

During the period, the Group incurred charges of €0.4m (quarter ended 31 March 2020: €nil) to AFPL in relation to data analytics, IT and support functions and services provided to the Group.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

Fees payable to Belasko UK Limited

During the period, the Group recognized fees payable to Belasko UK Limited of €122k in respect of accountancy services provided to the Group since 1 January 2021.

Directors' fees

The Group entities each have 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.

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	**€000**
Fees charged		
Directors' fees	66	52
Total fees charged during the period	**66**	**52**

	As at 31 March 2021	As at 31 December 2020
	€000	**€000**
Fees payable		
Directors' fees payable	39	154
Directors' fees payable at the end of the period	**39**	**154**

Notes to the Interim Condensed Consolidated Financial Statements (continued)

18. Investments in subsidiaries and controlled entities

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

	Place of incorporation	Ownership % as at 31 March 2021	Ownership % as at 31 December 2020	Current status
ACOF II Portugal Limited	Guernsey	100%**	100%**	Active
AFE Spain Limited	Guernsey	100%	100%	Active
AFE Asset Management 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
Anacap UK Asset Management 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
Iustitia Futura S.r.l.*	Italy	0%	0%	Active
AFE 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
Silonea Investments, 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 31 March 2021 the Group had 23 employees spread across 5 different subsidiaries:

- AnaCap UK Asset Management Limited: 4 (2020: 4)
- AFE Asset Management S.a r.l.: 2 (2020: 2)
- Galata Asset Management, S.L: 12 (2020: 8)
- Atila, Unipessoal LDA: 4 (2020: 4)
- AFE Italy S.r.l.: 1 (2020: 1)

* 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 Interim Condensed Consolidated Financial Statements (continued)

19. 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. The Group also holds purchased loan portfolios classified as Stage 1 for an amount of €4.0m. 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	4,019	-	-	189,657	193,676
Purchased loan notes	-	-	-	12,850	12,850
Investments in joint ventures at amortised cost	-	-	-	67,055	67,055
Gross carrying amount	4,019	-	-	269,562	273,581
Loss allowance	-	-	-	-	-
Carrying amount	**4,019**	**-**	**-**	**269,562**	**273,581**

Comparative figures as at 31 December 2020:

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	4,166	-	-	189,750	193,916
Purchased loan notes	-	-	-	13,231	13,231
Investments in joint ventures at amortised cost	-	-	-	65,186	65,186
Gross carrying amount	4,166	-	-	268,167	272,333
Loss allowance	-	-	-	-	-
Carrying amount	**4,166**	**-**	**-**	**268,167**	**272,333**

For financial instruments classified as stage 1, there is one purchased loan portfolio which is a performing loan portfolio with a carrying amount of €4.0m in the Financial Statements. Credit risk and borrower credit worthiness is monitored bi-annually. Since acquisition there has been no significant increase in credit risk for this portfolio.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

20. 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 31 March 2021	Book value 31 March 2021
		€000	€000
Purchased loan portfolios*	Level 3	164,249	193,676
Purchased loan notes	Level 3	10,923	12,850
Investments in joint ventures at amortised cost	Level 3	54,691	67,513
Loan to joint ventures at FVPL	Level 2	7,656	7,656
Loan to associate at FVPL	Level 2	1,859	1,859
Cash and cash equivalents	Level 2	14,432	14,432
Trade and other receivables	Level 2	9,214	9,214
Total		**263,024**	**307,200**

Financial liabilities	Fair value hierarchy	Fair Value 31 March 2021	Book value 31 March 2021
		€000	€000
Senior Secured Notes	Level 1	279,468	304,960
Revolving Credit Facility	Level 2	15,955	15,955
Term Facility	Level 2	24,651	24,651
Secured loan notes	Level 3	13,891	13,891
Trade and other payables	Level 2	8,077	8,077
Total		**342,042**	**367,534**

Comparative figures as at 31 December 2020:

Financial assets	Fair value hierarchy	Fair Value 31 December 2020	Book value 31 December 2020
		€000	€000
Purchased loan portfolios*	Level 3	174,026	193,916
Purchased loan notes	Level 3	11,773	13,231
Investments in joint ventures at amortised cost	Level 3	52,314	65,186
Loan to joint venture at FVPL	Level 2	7,656	7,656
Loan to associate at FVPL	Level 2	1,666	1,666
Cash and cash equivalents	Level 2	17,233	17,233
Trade and other receivables	Level 2	12,423	12,423
Total		**277,091**	**311,311**

Financial liabilities	Fair value hierarchy	Fair Value 31 December 2020	Book value 31 December 2020
		€000	€000
Senior Secured Notes	Level 1	261,034	304,699
Revolving Credit Facility	Level 2	20,269	20,269
Term Facility	Level 2	25,678	25,678
Secured loan notes	Level 3	13,617	13,617
Trade and other payables	Level 2	10,291	10,291
Total		**330,889**	**374,554**

* The fair value of purchased loan portfolios is net of amounts owing to secured loan note holders, 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.

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

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 31 March 2021. 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 vast experience from the many portfolio transactions in which it has participated in or has knowledge of which forms an important component in estimating 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.

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, AFPL, on at least a bi-annual basis, with the valuations subsequently approved by AIML 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 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 transfers between the levels.

The Group provided a convertible shareholder loan to Green Stone cell Stone 9 during 2020, with the proceeds then being applied to support the acquisition of a land plot located in Milan. The land plot is currently undergoing demolition and remediation work such that the land can be used to build and develop two residential towers. The convertible shareholder loan has been structured such that the loan will automatically be converted into equity if the land is successfully demolished and certain other conditions are met, however if these conditions are not met then the Group will exit the transaction and the loan and any interest accrued will be fully repaid. The convertible shareholder loan is measured at FVPL. Fair value of the loan remained at €1.7m as of 31 March 2021 as valuation assumptions did not change in Q1 2021.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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

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. COVID-19)

On at least an annual basis, the Group will obtain 3rd party valuation reports to substantiate the fair value of the investment that has been recognised on the Statement of Financial Position.

For assets whose fair value linked to the performance of real estate investments, a 10% reduction to sales price would have a €2.4m impact to the carrying value as of 31 March 2021, and a 12 month delay in forecast exit dates would have a €3.6m impact to the carrying value as of 31 March 2021.

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 31 March 2021 €279,468k (as at 31 March 2020: €226,532k)

A reconciliation of the closing balances for the period of the purchased loan portfolios, purchased loan notes and investments in joint ventures can be seen in note 11.

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.

21. Borrowings and facilities

	As at 31 March 2021	As at 31 December 2020
	€000	€000
Expected falling due after one year		
Senior Secured Notes	302,440	302,094
Secured loan notes	13,385	12,907
Term Facility	-	21,216
Total	**315,825**	**336,217**
Expected falling due within one year		
Revolving Credit Facility	15,955	20,269
Term Facility	24,651	4,462
Senior Secured Notes	2,520	2,605
Secured loan notes	506	710
Total	**43,632**	**28,046**

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.

21. Borrowings and facilities (continued)

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, AnaCap Financial Europe 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 31 March 2021 the Group remained compliant with all covenants outlined on the Senior Secured Notes and the Super Senior Revolving Credit Facility.

As at 31 March 2021 AFE had a €90.0m (2020: €90.0m) Super Senior Revolving Credit Facility available to use to help facilitate its working capital requirements (the "Facility"). The Facility can be increased up to an amount equal to the higher of €90.0m and 17.5% of ERC. Interest accrues on the Facility at a rate of 3.50% p.a. for amounts drawn (the "Margin"), with commitment fees being 35% of the Margin. As at 31 March 2021, €16.0m (31 December 2020: €20.3m) had been drawn as a loan from the Facility. The total amount available to draw upon as at 31 March 2021 is equal to €74.0m (31 December 2020: €69.7m).

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 31 March 2021, the LTV Ratio was 71.4% and the SSRCF LTV Ratio was 0.0%.

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 January 2023. As at 31 March 2021, €25.1m (31 December 2020: €26.2m) had been drawn. The amounts payable on the Term Facility due within and greater than 1 year are dependent on the performance and cash flow timings of portfolios which are secured in favour of the Term Facility lenders. Interest accrues at a rate equal to the Margin and EURIBOR. At 31 March 2021 the applicable Margin was 3.5%. In accordance with the Term Facility agreement, ACS6 was required to ensure that leverage as at 31 March 2021 did not exceed 50.0%; as at 31 March 2021, leverage was 36.1%. ACS6 has to ensure collections are in line with the forecast agreed with the bank in January 2020. Following the slowdown in collections as highlighted by the impairment in 2020, ACS6 did not meet the target collection as at 31 March 2021. As a result, the Term Facility was reclassified as current liability on the Balance Sheet in line with IFRS. The bank issued a waiver on 14 April 2021 and the Group is in advanced discussions with the lender to update the collections forecast going forward to reflect the COVID-19 impact.

Notwithstanding the upsize to the Term Facility, 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.

22. 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. Discussions with the PTA on the settlement are on-going, €0.8m was reclassified from tax provision to tax payable based on the notification.

The total tax provision reflected in the Financial Statements as at 31 March 2021 is €5.2m (31 December 2020: €6.0m).

Brexit

The Group maintained a consistent focus on risks arising as a result of uncertainties related to the United Kingdom's exit from the European Union ("Brexit"). Oversight of planning for regulatory and legislative impacts – as well as economic impacts – remained a part of forward-looking risk management throughout the year.

As the Fund is euro denominated, has a Luxembourg-based AIFM and is not reliant on distribution of its shares to UK investors, the potential risks related to Brexit remain remote.

Real estate investments

In connection with the signed and acquired real estate assets made by joint venture entities of the Group, the Group, subject to certain conditions precedent being met, is obligated to fund between €10m-€12m for its share of acquisition cost and capital expenditure over the next three years.

23. Ultimate parent entity

The ultimate parent entity of the Group is AnaCap Group Holdings Limited.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

24. Subsequent events

On 17 December 2020, the Group entered into a 'sale promise' agreement in connection with joint venture opportunity with ACOF IV to acquire a partly occupied office complex in Paris. On signing of the 'sale promise' agreement the Group paid c.€1.0m as a deposit. An additional deposit under the 'sale promise' agreement of c.€4.8m was paid on 29 April 2021. The Group successfully completed the acquisition subsequent to the period end on 19 May 2021 with c.€14.1m paid on closing.

On 11 May 2021, the Group entered into a 'sale promise' agreement in connection with joint venture opportunity with ACOF IV to acquire a c.10,000sqm office property in Paris. On signing of the 'sale promise' agreement the Group paid c.€1.3m as a deposit. Subject to all condition's precedent being met the Group expect to close and acquire the asset during 2021.

25. 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 period 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.

Reconciliation of profit before tax to Normalised and Adjusted EBITDA:

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	€000
Profit before tax	**2,039**	**(31,118)**
Finance costs	5,534	2,995
Share of profit in associate and joint ventures	(150)	(96)
Net foreign currency movements	237	1,706
Impairment	-	37,230
Collections from portfolios	17,711	19,687
Revenue	(15,263)	(17,463)
Other income	758	179
Cash collected on behalf of secured loan noteholders	(221)	(480)
Finance income	-	(51)
Normalised and Adjusted EBITDA	**10,645**	**12,589**

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

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	€000
Net cash generated from operating activities	**7,957**	**15,546**
Portfolio acquisitions	4,028	240
Taxation paid	164	135
Cash collected on behalf of secured loan noteholders	(221)	(480)
Working capital adjustments	(1,338)	(2,852)
Realised foreign currency losses	55	-
Normalised and Adjusted EBITDA	**10,645**	**12,589**

Notes to the Interim Condensed Consolidated Financial Statements (continued)

25. Adjusted EBITDA and Normalised EBITDA (continued)

Reconciliation of core collections to Normalised and Adjusted EBITDA:

	Quarter ended 31 March 2021	Quarter ended 31 March 2020
	€000	**€000**
Core Collections in the period	**17,711**	**19,687**
Other income	758	179
Operating expenses	(7,840)	(45,733)
Net foreign currency movements	237	1,706
Impairment	-	37,230
Cash collected on behalf of secured loan noteholders	(221)	(480)
Normalised and Adjusted EBITDA	**10,645**	**12,589**