



Report

# Q4 2018

*13 February, 2019*

**AXACTOR**

# Highlights

## Fourth quarter of 2018

- Axactor has grown from a start-up to a leading European debt management provider over the past three years. The company took further major steps in Q4, with large investments in new NPL portfolios and the addition of Finland as a sixth geographical market through the acquisition of SPT
- Gross revenue was EUR 75 million in Q4 and EUR 239 million for 2018, representing more than a doubling of revenue for both the quarter and the full year
- EBITDA amounted to EUR 20 million in Q4 and EUR 46 million for 2018, showing that the scalability of the business model is beginning to show through in earnings. Cash EBITDA was EUR 45 million in Q4 and EUR 136 million for 2018, reflecting the cash effect of REO asset sales as well as improving performance in the NPL and 3PC segments
- Total portfolio investments amounted to EUR 334 million in Q4 and EUR 561 million for 2018, marking a sharp increase in investments compared to previous periods. Investments were distributed across all markets, with the largest investments in the fourth quarter in Finland, Spain, Germany and Italy. Total ERC in the NPL and REO portfolios stood at close to EUR 1.7 billion at the end of the year, of which 2019 accounts for EUR 345 million
- Axactor also continued to enter into forward flow agreements in several markets in Q4 2018, with the corresponding 2019 investments estimated to EUR 258 million per the end of 2018
- Overall, Axactor plans for a total investment level of EUR 350-400 million in 2019, which will be funded by running cash flow and existing funding lines
- The portfolio investments made towards the end of 2018 point towards continued profitable growth for Axactor in 2019, supported by continued growth of 3PC and roll-out of ARM across new markets

## Key events after end of the report period

- In February 2019, Axactor acquired the remaining 10% of the shares in Axactor Italy S.p.A. and now hold 100% of the shares in the company
- In mid-February, EUR 100m out of the total EUR 150m accordion option on the RCF with DNB and Nordea was released

# Key Figures Axactor SE (Group)

EUR million	Q4 2018	Q4 2017	FY 2018	FY 2017
Gross revenue	74.6	34.5	238.8	104.7
Net Revenue	68.0	28.7	206.9	89.8
EBITDA	19.6	5.6	46.3	14.8
Cash EBITDA <sup>1)</sup>	44.7	13.5	136.0	32.7
Depreciation and Amortisation (excl. Portfolio Amortisation)	-1.7	-1.4	-6.0	-5.3
Net Financial Items	-12.4	-5.6	-34.1	-7.5
Tax	-2.6	0.7	-3.8	0.6
Net Result	2.8	-0.7	2.4	2.6
Cash and Cash Equivalents at end of Period <sup>2)</sup>	70.8	48.6	70.8	48.6
Acquired portfolios during the Period <sup>3)</sup>	334.5	234.1	561.2	362.0
Book Value of portfolios at end of Period <sup>3)</sup>	928.8	471.3	928.8	471.3
Gross Collection on Portfolios during the quarter <sup>3)</sup>	59.9	22.1	186.8	60.8
Estimated Remaining Collection (ERC) at end of quarter <sup>3)</sup>	1,662.7	858.3	1662.7	858.3
Interest Bearing Debt at end of Period	734.4	298.8	734.4	298.8
Number of Employees (FTE) at end of Period	1,040	934	1,040	934

1) Cash EBITDA is adjusted for calculated cost of share option program, portfolio amortisations, revaluations and REO cost of sales and -impairments.

2) Restricted cash excluded.

3) Includes NPL and REO portfolios.

# Operations

*Axactor made a step change in size in Q4 2018 and entered 2019 with ERC of close to EUR 1.7 billion across its NPL and REO portfolios. Portfolio investments amounted to EUR 334.5m in Q4 2018 and combined with new forward flow agreements this creates a strong momentum going into 2019. Gross revenue amounted to EUR 74.6m in Q4 2018, which was more than a doubling from the same quarter last year. EBITDA more than tripled to EUR 19.6m, with an EBITDA margin of 29% in the quarter, showing that Axactor benefits from increasing scale and efficiency benefits from its lean organization and common systems platform ONE Axactor.*

Gross revenue from the NPL portfolios amounted to EUR 39.6m in Q4 2018, whereas gross revenue from the REO portfolios was EUR 20.3m. Axactor invested EUR 334.5m in new portfolios in Q4 2018, and a total of EUR 561.2m for the full year 2018, which is a sharply higher investment level than in previous periods. As the bulk of investments were carried out late in the year, the company expects the investments to generate significant growth over the coming quarters. In addition to the capex deployed during the year, the company also entered into several forward flow contracts, providing Axactor with a strong and predictable inflow of new volumes in 2019.

NPL acquisitions accounted for EUR 328.9m in Q4 2018, and EUR 461.9m for the full year 2018. The acquisitions in Q4 2018 were spread across Axactor's geographical markets. Finland accounted for 36% of NPL capex after the acquisition of Bank Norwegian's Finnish portfolio. Spain accounted for 26%, reflecting the acquisition of several large portfolios from leading Spanish financial institutions, followed by Germany at 14%, Italy at 12%, Norway at 10%, and Sweden at 2% of NPL capex in the quarter. Please see stock exchange notices for more details on individual portfolio acquisitions.

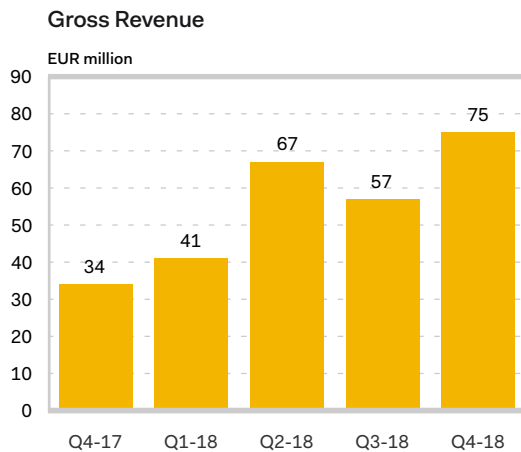
ERC from NPL portfolios increased to EUR 1,388.2m at the end of 2018, compared to EUR 820.9m at the end of Q3 2018 and EUR 633.0m at the end of 2017. ERC from REO portfolios stood at 274.5m at the end of 2018.

The third-party collection business (3PC) grew revenue to EUR 13.1m in Q4 2018, up 21% from Q4 2017. Axactor renewed three contracts for debt collection services with three large financial institutions in Q4 2018, and also signed two new contracts with a real estate servicer and an insurance company. Axactor Spain now has nine of the top-10 Spanish banks as 3PC customers. After implementing the 3PC product in Sweden earlier in the year, the offering was expanded to Finland with the acquisition of SPT in Q4 2018. The focus on 3PC sales will be further strengthened in 2019, making Axactor confident that the revenue growth will continue.

The bulk of ARM revenue still comes from Norway, although the ARM product is now live in Sweden and the roll-out to Finland, Germany and Italy is ongoing. Total revenue for the fourth quarter of 2018 was EUR 1.7m, marginally up from the same quarter last year. Revenue growth is expected to increase significantly in 2019 as an effect of the roll-out to new markets.

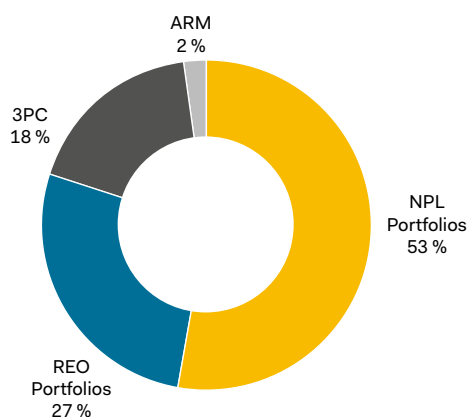
# Financials

## Revenues



Gross revenue for the fourth quarter of 2018 was EUR 74.6m (34.5m), corresponding to a year-on-year increase of 116%. All business segments show growth compared to both the same quarter last year and the previous quarter. Total amortization and revaluation of NPL portfolios grew by only 13% in Q4 2018 compared to Q4 2017, from EUR 5.8m to EUR 6.6m, reflecting a net positive revaluation of EUR 3.2m (0.4m) due to good collection performance on the NPL portfolios during 2018. The resulting net revenue for the quarter was EUR 68.0m (28.7m).

### Gross Revenue mix Q4-18



NPL portfolios accounted for EUR 39.6m (20.1m) of total gross revenue in Q4 2018. The NPL segment increased its share from 45% in Q3 2018 to 53% (58%) in Q4 2018, reflecting significant investments in the quarter. In the REO segment, revenue came in at EUR 20.3m (2.0m) in Q4 2018, accounting for 27% (6%) of gross revenue. The company sold a number of low-quality assets with a discount in the fourth quarter.

Total portfolio investments amounted to EUR 334.5m (234.1m) in Q4 2018, whereof EUR 5.6m related to REOs. The EUR 328.9m invested in NPL portfolios were distributed across all Axactor geographies. The Bank Norwegian transaction in Finland was the largest single acquisition but large one-off acquisitions were also made in Germany, Italy and Spain. Axactor also signed several new forward flow contracts, with the largest being a contract with an expected outstanding balance of EUR 126m with a large financial institution in Sweden. Axactor continues to build relationships with banks and financial institutions across geographies, as illustrated by the extension of the relationship with Instabank through the signing of a forward flow contract in Finland.

The book value of NPL and REO portfolios was EUR 928.8m (471.3m) at the end of Q4 2018, with total estimated remaining collection (ERC) of EUR 1,662.7m (858.3m).

The 3PC segment delivered gross revenue of EUR 13.1m (10.8m) in Q4 2018 and accounted for 18% (31%) of total gross revenue. The decreased share of total revenues compared to the previous quarter reflects the large growth in NPL. Two new significant 3PC contracts were signed in Spain in the quarter, securing good momentum into 2019.

Accounts Receivable Management (ARM) continue to deliver stable but modest revenue growth. Gross revenue was EUR 1.7m (1.6m) in Q4 2018, or 2% (5%) of total gross revenue. The product is currently live in Norway and Sweden, with rollout in Finland, Germany and Italy planned for 2019.

## Earnings

The reported EBITDA for the fourth quarter of 2018 was EUR 19.6m (5.6m), with an EBITDA margin of 29% (20%). This is by far the strongest margin reported in the history of Axactor and shows the positive impacts of the scalability and efficiency inherent in the Axactor business model. The average EBITDA margin for 2018 was 22%.

The cash EBITDA (EBITDA excluding amortization and revaluations of NPL portfolios and REO cost of sales and -impairments, as well as calculated costs related to the share option program) was EUR 44.7m (13.5m) for Q4 2018.

The strong cash flow from investments in NPL and REO portfolios through 2018 is the main growth driver. The gross margin (cash EBITDA divided by gross revenue) increased from 58% in Q3 2018 to 60% (39%) in Q4 2018.

The profit before tax ended at EUR 5.4m for Q4 2018, up from EUR -1.4m in the corresponding quarter of 2017. Net profit for the period amounted to EUR 2.8m (-0.7m) for the fourth quarter of 2018.

### Operating expenses

Total operating expenses for Q4 2018 amounted to EUR 48.5m (23.0m), including REO cost of sales of EUR 16.4m (1.3m). This represents reversal of the book value of sold assets, or the equivalent to amortization of NPL portfolios. Under IFRS, Axactor is obliged to recognize impairments on REO assets valued above market value but is not allowed to write up the value of undervalued assets. This is a contrast to the amortized cost principle for NPL portfolios, allowing for both positive and negative revaluations. As the first REO investments are now more than twelve months old, Axactor have made a full review of all REO assets and booked impairments of EUR 1.9m (0.0m) that are included in total operating expenses for the fourth quarter of 2018.

IT and local SG&A costs amounted to EUR 8.6m (6.4m) for the quarter. The increase can be attributed to increased size of the business.

Depreciation and amortization excluding amortization of NPL portfolios was EUR 1.7m (1.4m) for Q4 2018. Most of the depreciation and amortization is related to intangible assets acquired through the acquisition of subsidiaries, IT and infrastructure projects.

### Net financial items

Interest cost on outstanding debt for the fourth quarter of 2018 was EUR 9.5m (2.6m). In addition to the ordinary interest cost, a distribution of interest on the A-notes in Axactor Invest I to non-controlling interests of EUR 2.1m (0.0m) was accrued for in the quarter. Net financial items were negatively impacted by currency effects of EUR 0.3m (2.8m). Adding other financial items, the total net financial items ended at EUR -12.4m (-5.6m) for Q4 2018. The increase compared to the previous quarter is mainly due to increased interest expenses following the large investments in Q4 2018, and accrued interest distributed to non-controlling interests in Axactor Invest I.

### Tax

The tax expense for Q4 2018 was EUR 2.6m (positive 0.7m). The high effective tax rate is due to some loss-making entities not recognizing any new tax assets in the quarter, at the same time as some profit-making entities are in a taxable position.

### Cash flow

The cash flow from operating activities in the fourth quarter of 2018 amounted to EUR 45.1m (9.9m). The cash EBITDA for Q4 2018 was EUR 44.7m. The main difference between the cash EBITDA and the cash flow from operating activities relates to a decrease in net working capital of EUR 0.6m (increase of 3.4m), and taxes paid of EUR 0.2m (0.1m).

Acquisition of NPL and REO portfolios during Q4 2018 was EUR 334.5m (234.1m). Adjusting for some small timing differences between closing and actual payment dates, the total amount paid for portfolios in the quarter was EUR 332.7m (227.7m). In addition, Axactor continues to invest in IT systems to optimize efficiency, thus, the total cash flow from investments was EUR -335.1m (-229.0m).

Total cash flow from financing activities was EUR 248.7m (213.0m) in Q4 2018. The main element was drawdown on existing funding lines to fund the portfolio investments in the quarter. Total free cash and cash equivalents at the end of the period was EUR 70.8m (48.6m).



## Equity position

At the end of Q4 2018, the total equity including minorities for the Group was EUR 328.2m, compared to MEUR 291.8m at the end of Q4 2017. The equity ratio was 30%, compared to 47% at the end of last year.

## Comments to the FY 2018 accounts

Gross revenues for the full year 2018 was EUR 238.8m (104.7m) while net revenue for the same period was EUR 206.9m (89.8m). Reported EBITDA for the full year 2018 was EUR 46.3m (14.8m). Net financial items ended at EUR -34.1m (-7.5m) for the full year 2018, resulting in a net profit of EUR 2.4m (2.6m).

## Outlook

Axactor enters 2019 with a strong momentum after investing EUR 561.2m in NPL and REO portfolios in 2018. The bulk of investments were made in the last quarter of the year, but all portfolios will be fully operational and generate significant revenue growth and cash flow with effect from Q1 2019.

Towards the end of 2018 and into 2019 Axactor has seen an increasing volume of NPL portfolios for sale, whereas a more challenging funding situation for the industry has reduced competition. This has lifted the expected IRR on new acquisitions, and this trend is expected to continue over the next months. Axactor expects to deploy between EUR 350m and EUR 400m in portfolio capex during 2019, which will be financed through running cash flow and existing funding lines. The investment focus will be on NPL portfolios.

Cross-border deals and good client relationships are expected to be key factors in the future growth of the company. With the entry into Finland in Q4 2018, Axactor sees further geographic expansion and increased ability to leverage existing client relationships with pan-Nordic financial institutions.

Axactor expects that increased scale, a lean organization and continued sharp focus on efficiency will generate profitable growth in 2019. The underlying margin expansion might however be dampened by changes in business mix, as realization of REO assets carry below average margins.

This report has not been reviewed by the auditor.

Oslo, 12 February 2019  
The Board of Directors

Bjørn Erik Næss  
*Chairman of the Board*

Lars Erich Nilsen  
*Board member*

Merete Haugli  
*Board member*

Brita Eilertsen  
*Board member*

Beate S. Nygårdshaug  
*Board member*

Terje Mjøse  
*Board member*

Endre Rangnes  
*Chief Executive Officer*





## Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end		Full Year	
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net revenue	3, 4	<b>68,034</b>	28,652	206,909	87,745
Other revenue	3	<b>0</b>	0	0	2,040
<b>Total revenue</b>		<b>68,034</b>	28,652	206,909	89,785
Cost of secured assets sold (REOs)	7	<b>-16,417</b>	-1,321	-54,491	-1,445
Personnel expenses collection		<b>-8,815</b>	-7,400	-32,584	-26,578
Personnel expenses other		<b>-5,211</b>	-6,478	-19,548	-18,378
Operating expenses		<b>-18,019</b>	-7,805	-53,979	-28,569
<b>EBITDA</b>		<b>19,571</b>	5,649	46,306	14,815
Amortisation and depreciation		<b>-1,686</b>	-1,412	-6,009	-5,327
<b>EBIT</b>		<b>17,885</b>	4,237	40,297	9,488
Financial revenue	5	<b>58</b>	252	453	3,070
Financial expenses	5	<b>-12,504</b>	-5,848	-34,590	-10,585
<b>Net financial items</b>		<b>-12,447</b>	-5,596	-34,138	-7,515
Profit/(loss) before tax		<b>5,438</b>	-1,359	6,159	1,974
Tax expense <sup>1)</sup>		<b>-2,624</b>	706	-3,770	611
<b>Net profit/(loss) from continued operations</b>		<b>2,814</b>	-653	2,389	2,586
Net profit/(loss) to non-controlling interest	5	<b>-1,578</b>	-32	-2,103	-32
<b>Net profit/(loss) to equity holders</b>		<b>4,392</b>	-622	4,492	2,617
Earnings per share: basic		<b>0.028</b>	0.000	0.029	0.002
Earnings per share: diluted		<b>0.025</b>	0.000	0.026	0.002

1) Final distribution of group contribution and dividend between countries remains to be completed. As a consequence of possible movements of the tax base between tax regimes with different tax rates there may be adjustments to the tax figures in the Q4 report and the annual report.

# Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end		Full Year	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net profit/(loss) for the period net of income tax	2,814	-653	2,389	2,585
<i>Items that will not be classified subsequently to profit or loss</i>				
Remeasurement of pension plans	50	8	50	8
<i>Items that may be classified subsequently to profit or loss</i>				
Foreign currency translation differences - foreign operations	-2,352	197	-2,830	-3,702
Other comprehensive income/(loss) for the period net of income tax	-2,302	206	-2,780	-3,694
Total comprehensive income for the period	512	-448	-391	-1,109
<i>Attributable to:</i>				
- Equity holders of the parent company	2,090	-416	1,712	-1,077
- Non-controlling interests	-1,578	-32	-2,103	-32

## Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2018	31 Dec 2017
<b>ASSETS</b>			
<i>Intangible non-current assets</i>			
Intangible assets		19,170	18,359
Goodwill		55,578	53,582
Deferred tax asset		7,564	3,945
<i>Tangible non-current assets</i>			
Property, Plant and equipment		2,683	2,499
<i>Financial non-current assets</i>			
Purchased debt portfolios	6	728,820	317,150
Other long term receivables		801	1,065
Other long term investments		170	191
<b>Total non-current assets</b>		<b>814,786</b>	<b>396,791</b>
<i>Current assets</i>			
Stock of secured assets REO's	7	200,009	154,101
Current receivables		9,937	8,047
Other current assets		12,294	13,070
Restricted cash		24	1,878
Cash and cash equivalents		70,753	48,604
<b>Total current assets</b>		<b>293,016</b>	<b>225,700</b>
<b>TOTAL ASSETS</b>		<b>1,107,802</b>	<b>622,491</b>

# Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2018	31 Dec 2017
<b>EQUITY AND LIABILITIES</b>			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital	8	81,115	79,377
Other paid-in equity		200,298	196,298
Retained earnings profit/(loss)		-14,172	-15,630
Reserves		-2,817	13
Non-controlling interests		63,746	31,776
<b>Total equity</b>		<b>328,171</b>	<b>291,833</b>
<i>Non-current liabilities</i>			
Non-current interest bearing debt	9	567,829	237,571
Deferred tax liabilities		11,124	5,887
Other non-current liabilities		3,446	3,002
<b>Total non-current liabilities</b>		<b>582,399</b>	<b>246,459</b>
<i>Current liabilities</i>			
Accounts payables		4,522	4,029
Current portion of non-current borrowings	9	166,588	61,189
Taxes Payable		5,192	1,376
Other current liabilities		24,513	17,603
<b>Total current liabilities</b>		<b>197,233</b>	<b>84,198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,107,802</b>	<b>622,491</b>

# Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end		Full year	
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<b>Operating activities</b>					
Profit before tax		5,438	-1,359	6,159	1,974
Taxes paid		-170	-112	-2,543	-1,531
Adjustments for:					
- Finance income and expense		12,447	5,596	34,138	7,514
- Amortization of debt portfolios		6,566	5,842	31,908	14,957
- Cost of sales stock of secured assets		18,363	1,321	56,437	1,445
- Depreciation and amortization		1,678	1,412	6,002	5,327
- Calculated cost of employee share options		194	547	1,374	1,806
Change in Working capital		551	-3,350	4,069	-8,099
<b>Net cash flows operating activities</b>		<b>45,068</b>	<b>9,897</b>	<b>137,545</b>	<b>23,393</b>
<b>Investing activities</b>					
Purchase of debt portfolios and REO's	6, 7	-332,742	-227,651	-555,649	-355,202
Investment in subsidiaries		-1,186	0	-1,186	-1,409
Purchase of intangible and tangible assets		-1,182	-1,378	-6,995	-5,401
Interest received		17	0	17	96
<b>Net cash flows investing activities</b>		<b>-335,093</b>	<b>-229,029</b>	<b>-563,813</b>	<b>-361,741</b>
<b>Financing activities</b>					
Proceeds from borrowings	9	264,593	198,695	600,651	277,752
Repayment of debt	9	-2,482	-7,566	-156,791	-42,485
Interest paid		-7,873	-1,882	-24,405	-5,315
Loan fees paid	9	-5,032	-8,074	-10,090	-10,188
Proceeds from share issue		0	0	3,147	75,274
Proceeds from non-controlling interests		-477	31,808	34,071	31,808
Share issue costs		0	-22	-21	-1,885
<b>Net cash flows financing activities</b>		<b>248,729</b>	<b>212,959</b>	<b>446,562</b>	<b>324,961</b>
Currency translation		0	-682	0	-117
<b>Net change in cash and cash equivalents</b>		<b>-41,296</b>	<b>-6,173</b>	<b>20,294</b>	<b>-13,387</b>
Cash and cash equivalents at the beginning of period		112,072	57,337	50,482	63,986
<b>Cash and cash equivalents at end of period</b>		<b>70,777</b>	<b>50,482</b>	<b>70,777</b>	<b>50,482</b>

# Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company				Total	Non-controlling interest	Total Equity
	Restricted	Non-restricted					
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year			
Closing balance on 31 Dec 2016	64,198	262,127	3,714	-147,151	182,888		<b>182,888</b>
Balance 1 Jan 2017	64,198	262,127	3,714	-147,151	182,888		<b>182,888</b>
Allocation of result from discontinued operations <sup>1)</sup>		-128,896		128,896	0		<b>0</b>
Net result for the period				2,617	2,617	-32	<b>2,585</b>
Comprehensive Profit/(loss) Foreign currency translation differences - foreign operations			-3,702		-3,702		<b>-3,702</b>
Comprehensive Profit/(loss) Remeasurement of pension plans				8	8		<b>8</b>
<b>Total comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>-3,702</b>	<b>2,625</b>	<b>-1,077</b>	<b>-32</b>	<b>-1,109</b>
Minority of newly consolidated companies						31,807	<b>31,807</b>
New Share issues, May	2,617	8,799			11,417		<b>11,417</b>
New Share issues, Aug	3,957	16,223			20,180		<b>20,180</b>
New Share issues, Sep	8,605	35,073			43,678		<b>43,678</b>
Costs related to fund-raising		-1,885			-1,885		<b>-1,885</b>
Share based payment		1,806			1,806		<b>1,806</b>
Grant of Warrants <sup>2)</sup>		3,051			3,051		<b>3,051</b>
Closing balance 31 Dec 2017	79,377	196,298	13	-15,630	260,057	31,776	<b>291,833</b>
Balance 1 Jan 2018	79,377	196,298	13	-15,630	260,057	31,776	<b>291,833</b>
Costs related to share issues		-31			-31		<b>-31</b>
Share based payment		1,374			1,374		<b>1,374</b>
Comprehensive Profit/(loss) Foreign currency translation differences - foreign operations			-2,830		-2,830		<b>-2,830</b>
Comprehensive Profit/(loss) Remeasurement of pension plans				50	50		<b>50</b>
Adjustment on initial application of IFRS 15 (net of tax)				-3,087	-3,087		<b>-3,087</b>
Net capital increase/decrease of NCI						34,073	<b>34,073</b>
Result of the period				4,492	4,492	-2,103	<b>2,390</b>
New Share issues (exercise of share options)	1,465	1,682			3,147		<b>3,147</b>
New Share issues	273	975			1,248		<b>1,248</b>
Closing balance on 31 Dec 2018	81,115	200,298	-2,817	-14,172	264,423	63,746	<b>328,171</b>

1) Ref. resolution in Annual general meeting on 31 May 2017.

2) 130 million American style warrants in Axactor to Geveran with an exercise price of NOK 3.25 have been granted. The warrants expire after two years.



## Key Ratios and Share Data for the Consolidated Group

		2018	2017	2016	2015	2014
Number of outstanding shares at beginning of reporting period <sup>1)</sup>	Number	1,516,488,769	1,226,488,769	596,614,360	90,809,360	18,174,922
New share issue <sup>4)</sup>	Number	27,992,251	290,000,000	629,874,409	505,805,000	72,634,438
Number of outstanding shares at the end of reporting period <sup>3)</sup>	Number	154,971,114	1,516,488,769	1,226,488,769	596,614,360	90,809,360
Average number of shares <sup>1) 3)</sup>	Number	153,766,937	1,327,030,991	849,072,460	133,687,416	29,804,775
Operating result, for continued operations	TEUR	40,297	9,488	-9,614	-3,360	-1,214
Result after tax	TEUR	2,389	2,585	-11,169	-17,810	-5,055
Operating result per average share	EUR	0.262	0.007	-0.011	-0.02	-0.15
Result after financial items per average share	EUR	0.054	0.001	-0.014	-0.05	-0.15
Result per average share after tax	EUR	0.016	0.002	-0.013	-0.13	-0.17
Shareholders equity per average share before dilution <sup>1)</sup>	EUR	1.720	0.220	0.238	0.09	0.19
Dividend <sup>2)</sup>	TEUR	0	0	0	0	59.69
Price per share at the end of reporting period	NOK	24.32	2.90	2.650	2.00	1.42

1) The average number of shares during the twelve month period 2013 has been adjusted for the reversed split as from the beginning of the year.

2) Total dividend, not per share.

3) After effect of reverse split 31 May 2018. Ratio ten old shares give one new share.

4) Before reverse split.

# Notes to the Financial Report

## Note 1 Reporting entity and Accounting Principles

The Parent Company Axactor SE (Company) is a company domiciled in Norway. These condensed consolidated interim statements ("interim financial statements") comprise the Company and its subsidiaries (together referred to as "the Group"). The group is primarily involved in debt management, specialising on both purchasing and collection on own portfolios and providing collection services for 3rd party owned portfolio. The activities are further described in note 3.

The interim report has been prepared in accordance with IAS 34. The accounting principles applied correspond to those described in the Annual Report for the Financial Year 2017. This interim report does not contain all the information and disclosures available in the annual report and the interim report should be read together with the Annual Report for the Financial Year 2017.

In preparing these interim financial statements, management has made judgements and estimates that effects the application and accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. Critical Accounting estimates and judgements in terms of accounting policies are more comprehensive discussed in the Company Annual report for the Financial Year 2017, which is available on Axactors website: [www.axactor.com](http://www.axactor.com)

The significant judgements made by managements applying the Group's accounting policies and the key resources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements of estimation uncertainty related to the application of IFRS 15, which are described below.

This is the first set of Group's financial statements where IFRS 15 and IFRS 9 have been applied. The treatment of the NPL portfolios under IFRS 9 will remain as according to IAS 39.

The Group adopted IFRS 15 using the modified retrospective method with effect of applying this standard from 1. January 2018 without presenting 2017 restated.

The following table summarises the impact, net of tax, of transision to IFRS 15 on retained earnings and NCI at 1. January 2018.

### Impact of adopting IFRS 15 at 1 January 2018

EUR thousand	Total
<b>Retained earnings</b>	
Accrued revenue	3,304
Related tax	217
Impact at 1 Jan 2018	3,087
<b>Non-controlling interests</b>	
Impact	0

## **Note 2** Risks and uncertainties

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Axactor's regular business activities entail exposure to various types of risk. The company manages such risks proactively and the board of directors regularly analyses its operations and potential risk factors and takes steps to reduce risk exposure. Axactor gives strong emphasis to quality assurance and has quality systems implemented, or under implementation in line with the requirements applicable to its business operations. The risks include but are not limited to credit risk, risk inherent in purchased debt, interest rate risk, regulatory risk, liquidity risks and financing risks. For a more elaborate discussion on the aforementioned risks one is referred to the Company's Annual Report for the Financial Year 2017, which is available on Axactor website: [www.axactor.com](http://www.axactor.com) (note 3 of the Group financial statement).

## **Note 3** Segment note

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Axactor delivers credit management services and the company's revenue is derived from the following four operating segments: Non-Performing Loans (NPL), Real Estate Own (REO), Third Party Collection (3PC) and Accounts Receivable Management (ARM). Axactor's operations are managed through these four operating segments.

The NPL segment invests in portfolios of non-performing loans. Subsequently, the outstanding debt is collected through either amicable or legal proceedings.

The REO segment invests in real estate assets held for sale.

The 3PC segments main focus is to perform debt collection services on behalf of third-party clients. They apply both amicable and legal proceedings in order to collect the non-performing loans, and typically receive a commission for these services. They also help creditors to prepare documentation for future legal proceedings against debtors, and for this they typically receive a fixed fee.

ARM handles claims between the invoice date and the default date. The customer issues an invoice to the debtor, and Axactor ARM monitors the claim and makes sure the payment is made in due time. If a debtor defaults on the payment, the claim is typically transferred to 3PC for debt collection services.

Axactor reports its business through reporting segment which corresponds to the operating segments. Segment profitability and country profitability are the two most important dimensions when making strategic priorities and deciding where to allocate the Groups resources.

Segment revenue reported below represents revenue generated from external customers. There were no intersegment sales in the current year.

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

## For the quarter end 31.12.2018

EUR thousand	NPL	REO	3PC <sup>1)</sup>	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	39,598	20,271	0	0	0	<b>59,869</b>
Other operating revenue	0	0	13,055	1,668	0	<b>14,723</b>
Portfolio amortisation and revaluation	-6,558	0	0	0	0	<b>-6,558</b>
<b>Net revenue</b>	<b>33,040</b>	<b>20,271</b>	<b>13,055</b>	<b>1,668</b>	<b>0</b>	<b>68,034</b>
REO cost of sales	0	-16,417	0	0	0	<b>-16,417</b>
Impairment REOs	0	-1,946	0	0	0	<b>-1,946</b>
Other direct operating expenses	-6,696	-2,707	-8,468	-883	0	<b>-18,754</b>
<b>Contribution margin</b>	<b>26,344</b>	<b>-800</b>	<b>4,587</b>	<b>785</b>	<b>0</b>	<b>30,916</b>
Local SG&A, IT and corporate cost					-11,345	<b>-11,345</b>
<b>EBITDA</b>						<b>19,571</b>
Total Opex	-6,696	-21,071	-8,468	-883	-11,345	<b>-48,462</b>
CM1 margin	79.7 %	-3.9 %	35.1 %	47.0 %	na	<b>45.4 %</b>
EBITDA margin						<b>28.8 %</b>
Dopex / Gross revenue	16.9 %	103.9 %	64.9 %	53.0 %	na	<b>49.8 %</b>
Local SG&A, IT and corporate cost / Gross revenue						<b>15.2 %</b>

1) External revenue.

## For the quarter end 31.12.2017

EUR thousand	NPL	REO	3PC <sup>1)</sup>	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	20,083	1,976	0	0	0	<b>22,059</b>
Other operating revenue	0	0	10,804	1,622	0	<b>12,426</b>
Portfolio amortisation and revaluation	-5,833	0	0	0	0	<b>-5,833</b>
<b>Net revenue</b>	<b>14,250</b>	<b>1,976</b>	<b>10,804</b>	<b>1,622</b>	<b>0</b>	<b>28,652</b>
REO cost of sales	0	-1,321	0	0	0	<b>-1,321</b>
Other direct operating expenses	-4,350	-266	-7,009	-801	0	<b>-12,427</b>
<b>Contribution margin</b>	<b>9,900</b>	<b>389</b>	<b>3,795</b>	<b>821</b>	<b>0</b>	<b>14,905</b>
Local SG&A, IT and corporate cost					-9,256	<b>-9,256</b>
<b>EBITDA</b>						<b>5,649</b>
Total Opex	-4,350	-1,587	-7,009	-801	-9,256	<b>-23,004</b>
CM1 margin	69.5 %	19.7 %	35.1 %	50.6 %	na	<b>52.0 %</b>
EBITDA margin						<b>19.7 %</b>
Dopex / Gross revenue	21.7 %	80.3 %	64.9 %	49.4 %	na	<b>39.9 %</b>
Local SG&A, IT and corporate cost / Gross revenue						<b>26.8 %</b>

1) External revenue.

## Year to date 31.12.2018

EUR thousand	NPL	REO	3PC <sup>1)</sup>	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	117,034	69,810	0	0	0	<b>186,844</b>
Other operating revenue	0	0	45,591	6,373	0	<b>51,964</b>
Portfolio amortisation and revaluation	-31,900	0	0	0	0	<b>-31,900</b>
<b>Net revenue</b>	<b>85,135</b>	<b>69,810</b>	<b>45,591</b>	<b>6,373</b>	<b>0</b>	<b>206,909</b>
REO cost of sales	0	-54,486	0	0	0	<b>-54,486</b>
Impairment REOs	0	-1,946	0	0	0	<b>-1,946</b>
Direct operating expenses	-23,100	-8,609	-32,256	-3,096	0	<b>-67,061</b>
<b>Contribution margin</b>	<b>62,035</b>	<b>4,769</b>	<b>13,335</b>	<b>3,277</b>	<b>0</b>	<b>83,416</b>
Local SG&A, IT and corporate cost					-37,110	<b>-37,110</b>
<b>EBITDA</b>						<b>46,306</b>
Total Opex	-23,100	-65,041	-32,256	-3,096	-37,110	<b>-160,603</b>
CM1 margin	72.9 %	6.8 %	29.2 %	51.4 %	na	<b>40.3 %</b>
EBITDA margin						<b>22.4 %</b>
Dopex / Gross revenue	19.7 %	93.2 %	70.8 %	48.6 %	na	<b>51.7 %</b>
Local SG&A, IT and corporate cost / Gross revenue						<b>15.5 %</b>

1) External revenue.

## Year to date 31.12.2017

EUR thousand	NPL	REO	3PC <sup>1)</sup>	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	58,552	2,282	0	0	-30	<b>60,805</b>
Other operating revenue	0	0	35,830	6,059	2,040 <sup>2)</sup>	<b>43,929</b>
Portfolio amortisation and revaluation	-14,948	0	0	0	0	<b>-14,948</b>
<b>Net revenue</b>	<b>43,604</b>	<b>2,282</b>	<b>35,830</b>	<b>6,059</b>	<b>2,010</b>	<b>89,786</b>
REO cost of sales	0	-1,445	0	0	0	<b>-1,445</b>
Direct operating expenses	-13,692	-345	-25,585	-3,195	0	<b>-42,817</b>
<b>Contribution margin</b>	<b>29,912</b>	<b>492</b>	<b>10,245</b>	<b>2,864</b>	<b>2,010</b>	<b>45,524</b>
Local SG&A, IT and corporate cost					-30,708	<b>-30,708</b>
<b>EBITDA</b>						<b>14,815</b>
Total Opex	-13,692	-1,790	-25,585	-3,195	-30,708	<b>-74,970</b>
CM1 margin	68.6 %	21.6 %	28.6 %	47.3 %	na	<b>50.7 %</b>
EBITDA margin						<b>16.5 %</b>
Dopex / Gross revenue	23.4 %	78.4 %	71.4 %	52.7 %	na	<b>42.3 %</b>
Local SG&A, IT and corporate cost / Gross revenue						<b>29.3 %</b>

1) External revenue.

2) Settlement former BoD.

## Note 4 Revenue

### Portfolio Revenue

EUR thousand	For the quarter end		Year to date	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Yield <sup>1)</sup>	22,289	12,826	74,536	43,374
CU1 <sup>2)</sup>	7,512	1,518	8,454	-2,576
CU2 <sup>3)</sup>	2,682	-369	447	446
CU2 tail <sup>4)</sup>	557	274	1,697	360
<b>Net Revenue</b>	<b>33,040</b>	<b>14,250</b>	<b>85,135</b>	<b>43,604</b>

1) The effective interest rate on portfolios.

2) Catch up 1. Over- or under-performance compared to collection forecast.

3) Catch up 2. Revaluations and net present value of changes in forecast.

4) Catch up 2 tail. The net present value effect of rolling 180 months forecast.

### Geographical information on Net revenue

EUR thousand	For the quarter end		Year to date	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Germany	6,977	5,591	21,204	19,614
Italy	-1,004	1,917	4,054	8,161
Finland	3,682	0	3,682	0
Norway	9,803	3,088	23,896	11,015
Spain	46,433	15,814	145,060	40,037
Sweden	2,143	2,243	9,012	8,918
Other revenue, group	0	0	0	2,040
<b>Total net revenue</b>	<b>68,034</b>	<b>28,653</b>	<b>206,909</b>	<b>89,785</b>

## Note 5 Financial items

EUR thousand	For the quarter end		Year to date	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<b>Financial revenue</b>				
Interest on bank deposits	10	12	17	109
Exchange gains	0	158	0	2,704
Exchange gains realised	17	0	381	0
Exchange gains unrealised	0	0	0	0
Other financial income	30	82	54	257
<b>Total financial revenue</b>	<b>58</b>	<b>252</b>	<b>453</b>	<b>3,070</b>
<b>Financial expenses</b>				
Interest expenses on borrowings	-9,518	-2,572	-29,713	-6,942
Distribution of interest on Notes to NCI <sup>1)</sup>	-2,080	0	-2,080	0
Exchange losses	0	-2,981	0	-3,144
Exchange losses realised	-15	0	-294	0
Net unrealised Exchange losses	-331	0	-456	0
Other financial expenses	-560	-294	-2,047	-498
<b>Total financial expenses</b>	<b>-12,504</b>	<b>-5,848</b>	<b>-34,590</b>	<b>-10,585</b>
<b>Net financial items</b>	<b>-12,447</b>	<b>-5,596</b>	<b>-34,138</b>	<b>-7,515</b>

1) Distribution to non-controlling interest on Notes is classified as interest expense over Profit and Loss when Notes are classified as Loan instrument.



## Note 6 Non-performing loans

EUR thousand	30 Dec 2018	31 Dec 2017
Opening balance accumulated acquisition cost	316,919	129,088
Acquisitions during the year	461,910	206,446
Acquisition of subsidiary, accumulated acquisition Cost	0	0
Amortisation <sup>1)</sup>	-40,232	-16,282
Reclassification	612	0
Repossession of secured NPL to REO	-2,953	0
Disposals	-7,881	-78
Translation difference	-5,911	-2,255
Closing balance accumulated acquisition cost	722,465	316,919
Opening balance accumulated revaluation	231	-1,103
Impairment/Revaluation during the year <sup>1)</sup>	8,333	1,334
Reclassification	-612	0
Repossession of secured NPL to REO	0	0
Disposals acc. Impairment/Revaluation	-1,535	0
Translation difference	-61	0
Closing balance accumulated revaluation	6,355	231
Net book value	728,820	317,150

1) Gain on disposals amounts EUR 2,254 million, netted in P&L as Portfolio Amortisation & revaluation

## Note 7 Stock of secured assets - REO's

EUR thousand	31 Dec 2018	31 Dec 2017
Acquisition cost, opening balance	154,101	0
Purchase	99,310	155,546
Repossession from secured NPL	2,953	0
Cost of sold secured assets	-54,491	-1,445
Other	82	0
Total acquisition cost	201,955	154,101
Impairment	-1,946	0
Total	200,009	154,101
Number of assets	6,323	4,800

## Note 8 Shares

### Issued shares and share capital

	Number of shares	Share capital (EUR)
At 1 Jan 2015	90,809,360	4,753,173
New share issues	505,805,000	26,475,007
At 1 Jan 2016	596,614,360	31,228,180
New share issues, Feb	59,600,000	3,119,602
New Share issues, May	220,400,000	11,536,247
Acquisition subsidiary, IKAS group May	49,033,589	2,566,532
Acquisition subsidiary, CS Union Jun	20,840,820	1,090,857
New share issues, Oct	71,723,893	3,754,195
New share issues, Nov	158,276,107	8,284,539
New share issues, Dec	50,000,000	2,617,116
At 1 Jan 2017	1,226,488,769	64,197,268
At 31 Mar 2017	1,226,488,769	64,197,268
New share issues, May	50,000,000	2,617,116
At 30 Jun 2017	1,276,488,769	66,814,384
New share issues, Aug	75,600,000	3,957,079
New share issues, Sep	164,400,000	8,605,077
At 31 Dec 2017	1,516,488,769	79,376,540
At 31 Mar 2018	1,516,488,769	79,376,540
Exercise of share options, Apr	27,992,250	1,465,179
New share issues, May	1	0
At 31 May 2018	1,544,481,020	80,841,720
At 30 Jun after Reverse split 1:10	154,448,102	80,841,720
At 30 Sep after Reverse split 1:10	154,448,102	80,841,720
New share issues, Nov	523,012	273,756
At 31 Dec after Reverse split 1:10	154,971,114	81,115,475

## Top 30 shareholders at 31 December 2018

Name	Shareholding	% Share
Geveran Trading Co Ltd	29,571,249	19.08%
Verdipapirfondet Dnb Norge (Iv)	10,303,065	6.65%
Torstein Ingvald Tvenge	7,100,000	4.58%
Ferd As	5,335,139	3.44%
Verdipapirfondet Alfred Berg Gamba	3,555,376	2.29%
Verdipapirfondet Alfred Berg Norge	2,890,144	1.86%
Verdipapirfondet Delphi Norden	2,514,978	1.62%
Gvapseborg As	2,036,494	1.31%
J.P. Morgan Bank Luxembourg S.A.	2,014,113	1.30%
Vpf Nordea Norge Verdi	2,013,102	1.30%
Songa Trading Inc	2,000,000	1.29%
Verdipapirfondet Alfred Berg Aktiv	1,854,655	1.20%
Alpette As	1,661,643	1.07%
Ubs Ag	1,635,202	1.06%
Rmb International Fund	1,472,238	0.95%
Nordnet Livsforsikring As	1,416,435	0.91%
Citibank, N.A.	1,234,706	0.80%
Vpf Nordea Kapital	1,214,748	0.78%
Andres Lopez Sanchez	1,166,725	0.75%
David Martin Ibeas	1,166,725	0.75%
Klotind As	1,123,523	0.72%
Latino Invest As	1,030,000	0.66%
Vpf Nordea Avkastning	1,027,387	0.66%
Vardfjell As	915,401	0.59%
Elena As	894,000	0.58%
Nomura International Plc	874,058	0.56%
Endre Rangnes	864,000	0.56%
Verdipapirfondet Delphi Norge	836,499	0.54%
Statoil Pensjon	705,132	0.46%
Arctic Funds Plc	688,554	0.44%
<b>Total 30 largest shareholders</b>	<b>91,115,291</b>	<b>58.80%</b>
Other shareholders	63,855,823	41.20%
<b>Total number of shares</b>	<b>154,971,114</b>	<b>100.00%</b>
Total number of shareholders	9,235	

## Shares owned by related parties

Name	Shareholding	% Share
Geveran Trading Co Ltd <sup>1)</sup>	29,571,249	19.1 %
Alpette AS <sup>2)</sup>	1,661,643	1.1 %
Andres Lopez Sanchez <sup>3)</sup>	1,166,725	0.8 %
David Martin Ibeas <sup>3)</sup>	1,166,725	0.8 %
Latino Invest AS <sup>4)</sup>	1,030,000	0.7 %
Nomura International Plc	874,058	0.6 %
Endre Rangnes <sup>2)</sup>	864,000	0.6 %
Banca Sistema S.P.A <sup>5)</sup>	604,504	0.4 %
Fryden AS / Oddgeir Hansen <sup>6)</sup>	576,000	0.4 %
Johnny Tsolis Vasili <sup>4)</sup>	540,000	0.3 %
Siv Farstad <sup>6)</sup>	281,000	0.2 %
Robin Knowles <sup>6)</sup>	121,887	0.1 %
Bjørn Erik Næss <sup>7)</sup>	100,000	0.1 %
Susanne Lene Rangnes Schneider <sup>2)</sup>	39,832	0.0 %
Anders Gulbrandsen <sup>8)</sup>	16,975	0.0 %
Bergsjo AS <sup>7)</sup>	12,300	0.0 %
Lars Valseth <sup>8)</sup>	12,188	0.0 %
Sicubi AS / Bente Brocks <sup>8) 9)</sup>	10,800	0.0 %
Brita Eilertsen <sup>7)</sup>	10,000	0.0 %

1) Geveran Trading Co Ltd owns 50% of Luxco Invest1 S.A and Reolux Holding S.à.r.l., companies controlled by Axactor Group.

2) CEO/Related to the CEO of Axactor SE

3) Member of the executive management team of Axactor SE and former owner of ALD, Spain

4) Related to the CFO of Axactor SE

5) Banca Sistema S.P.A. owns 10% of the shares in Axactor Italy Srl, a company controlled by Axactor Group

6) Member of the executive management team of Axactor SE

7) Member of the Board of Directors of Axactor SE/controlled by member of the Board of Directors of Axactor SE

8) Primary insider of Axactor SE

9) Company controlled by primary insider of Axactor SE

As from 31 May 2018 the shares in Axactor SE are traded ex reverse split, with the new ISIN and new face value.  
Ratio: 10 old shares give 1 new share. New ISIN: SE0011309319. New Face value: EUR 0.5234232

## Note 9 Loans and borrowings

EUR thousand	Currency	Interest rate	Carrying amount	Year of maturity
Balance at 1 Jan 2018	EUR / NOK <sup>1) 5)</sup>	Variable	298,760	2017-2022
<b>New issues</b>				
Italian Banks <sup>2)</sup>	EUR		29,830	2018-2022
DnB/Nordea <sup>1)</sup>	EUR		323,114	2020
Listed Bond Loan <sup>4)</sup>	EUR		150,000	2021
Nomura <sup>5)</sup>	EUR		97,707	2021
Finnish Banks			68	
<b>Repayments</b>				
Italian Banks	EUR		-29,791	
DnB/Nordea	EUR		-47,000	
Other	EUR		-80,000	
<b>Other movements</b>				
Capitalized loan fees			-10,090	
Amortized loan fees on loans			5,577	
Currency translations			-3,759	
Balance at 31 Dec 2018			734,416	
Non-current interest bearing debt			567,829	
Current portion of non-current borrowings			166,588	

1) The debt facility agreement with DNB Bank ASA and Nordea Bank AB is EUR 350 million, whereof 150 million are in the form of accordion options. The facility has final maturity three years after signing. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

Under the terms of this debt facility the group is required to comply with the following financial covenants: the Group NIBD Ratio < 3; the Portfolio Leverage Ratio < 60 % and Collection performance > 90 %.

All material subsidiaries of the group are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility. Italian subsidiaries together with the co-Invest Vehicle in Luxembourg as well as the REO Holding company in Luxembourg are not a part of the agreement nor the security arrangement.

2) The facilities of the Italian banks relate to eleven different facilities and agreements with several Italian banks. Banca Sistema (which has a minority share of 10 % in the Italian subsidiary) is providing one of these facilities, and has granted a facility of EUR 29.5 million to finance further acquisitions of portfolios. The loan carries a variable interest rate based on the interbank rate with a margin. Some of the loans are secured with collaterals worth EUR 24 million.

3) Following the establishment of the co-investment partnership with Geveran, Notes in the amount of EUR 180 million has been issued, of which for EUR 150 million has been subscribed to by Sterna Finance, a company in the Geveran Group. The remainder has been subscribed to by Axactor SE. This consists of EUR 60 million in class A, deeply subordinated income sharing notes, subscribed by Axactor SE and Geveran (50/50) and EUR 120 million in class B, subordinated secured note, fully subscribed by Geveran. The maturity of these notes is 2022. Axactor repaid EUR 80 million of the 120 million facility to Sterna in Q2 2018, the notes can be redrawn in increments of 40 million. A waiver was given during Q1 related to financing of acquisitions of REO's (through Reolux Holding). Corresponding waiver fee was 240 TEUR. This relates to the unused facility of DNB.

4) In March 2018 Axactor SE successfully completed a EUR 150 million senior unsecured bond issue with maturity in June 2021. The bonds are listed on Oslo Exchange. The coupon rate is 3m EURIBOR + 700 bps pa. The following financial covenants: Interest coverage ratio: >4.0x (Pro-Forma Adjusted Cash EBITDA to net interest expenses); Leverage ratio: <4.0x (NIBD to Pro-Forma Adjusted Cash EBITDA); Net loan to value: <75% (NIBD to total book value all debt portfolios and REOs); Net secured loan to value: <65% (secured loans less cash to total book value all debt portfolios and REOs). Trustee: Nordic Trustee.

5) In August 2018 Reolux Holding S.à.r.l signed a 96 mill EUR senior secured term loan facility with Nomura International plc ("Nomura") to refinance Reolux's existing Spanish Real Estate Owned (REO) investments. The facility was amended in September to facilitate new Spanish Real Estate Owned (REO) investments. The maturity on this this loan facility is 2021.

## Note 10 Preliminary acquisition

EUR thousand	Company SPT group
Date of acquisition	30.10.2018
Acquired part of company	100 %
Purchase price	2,435
- whereof cash consideration	1,186
- whereof share consideration	1,249
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	
Goodwill	2,342
Tangible assets	
Plant and machinery	18
Long term financial assets	
Other long-term receivables	3
<b>Total non-current assets</b>	<b>2,363</b>
<b>Current assets</b>	
Current receivables	380
Cash & cash equivalents	100
<b>Total current assets</b>	<b>480</b>
<b>Total Assets</b>	<b>2,843</b>
<b>Non-current liabilities</b>	
Long-term interest bearing debt	72
<b>Total non-current liabilities</b>	<b>72</b>
<b>Current liabilities</b>	
Trade payables	79
Other short-term liabilities	258
<b>Total current liabilities</b>	<b>337</b>
<b>Total Net assets</b>	<b>2,435</b>
Net sales 2018 (full year)	1,834.2
Profit 2018 (full year)	224.5
Net sales 2018 for Axactor period	531.5
Profit 2018 for Axactor period	130.5

## Terms and abbreviations

<i>3PC</i>	<i>Third Party Collection</i>
<i>ARM</i>	<i>Accounts Receivable Management</i>
<i>B2B</i>	<i>Business to Business</i>
<i>B2C</i>	<i>Business to Consumer</i>
<i>BoD</i>	<i>Board of Directors</i>
<i>CGU</i>	<i>Cash Generating Unit</i>
<i>CM1</i>	<i>Contribution Margin</i>
<i>Dopex</i>	<i>Direct Operating expenses</i>
<i>ERC</i>	<i>Estimated Remaining Collection</i>
<i>EPS</i>	<i>Earnings Per Share</i>
<i>EUR</i>	<i>Euro</i>
<i>FTE</i>	<i>Full Time Equivalent</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>NOK</i>	<i>Norwegian Krone</i>
<i>NPL</i>	<i>Non-Performing Loan</i>
<i>OB</i>	<i>Outstanding Balance</i>
<i>PCI</i>	<i>Purchased Credit Impaired</i>
<i>PPA</i>	<i>Purchase price allocations</i>
<i>REO</i>	<i>Real Estate Owned</i>
<i>SEK</i>	<i>Swedish Krone</i>
<i>SG&amp;A</i>	<i>Selling, General &amp; Administrative Expenses</i>
<i>SPV</i>	<i>Special Purpose Vehicle</i>
<i>VIU</i>	<i>Value in Use</i>
<i>WAEP</i>	<i>Weighted average exercise price</i>
<i>Yield</i>	<i>The effective interest rate on portfolios</i>
<i>CU1</i>	<i>Catch up 1. Over- or underperformance compared to collection forecast</i>
<i>CU2</i>	<i>Catch up 2. Revaluations and net present value of changes in forecast</i>
<i>CU2 tail</i>	<i>Catch up 2 tail. The net present value effect of rolling 180 months forecast</i>





## Financial year 2018

Quarterly Report - Q4 13.02.2019

Annual General meeting 09.04.2019

## Financial year 2019

Quarterly Report – Q1 26.04.2019

Quarterly Report – Q2 24.07.2019

Quarterly Report – Q3 25.10.2019

The company's annual report will be available on the company's website on 21 March 2019.

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**Cautionary Statement:** *Statements and assumptions made in this document with respect to Axactor SE's ("Axactor") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Axactor. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", strategy, "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Axactor operates; (ii) changes relating to the statistic information available in respect of the various debt collection projects undertaken; (iii) Axactor's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential partners, ventures and alliances, if any; (v) currency exchange rate fluctuations between the euro and the currencies in other countries where Axactor or its subsidiaries operate. In the light of the risks and uncertainties involved in the debt collection business, the actual results could differ materially from those presented and forecast in this document. Axactor assumes no unconditional obligation to immediately update any such statements and/or forecasts.*

