



Report

Q1 2019

26 April, 2019

AXACTOR

Highlights

First Quarter of 2019

- Axactor continued its profitable growth journey and reinforced the position as a leading European debt management provider in the first quarter 2019. Gross collection and net revenue more than doubled year-over-year, to EUR 90.7 million and EUR 73.6 million, respectively.
- EBITDA more than tripled to EUR 22.1 million with the EBITDA-margin improving to 30%, showing the scalability and efficiency of the business model. Cash EBITDA also more than tripled to EUR 58.8 million, reflecting solid collection performance and increasing REO sales.
- Portfolio investments amounted to EUR 68.6 million in the first quarter, most of which in NPL volumes acquired through forward flow agreements. The bulk of investments came in the Nordic region, improving the geographical balance. Total ERC exceeded EUR 1.7 billion at the end of the quarter, of which NPL portfolio accounted for 86% and REO for 14%.
- The funding position was strengthened with the release of an additional EUR 100 million in bank loans and EUR 50 million increase of a bond loan. Co-investor Geveran increased funding for the co-investment vehicle Axactor Invest 1 S.à r.l. in April.
- Axactor sees attractive investment opportunities in the NPL segment and increased funding leaves room for increasing the total planned investment level in 2019 from EUR 350-400 million to EUR 400-450 million.
- The portfolio investments and solid collection performance 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

- Axactor and its co-investor and largest shareholder Geveran in April agreed to inject EUR 15 million each in new equity into the co-investment vehicle Axactor Invest 1. The investment capabilities of the vehicle was further increased by Geveran providing a EUR 20 million up-size of the existing mezzanine loan, on the same terms as before.
- Closed unsecured NPL portfolio transaction with a financial institution in Spain with an outstanding balance of approximately EUR 77m across more than 20,000 claims.

Key Figures Axactor Group

| EUR million | For the quarter end/ YTD | | Full year 2018 |
|---|--------------------------|------------------|-------------------|
| | 31 March 2019 | 31 March 2018 | |
| Gross revenue | 90.7 | 41.0 | 238.8 |
| Net revenue | 73.6 | 35.8 | 206.9 |
| EBITDA | 22.1 | 6.1 | 46.3 |
| Cash EBITDA ¹⁾ | 58.8 | 18.1 | 136.0 |
| Depreciation and amortization (excl Portfolio amortization) | -2.3 | -1.3 | -6.0 |
| Net financial items | -11.9 | -5.4 | -34.1 |
| Tax (expense) | -3.3 | -0.3 | -3.8 |
| Net profit/(loss) after tax | 4.6 | -1.0 | 2.4 |
| Cash and Cash Equivalents, end of period | 119.9 | 195.9 | 70.8 |
| Gross revenue from NPL Portfolios | 52.4 | 20.9 | 117.0 |
| Gross revenue from REO Portfolios | 24.7 | 8.7 | 69.8 |
| Acquired NPL portfolios during the period | 68.6 | 46.8 | 461.9 |
| Acquired REO portfolios during the period | 0.1 | 44.7 | 99.3 |
| Book value of NPL, end of period | 781.4 | 354.0 | 728.8 |
| Book value of REO, end of period | 181.1 | 192.7 | 200.0 |
| Estimated Remaining Collection, NPL | 1,473.1 | 726.2 | 1,388.2 |
| Estimated Remaining Collection, REO | 244.0 | 274.3 | 274.5 |
| Interest bearing debt, end of period | 783.3 | 467.0 | 734.4 |
| Number of Employees (FTEs), end of period | 1,075 | 947 | 1,040 |
| Price per share, last day of period | 18.38 | 25.90 | 18.65 |

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

Operations

Axactor invested EUR 68.6 million in portfolio acquisitions in the first quarter 2019, exclusively in NPL volumes and primarily in the Nordic market. This is in line with the strategic decision not to pursue further investment opportunities in the REO segment. The ERC of the NPL portfolio has more than doubled over the past year and stood at close to EUR 1.5 billion at the end of the first quarter. Axactor sees further attractive investment opportunities in the NPL segment also going forward. Operations ran well in the first quarter, with gross revenues more than doubling year-on-year to EUR 90.7 million, and EBITDA more than tripling to EUR 22.1 million. The EBITDA margin continued to improve to 30%, showing that Axactor increasingly benefits from scale economies with a lean and efficient organization.

Gross revenue from the NPL portfolio amounted to EUR 52.4 million in the first quarter 2019 (20.9), reflecting a significantly larger portfolio but also continued solid collection performance.

NPL portfolio investments of EUR 68.6 million in the first quarter 2019 marked a reversal to more normal levels after extraordinary high NPL investments of EUR 328.9 million in the fourth quarter last year but were nevertheless up 47% from the first quarter 2018.

The investments in the first quarter almost exclusively reflect volumes Axactor acquired under previously entered forward flow agreements. These agreements cover claims that are only being taken over by Axactor and included in the NPL portfolio upon default. These types of arrangements are so far most common in the Nordic region, and the first quarter investments had a sharply different geographical profile compared to last year.

Whereas Spain accounted for 88% of NPL acquisitions in the first quarter last year, Norway accounted for 48% and Sweden for 25% of the investments in the first quarter this year. Germany accounted for 18% of acquisitions in the first quarter 2019 and Italy for 8%, with Finland and Spain making up the last 1%.

The ERC of the NPL portfolio stood at EUR 1,473 million at the end of the first quarter (726), a 6% increase from last quarter. ERC for the coming twelve months is estimated at EUR 211 million. Book value of the NPL portfolio was EUR 781 million (354), compared to EUR 729 million at the end of 2018. The ERC and book values do not include volumes Axactor have not yet taken over under forward flow agreements. At the end of the first quarter, the estimated investments under forward flow agreements amounted to EUR 219 million for the remainder of the year.

Gross revenue from the REO portfolio amounted to EUR 24.7 million in the first quarter 2019 (8.7), which was a 22% increase from the fourth quarter 2018. The mix of assets sold during Q1 2019 was more favourable than in the previous quarter, lifting the contribution margin for REOs to 11% and the gross money multiple to 1.28.

ERC of the REO portfolio stood at EUR 244 million (274) at the end of the first quarter 2019. This was a decline of EUR 30 million from year-end 2018, which comprises both REO sales in the quarter and a EUR 6 million downward revision of ERC. The latter reflects somewhat softer price developments and correspondingly higher expected discount levels for parts of the portfolio.

Axactor will prioritize margins over volumes in the divestment of the REO assets and has adjusted the expected ERC profile accordingly. Expected ERC over the coming twelve months is EUR 123 million, or roughly half the total REO ERC.

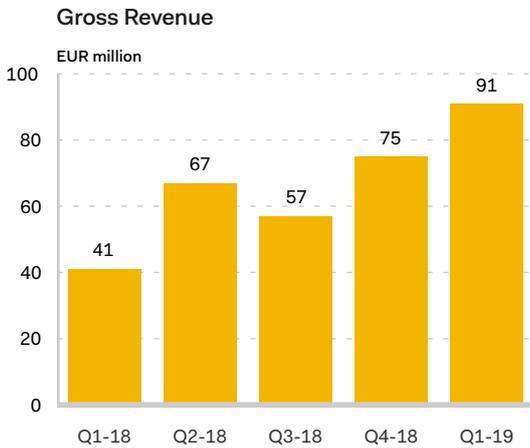
The book value of the REO portfolio stood at EUR 181 million at the end of the first quarter (193), compared to EUR 200 million at the end of 2018.

The third-party collection business (3PC) continued its year-on-year growth pattern, reporting 22% growth in gross revenue to EUR 12.1 million in the first quarter (10.0). After implementing the 3PC product in Sweden earlier in the year, the offering was expanded to Finland with the acquisition of SPT in the fourth quarter last year. This provided geographical diversification and an improved position to take cross-border deals, and Axactor is confident that the revenue growth will continue.

Accounts receivables management is still a relatively small operation, with Norway accounting for the main part of the EUR 1.5 million in gross revenue generated in the first quarter 2019 (1.5). Roll-out to new countries is ongoing, and revenue growth is expected to increase going forward.

Financials

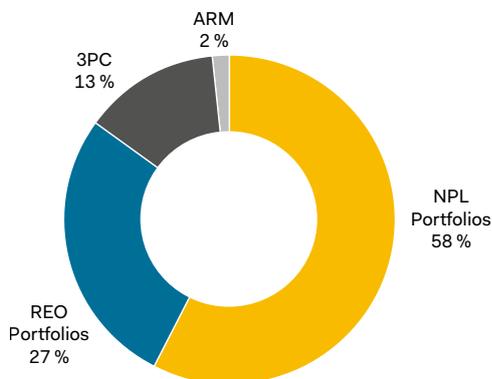
Revenues



Gross revenue for the first quarter of 2019 was EUR 90.7 million, an increase of 121% over the first quarter last year and 22% above the previous quarter. The NPL segment was the main growth contributor.

Net revenue amounted to EUR 73.6 million, corresponding to a 106% year-on-year increase and an 8% increase from the fourth quarter last year. Amortization and revaluation of NPL portfolios amounted to EUR 17.0 million in the first quarter (5.2). This was an increase from EUR 6.6 million in the fourth quarter 2018, which was supported by positive portfolio revaluations of EUR 3.2 million. Due to the shape of the collection curves, the amortization as a percentage of collections is generally expected to increase as the back book matures.

Gross Revenue mix Q1-19



The NPL segment accounted for EUR 52.4 million (20.9) of total gross revenue in the first quarter, reporting year-on-year growth of 151% and a growth of 32% from the previous quarter.

The continued strong growth in the NPL portfolio reflects both large investments made during the latter part of 2018 and continued solid collection performance.

Gross revenue from the REO segment amounted to EUR 24.7 million (8.7), which was an increase of 22% from the fourth quarter 2018. The increase from the previous quarter reflects higher sales of higher quality assets, as well as the first part of a cluster sale of assets to a specialized fund.

The 3PC segment continued its growth track with a 22% year-on-year gross revenue increase to EUR 12.1 (10.0), whereas Accounts Receivable Management reported more or less flat gross revenue at EUR 1.5 (1.5).

Operating expenses

Total operating expenses for the first quarter 2019 amounted to EUR 51.5 million (29.7), including REO cost of sales of EUR 19.3 million (6.1). The latter represents reversal of the book value of sold assets.

Depreciation and amortization - excluding amortization of NPL portfolios - was EUR 2.3 million (1.3m) for the first quarter 2019. The increase is mainly due to the implementation of IFRS 16, where all leasing contracts are booked in the balance and amortized over the contract period.

Operating results

Total contribution from the business segments amounted to EUR 33.8 million in the first quarter (14.4), up from EUR 30.9 million in the previous quarter. The contribution margin of net revenue increased to 46% (40%) from 45% in the previous quarter.

Contribution from the NPL segment was EUR 27.1 million (10.4), up from EUR 26.3 million in the fourth quarter 2018.

Contribution from the REO segment was EUR 2.8 million (1.3). This compares to a loss of EUR 0.8 million in the previous quarter, when Axactor under IFRS booked impairments that affected the contribution margin negatively by EUR 1.9 million.

Contribution from the 3PC and ARM segments were EUR 3.3 million (1.9) and EUR 0.6 million (0.8), respectively.

Reported EBITDA for the first quarter 2019 was EUR 22.1 million (6.1), up from EUR 19.6 million in the fourth quarter last year. The EBITDA margin thus continued to increase to 30% (17%) from 29% in the previous quarter, showing the scalability and efficiency of the business model.

The difference between contribution margin and EBITDA comprise unallocated SG&A and IT costs, amounting to EUR 11.7 million (8.3) in the first quarter. The absolute increase is mainly attributable to company acquisitions and increased size and scope of business activities. In percent of gross revenue, the unallocated costs declined from 20% in the first quarter last year to 13% in the first quarter 2019.

Cash EBITDA, defined as EBITDA excluding amortization and revaluations of NPL portfolios, REO cost of sales and impairments, and calculated costs related to the share option program, amounted to EUR 58.8 million (18.1m) in the first quarter 2019. This was an increase from EUR 44.7 million in the previous quarter, reflecting both strong cash flow from the NPL segment and higher REO sales at a higher margin.

The gross margin, defined as cash EBITDA to gross revenue, increased to 65% (44%) from 60% in the fourth quarter 2018.

Operating profit (EBIT) was EUR 19.9 million in the first quarter 2019 (4.8).

Net financial items

Total net financial items were a negative 11.9 million for the first quarter (5.4), comprising interest costs on outstanding debt of EUR 10.9 million (4.8), currency effects of EUR -0.4 million (0.0), and other minor financial items.

The increasing financial expenses are primarily a result of investment patterns through 2018 and into 2019.

Earnings and taxes

Profit before tax was EUR 8.0 million (-0.7) for the first quarter 2019. Net profit was EUR 4.6 million (-1.0), reflecting an average tax rate of 42%. 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 amounted to EUR 66.3 million (21.5) in the first quarter 2019.

The deviation from the cash EBITDA of EUR 58.8 million mainly reflect increases in net working capital of EUR 9.1 million (4.7), and taxes paid of EUR 1.6 million (1.3).

The total amount paid for portfolio acquisitions in the first quarter was EUR 73.3 million (49.4). Other capital expenditure amounted to EUR 1.7 million (1.5), and the total cash flow from investments was thus EUR -75.0 million (-50.9).

Total cash flow from financing activities was EUR 64.1 million (176.7) in the first quarter 2019, mainly reflecting execution of a bond tap option of EUR 50 million in February and draw-downs on existing funding lines to fund portfolio investments in the quarter.

Total free cash and cash equivalents at the end of the period was EUR 119.9 million (195.9).

Equity position

Total equity for the Group was EUR 360.4 million (295.9) at the end of the first quarter 2019, including minority interests of EUR 92.6 million (40.1). The equity ratio was 30% (35%), which was unchanged from the end of 2018.

Funding

Axactor view access to competitive funding as one of the key success criteria for its growth strategy and has continued to strengthen its funding situation during the first part of this year. Axactor's main banking partners in February released EUR 100 million of an accordion option on a revolving credit facility, and Axactor in March executed a EUR 50 million bond tap option.

After the end of the first quarter, EUR 15 million of the funds have been reallocated to equity in Axactor Invest 1, with the co-investor Geveran also injecting new equity of EUR 15 million and providing addition funding of EUR 20 million in the form of a mezzanine loan.

Combined with running cash flow and existing funding lines, this leaves room for upwards revisions of the planned portfolio acquisition capex for 2019 from EUR 350-400 million to EUR 400-450 million.

The total estimated capex requirement for already signed forward flow agreements amounts to EUR 286 million for 2019, of which EUR 67 million was deployed in the first quarter. Contract renewals may further increase the capex level.

Outlook

Axactor went into 2019 with a strong momentum, as large investments made towards the end of 2018 became fully operational with effect from the first quarter 2019. This generated continued revenue growth and margin improvement in the first quarter of the year.

Axactor continues to see very interesting investment opportunities in the NPL segment, where supply/demand dynamics have lifted expected IRR on acquisition prospects in the market, particularly in the Nordic region. Compared to the first quarter of the year, Axactor therefore expects to increase the portfolio investment level in the remainder of the year.

Overall, Axactor expects that its increased scale, lean organization and sharp efficiency focus will generate continued profitable growth in 2019.

This report has not been reviewed by the auditor.

Oslo, 25 April 2019
The Board of Directors

Bjørn Erik Næss
Chairman of the Board

Lars Erich Nilsen
Board member

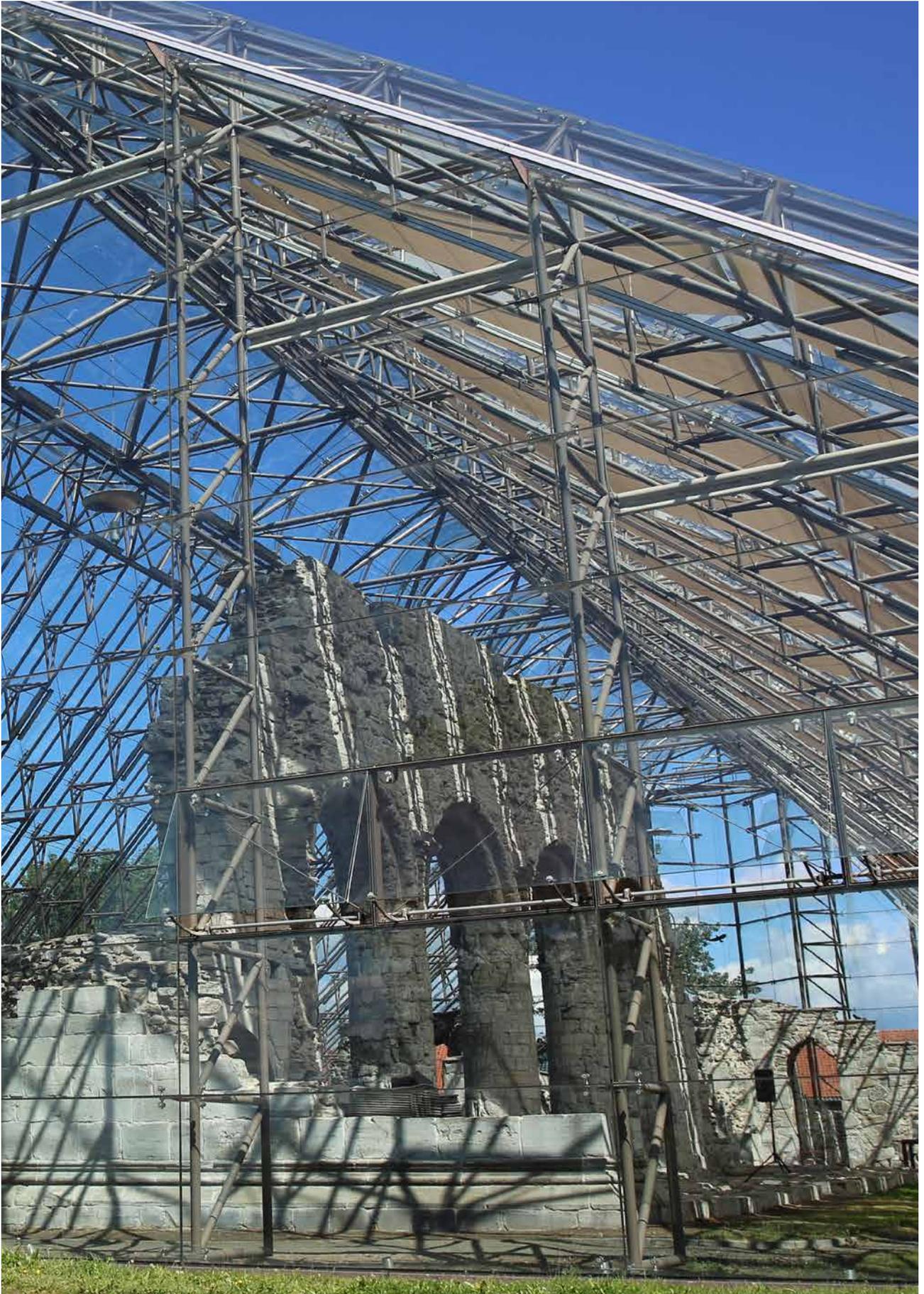
Merete Haugli
Board member

Brita Eilertsen
Board member

Beate S. Nygårdshaug
Board member

Terje Mjø
Board member

Endre Rangnes
Chief Executive Officer



Consolidated Statement of Profit and Loss

| EUR thousand | Note | For the quarter end/ YTD | | Full year 2018 |
|--|------------|--------------------------|------------------|-------------------|
| | | 31 March 2019 | 31 March 2018 | |
| Interest income from purchased loan portfolios | 6 | 28,989 | 17,442 | 74,536 |
| Net gain/loss purchased loan portfolios | 6 | 6,371 | -1,802 | 10,599 |
| Other operating revenue | | 38,289 | 20,160 | 121,774 |
| Total Revenue | 3,4 | 73,649 | 35,800 | 206,909 |
| Cost of REO's sold | 7 | -19,302 | -6,123 | -54,491 |
| Personnel expenses operations | | -9,433 | -8,086 | -32,585 |
| Personnel expenses other | | -6,102 | -5,274 | -19,548 |
| Operating expenses | | -16,671 | -10,219 | -53,978 |
| Total operating expense | | -51,508 | -29,702 | -160,602 |
| EBITDA | | 22,140 | 6,097 | 46,306 |
| Amortization and depreciation | | -2,266 | -1,341 | -6,009 |
| EBIT | | 19,875 | 4,757 | 40,298 |
| Financial revenue | 5 | 16 | 91 | 453 |
| Financial expense | 5 | -11,919 | -5,541 | -34,591 |
| Net financial items | | -11,903 | -5,450 | -34,138 |
| Profit/(loss) before tax | | 7,972 | -693 | 6,160 |
| Tax (expense) | | -3,348 | -303 | -3,770 |
| Net profit/(loss) after tax | | 4,624 | -996 | 2,390 |
| Net profit/(loss) to Non-controlling interests | 5 | 2,584 | 425 | -2,103 |
| Net profit/(loss) to equity holders | | 2,040 | -1,421 | 4,492 |
| Earnings per share: basic | | 0.013 | -0.001 | 0.029 |
| Earnings per share: diluted | | 0.012 | -0.001 | 0.026 |

Consolidated Statement of Comprehensive Profit and Loss

| EUR thousand | For the quarter end/ YTD | | |
|---|--------------------------|---------------|----------------|
| | 31 March 2019 | 31 March 2018 | Full year 2018 |
| Net profit/(loss) after tax | 4,624 | -996 | 2,390 |
| Items that will not be classified subsequently to profit and loss | | | |
| Remeasurement of pension plans | 0 | 0 | 50 |
| Items that may be classified subsequently to profit and loss | | | |
| Foreign currency translation differences - foreign operations | 1,142 | -396 | -2,830 |
| Other comprehensive income/(loss) after tax | 1,142 | -396 | -2,780 |
| Total comprehensive income for the period | 5,766 | -1,392 | -390 |
| Attributable to: | | | |
| Equity holders of the parent company | 3,182 | -1,817 | 1,713 |
| Non-controlling interests | 2,584 | 425 | -2,103 |

Interim Consolidated Statement of Financial Position

| EUR thousand | Note | 31 March 2019 | 31 March 2018 | 31 Dec 2018 |
|--------------------------------------|------|------------------|------------------|----------------|
| ASSETS | | | | |
| <i>Intangible non-current assets</i> | | | | |
| Intangible Assets | | 18,992 | 18,522 | 19,170 |
| Goodwill | | 56,281 | 54,260 | 55,577 |
| Deferred tax assets | | 6,852 | 5,186 | 7,564 |
| <i>Tangible non-current assets</i> | | | | |
| Property, plant and equipment | | 2,851 | 2,491 | 2,683 |
| Right-of-use assets | 9 | 5,874 | 0 | 0 |
| <i>Financial non-current assets</i> | | | | |
| Purchased debt portfolios | 6 | 781,361 | 353,969 | 728,820 |
| Other non-current receivables | | 294 | 843 | 293 |
| Other non-current investments | | 778 | 170 | 778 |
| Total non-current assets | | 873,283 | 435,441 | 814,885 |
| <i>Current assets</i> | | | | |
| Stock of Secured Assets | 7 | 181,121 | 192,694 | 200,009 |
| Accounts Receivable | | 8,931 | 7,817 | 9,459 |
| Other current assets | | 9,832 | 8,311 | 12,774 |
| Restricted cash | | 5,309 | 1,825 | 3,184 |
| Cash and Cash Equivalents | | 119,887 | 195,907 | 67,593 |
| Total current assets | | 325,080 | 406,554 | 293,018 |
| TOTAL ASSETS | | 1,198,363 | 841,995 | 1,107,903 |

Interim Consolidated Statement of Financial Position

| EUR thousand | Note | 31 March 2019 | 31 March 2018 | 31 Dec 2018 |
|--|------|------------------|------------------|------------------|
| EQUITY AND LIABILITIES | | | | |
| <i>Equity attributable to equity holders of the parent</i> | | | | |
| Share Capital | | 81,115 | 79,377 | 81,115 |
| Other paid-in equity | | 200,485 | 196,946 | 200,298 |
| Retained Earnings | | -12,132 | -20,142 | -14,172 |
| Reserves | | -1,675 | -584 | -2,817 |
| Non-controlling interests | | 92,605 | 40,077 | 63,746 |
| Total Equity | | 360,398 | 295,873 | 328,170 |
| <i>Non-current Liabilities</i> | | | | |
| Interest bearing debt | 8 | 579,436 | 432,303 | 567,829 |
| Deferred tax liabilities | | 10,925 | 5,670 | 11,124 |
| Lease liabilities | 9 | 3,641 | 0 | 0 |
| Other non-current liabilities | | 991 | 3,072 | 1,180 |
| Total non-current liabilities | | 594,992 | 441,045 | 580,132 |
| <i>Current Liabilities</i> | | | | |
| Accounts Payable | | 4,046 | 3,504 | 4,522 |
| Current portion of interest bearing debt | 8 | 207,572 | 34,660 | 169,296 |
| Taxes Payable | | 5,076 | 1,862 | 1,610 |
| Lease liabilities | 9 | 2,253 | 0 | 0 |
| Other current liabilities | | 24,026 | 65,050 | 24,172 |
| Total current liabilities | | 242,973 | 105,076 | 199,600 |
| Total Liabilities | | 837,964 | 546,121 | 779,732 |
| TOTAL EQUITY AND LIABILITIES | | 1,198,363 | 841,995 | 1,107,903 |

Interim Consolidated Statement of Cash Flow

| EUR thousand | Note | For the quarter end/ YTD | | Full year 2018 |
|--|------|--------------------------|------------------|-------------------|
| | | 31 March 2019 | 31 March 2018 | |
| Operating activities | | | | |
| Profit before tax | | 7,972 | -693 | 6,160 |
| Taxes paid | | -1,595 | -1,275 | -2,543 |
| Adjustments for: | | | | |
| - Finance income and expense | | 11,903 | 5,450 | 34,138 |
| - Amortization of debt portfolios | | 17,012 | 5,214 | 31,900 |
| - Cost of secured assets sold, incl. Impairment | | 19,514 | 6,123 | 56,432 |
| - Depreciation and amortization | | 2,266 | 1,341 | 6,009 |
| - Calculated cost of employee share options | | 187 | 656 | 1,374 |
| Change in Working capital | | 9,066 | 4,706 | 2,783 |
| Net cash flows operating activities | | 66,324 | 21,522 | 136,253 |
| Investing activities | | | | |
| Purchase of debt portfolios | 6 | -73,231 | -49,420 | -456,339 |
| Purchase of REO's | 7 | -56 | 0 | -99,310 |
| Investment in subsidiaries | | 0 | 0 | -1,086 |
| Purchase of intangible and tangible assets | | -1,700 | -1,496 | -6,995 |
| Interest received | | 0 | 0 | 17 |
| Net cash flows investing activities | | -74,986 | -50,916 | -563,713 |
| Financing activities | | | | |
| Proceeds from borrowings | 8 | 91,275 | 195,895 | 600,651 |
| Repayment of debt | 8 | -11,389 | -22,907 | -156,791 |
| Interest paid | 8 | -9,144 | -1,630 | -24,405 |
| Loan fees paid | 8 | -2,894 | -2,478 | -10,090 |
| New Share issues | | 0 | 0 | 4,395 |
| Proceeds from Non-controlling interests | | -3,725 | 7,875 | 34,073 |
| Costs related to share issues | | 0 | -12 | -31 |
| Net cash flows financing activities | | 64,122 | 176,743 | 447,802 |
| Net change in cash and cash equivalents | | 55,460 | 147,349 | 20,341 |
| Cash and cash equivalents at the beginning of period | | 70,776 | 50,482 | 50,482 |
| Currency translation | | -1,040 | -99 | -47 |
| Cash and cash equivalents at end of period | | 125,197 | 197,732 | 70,776 |

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 2017 | 79,377 | 196,298 | 13 | -15,630 | 260,057 | 31,776 | 291,833 |
| Adjustment on initial application of IFRS 15 (net of tax) | | | | -3,087 | -3,087 | | -3,087 |
| Balance on 1 Jan 2018 | 79,377 | 196,298 | 13 | -18,717 | 256,970 | 31,776 | 288,746 |
| Result of the period | | | | 4,492 | 4,492 | -2,103 | 2,390 |
| Remeasurement of pension plans | | | | 50 | 50 | | 50 |
| Foreign currency translation differences - foreign operations | | | -2,830 | | -2,830 | | -2,830 |
| Total comprehensive income for the period | 0 | 0 | -2,830 | 4,543 | 1,712 | -2,103 | -390 |
| Proceeds from Non-controlling interests | | | | | 0 | 34,073 | 34,073 |
| New Share issues (exercise of share options) | 1,465 | 1,682 | | | 3,147 | | 3,147 |
| New Share issues | 273 | 975 | | | 1,248 | | 1,248 |
| Costs related to share issues | | -31 | | | -31 | | -31 |
| Share based payment | | 1,374 | | | 1,374 | | 1,374 |
| Closing balance on 31 Dec 2018 | 81,115 | 200,298 | -2,817 | -14,172 | 264,423 | 63,746 | 328,170 |
| Result of the period | | | | 2,040 | 2,040 | 2,584 | 4,624 |
| Foreign currency translation differences - foreign operations | | | 1,142 | | 1,142 | | 1,142 |
| Total comprehensive income for the period | 0 | 0 | 1,142 | 2,040 | 3,182 | 2,584 | 5,766 |
| Proceeds from Non-controlling interests | | | | | 0 | 26,275 | 26,275 |
| Share based payment | | 187 | | | 187 | | 187 |
| Closing balance on 31 Mar 2019 | 81,115 | 200,485 | -1,675 | -12,132 | 267,793 | 92,605 | 360,398 |

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 2018. 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 2018.

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 2018, which is available on Axactors website: 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 the new leasing standard, IFRS 16, which is described below.

In January 2016 IASB introduced a new leasing standard that will replace IAS 17, leasing agreements and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard demands that essentially all assets and liabilities related to a leasing agreement get recognized in the balance sheet with only a few exceptions. The new standard is based on the view that the lessee has a right to use an asset during a specified time period and at the same time an obligation to pay for it. The standard is applicable for annual reporting periods beginning on or after January 1, 2019.

The Group leases a limited number of assets such as buildings and vehicles. The Group's right-of-use assets are categorized and presented in the table below:

| EUR thousand | Total |
|---|--------|
| Operating lease commitments disclosed as at 31 Dec 2018 | 7,442 |
| Discounted using the Group's incremental borrowing rate of 6% | 6,445 |
| Add: adjustments to Discounted using the Group's incremental borrowing rate of 6% | 436 |
| Add: finance lease liabilities recognized as at 31 Dec 2018 | 58 |
| (Less): short-term leases recognized on a straight-line basis as expense | -20 |
| (Less): low-value leases recognized on a straight-line basis as expense | -109 |
| (Less): adjustments for leasing contracts starting after 01.01.2019 | -1,071 |
| Add: adjustments relating to changes in the index or rate affecting variable payments | 4 |
| Lease liabilities recognized as at 1 Jan 2019 | 5,743 |

Note 2 Risks and uncertainties

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 2018, which is available on Axactor website: www.axactor.com (note 3 of the Group financial statement).

Note 3 Segment note

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 / YTD 31 March 2019

| EUR thousand | NPL | REO | 3PC ¹⁾ | ARM | Eliminations/ Not allocated | Total |
|--|---------------|---------------|-------------------|--------------|--------------------------------|----------------|
| Collections on own portfolios | 52,371 | 24,665 | 0 | 0 | 0 | 77,036 |
| Other operating revenue | 0 | 0 | 12,115 | 1,479 | 30 | 13,625 |
| Portfolio amortization and revaluation | -17,012 | 0 | 0 | 0 | 0 | -17,012 |
| Net revenue | 35,359 | 24,665 | 12,115 | 1,479 | 30 | 73,649 |
| REO cost of sales | 0 | -19,302 | 0 | 0 | 0 | -19,302 |
| Impairment REOs | 0 | -213 | 0 | 0 | 0 | -213 |
| Direct operating expenses | -8,294 | -2,357 | -8,804 | -852 | 0 | -20,307 |
| Contribution margin | 27,065 | 2,793 | 3,311 | 627 | 30 | 33,828 |
| Local SG&A, IT and corporate cost | | | | | -11,687 | -11,687 |
| EBITDA | | | | | | 22,140 |
| Total opex | -8,294 | -21,871 | -8,804 | -852 | -11,687 | -51,508 |
| CM1 Margin | 76.5 % | 11.3 % | 27.3 % | 42.4 % | na | 45.9 % |
| EBITDA Margin | | | | | | 30.1 % |
| Dopex / Gross revenue | 15.8 % | 88.7 % | 72.7 % | 57.6 % | na | 43.9 % |
| Local SG&A, IT and corporate cost / Gross revenue | | | | | | 12.9 % |

1) External revenue

For the quarter end / YTD 31 March 2018

| EUR thousand | NPL | REO | 3PC ¹⁾ | ARM | Eliminations/ Not allocated | Total |
|--|---------------|--------------|-------------------|--------------|--------------------------------|----------------|
| Collections on own portfolios | 20,853 | 8,672 | 0 | 0 | 0 | 29,526 |
| Other operating revenue | 0 | 0 | 9,954 | 1,534 | 0 | 11,488 |
| Portfolio amortization and revaluation | -5,214 | 0 | 0 | 0 | 0 | -5,214 |
| Net revenue | 15,639 | 8,672 | 9,954 | 1,534 | 0 | 35,800 |
| REO cost of sales | 0 | -6,123 | 0 | 0 | 0 | -6,123 |
| Impairment REOs | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct operating expenses | -5,226 | -1,287 | -8,049 | -740 | 0 | -15,302 |
| Contribution margin | 10,414 | 1,262 | 1,905 | 794 | 0 | 14,374 |
| Local SG&A, IT and corporate cost | | | | | -8,278 | -8,278 |
| EBITDA | | | | | | 6,097 |
| Total opex | -5,226 | -7,410 | -8,049 | -740 | -8,278 | -29,704 |
| CM1 Margin | 66.6 % | 14.6 % | 19.1 % | 51.7 % | na | 40.2 % |
| EBITDA Margin | | | | | | 17.0 % |
| Dopex / Gross revenue | 25.1 % | 85.4 % | 80.9 % | 48.3 % | na | 52.2 % |
| Local SG&A, IT and corporate cost / Gross revenue | | | | | | 20.2 % |

1) External revenue

Full year 2018

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

1) External revenue

Note 4 Revenue

Portfolio Revenue

| EUR thousand | For the quarter end/YTD | | |
|------------------------|-------------------------|------------------|-------------------|
| | 31 March 2019 | 31 March 2018 | Full year 2018 |
| Yield ¹⁾ | 28,989 | 17,442 | 74,536 |
| CU1 ²⁾ | 5,896 | -2,098 | 8,454 |
| CU2 ³⁾ | -342 | -36 | 447 |
| CU2 tail ⁴⁾ | 816 | 331 | 1,697 |
| Net revenue | 35,359 | 15,639 | 85,135 |

1) The effective interest rate on portfolios

2) Catch up 1. Over- or underperformance 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

Note 5 Financial items

| EUR thousand | For the quarter end/YTD | | |
|--|-------------------------|------------------|-------------------|
| | 31 March 2019 | 31 March 2018 | Full year 2018 |
| Financial revenue | | | |
| Interest on bank deposits | 8 | 1 | 17 |
| Exchange gains | 0 | 5 | 0 |
| Exchange gains realized | 0 | 56 | 381 |
| Other financial income | 8 | 29 | 54 |
| Total financial revenue | 16 | 91 | 453 |
| Financial expense | | | |
| Interest expense on borrowings | -10,863 | -4,813 | -29,713 |
| Distribution of interest on Notes to NCI ¹⁾ | 0 | 0 | -2,080 |
| Exchange losses | 0 | -7 | 0 |
| Exchange losses realized | -36 | -99 | -294 |
| Net unrealized exchange losses | -402 | 0 | -456 |
| Other financial expense ²⁾ | -618 | -623 | -2,047 |
| Total financial expense | -11,919 | -5,541 | -34,591 |
| Net financial items | -11,903 | -5,450 | -34,138 |

1) Notes are classified as Debt instruments in 2018, hence distribution over P&L

2) Includes amortization of warrants of 0.4m Q1-19, 0.4 Q1-18 and 1.5m full year 2018

Note 6 Non-performing loans

| EUR thousand | For the quarter end/YTD | | |
|--|-------------------------|---------------|----------------|
| | 31 March 2019 | 31 March 2018 | Full year 2018 |
| Opening balance | 728,819 | 317,150 | 317,150 |
| Acquisitions during the year | 68,593 | 46,792 | 461,910 |
| Collection | -52,371 | -20,853 | -117,034 |
| Yield - Interest income from purchased loan portfolios | 28,989 | 17,442 | 74,536 |
| Net gain/loss purchased loan portfolios ¹⁾ | 6,371 | -1,802 | 10,599 |
| Repossession of secured NPL to REO | -570 | 0 | -2,953 |
| Disposals ¹⁾²⁾ | 0 | -2,816 | -9,416 |
| Translation difference | 1,531 | -1,943 | -5,972 |
| Closing balance | 781,361 | 353,969 | 728,819 |
| Payments during the year for investments in purchased debt amounted to EUR | 73,231 | 49,420 | 456,339 |
| Deferred payment | 934 | 2,628 | 5,572 |

1) Gain on disposals is netted in P&L as 'Net gain/loss purchased loan portfolios'.

2) Disposals relates to portfolio purchase agreements entered with Unicaja to purchase REOs. The agreement was entered with a first and second closing. The condition for the second closing was that Axactor was committed to purchase the defined assets in the contract. Assets that was in a sales process on the date of signing were held back pending on a sale. A sale of committed, not transferred assets are treated as a cash flow from NPL portfolio revenue. Assets still unsold within a defined period from signing of the contract was treated as a disposal and transferred to REOs.

Note 7 Stock of secured assets - REO

| EUR thousand | For the quarter end/YTD | | |
|-----------------------------------|-------------------------|---------------|----------------|
| | 31 March 2019 | 31 March 2018 | Full year 2018 |
| Acquisition cost, opening balance | 200,009 | 154,101 | 154,101 |
| Acquisitions during the year | 56 | 44,716 | 99,310 |
| Repossession of secured NPL | 570 | 0 | 2,953 |
| Cost of sold secured assets | -19,302 | -6,123 | -54,491 |
| Other | 0 | 0 | 82 |
| Total acquisition cost | 181,333 | 192,694 | 201,955 |
| Impairment | -213 | 0 | -1,946 |
| Closing balance | 181,121 | 192,694 | 200,009 |
| Number of assets | 5,773 | 6,338 | 6,323 |

Note 8 Loans and borrowings

| EUR thousand | Currency | Interest rate | Carrying amount | Year of maturity |
|--|-----------|---------------|-----------------|------------------|
| Balance at 1 Jan 2019 | EUR / NOK | Variable | 737,125 | 2019-2022 |
| New issues | | | | |
| Italian Banks ²⁾ | EUR | | 2,028 | 2019-2022 |
| DnB/Nordea ¹⁾ | Various | | 39,202 | 2020 |
| Listed Bond Loan ⁴⁾ | EUR | | 50,000 | 2021 |
| Nomura ⁵⁾ | EUR | | 0 | 2021 |
| Finnish Banks | EUR | | 45 | 2020-2021 |
| Repayments | | | | |
| Italian Banks | EUR | | -2,672 | |
| Conversion to equity Notes, NCI | EUR | | -30,000 | |
| Nomura ⁵⁾ | EUR | | -8,690 | |
| Other ³⁾ | EUR | | -27 | |
| Other movements | | | | |
| Capitalized loan fees | | | -2,894 | |
| Amortized loan fees on loans | | | 1,495 | |
| Accrued interest | | | 1,343 | |
| Currency translations | | | 53 | |
| Balance at 31 Mar 2019 | | | 787,008 | |
| Non-current portion of interest-bearing debt | | | 579,436 | |
| Current portion of of interest-bearing debt | | | 207,572 | |
| Of which in currency | | | | |
| NOK | | | 74,520 | |
| SEK | | | 39,582 | |
| EUR | | | 672,906 | |

1) The debt facility agreement with DNB Bank ASA and Nordea Bank AB is EUR 350 million, whereof 50 million in the form of accordion options. 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. The loans carries variable interest rates based on the interbank rate with a margin. Some of the loans are secured with collaterals worth EUR 24 million.

3) Following 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 120 million class B Notes, subordinated secured Note, fully subscribed by Geveran. The maturity is in 2022.

4) In March 2019, Axactor SE completed a tap issue of EUR 50 million in its outstanding senior unsecured bonds due 23 June 2021 (ISIN NO0010840515). Following the tap issue the total nominal amount outstanding under the bonds will be EUR 200 million. Settlement for the tap issue is expected to take place on or about 26 March 2019 and net proceeds will be used for general corporate purposes.

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.

Note 9 Leasing

Right-of-use assets

| EUR thousand | Buildings | Vehicles | Other | Total |
|--|-----------|-----------|-----------|-------|
| Right-of-use assets per 1 Jan | 5,043 | 611 | 89 | 5,743 |
| New leases | 700 | 0 | 0 | 700 |
| Accumulated depreciation | -482 | -75 | -12 | -569 |
| Carrying amount of right-of-use assets 31 Mar 2019 | 5,261 | 535 | 78 | 5,874 |
| Remaining lease term | 1-6 years | 1-4 years | 1-3 years | |
| Depreciation method | Linear | Linear | Linear | |

Lease liabilities

| EUR thousand | Total |
|--|-------|
| Discounted lease liabilities and maturity of cash outflow | |
| < 1 year | 2,253 |
| 1-2 years | 1,930 |
| 2-3 years | 999 |
| 3-4 years | 393 |
| 4-5 years | 298 |
| > 5 years | 21 |
| Total discounted lease liabilities at 31 Mar 2019 | 5,894 |

Note 10 Shares

Issued shares and share capital

| | Number of shares | Share capital (EUR thousand) |
|------------------------------------|------------------|---------------------------------|
| At 1 Jan 2017 | 1,226,488,769 | 64,197,268 |
| New share issues, May | 50,000,000 | 2,617,116 |
| 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 |
| Exercise of share options, Apr | 27,992,250 | 1,465,179 |
| New share issues, May | 1 | 0 |
| Reverse split 1:10, May | | |
| at 30 Jun after Reverse split 1:10 | 154,448,102 | 80,841,720 |
| New share issues, Nov 2018 | 523,012 | 273,756 |
| At 31 Dec 2018 | 154,971,114 | 81,115,475 |
| At 31 Mar 2019 | 154,971,114 | 81,115,475 |

30 largest shareholders as at 31 Mar 2019

| Name | Shareholding | % Share |
|------------------------------------|--------------|---------|
| Geveran Trading Co Ltd | 34,656,148 | 22.4 % |
| Verdipapirfondet Dnb Norge (Iv) | 10,055,727 | 6.5 % |
| Torstein Ingvald Tvenge | 7,150,000 | 4.6 % |
| Ferd AS | 5,335,139 | 3.4 % |
| Verdipapirfondet Alfred Berg Gamba | 3,805,376 | 2.5 % |
| Verdipapirfondet Alfred Berg Norge | 2,890,144 | 1.9 % |
| Gvapseborg AS | 2,036,494 | 1.3 % |
| Verdipapirfondet Nordea Norge Verd | 2,013,102 | 1.3 % |
| Verdipapirfondet Alfred Berg Aktiv | 2,004,655 | 1.3 % |
| Rmb International Fund | 1,819,644 | 1.2 % |
| J.P. Morgan Bank Luxembourg S.A. | 1,725,000 | 1.1 % |
| Alpette AS | 1,661,643 | 1.1 % |
| Citibank, N.A. | 1,522,387 | 1.0 % |
| Nordnet Livsforsikring AS | 1,361,512 | 0.9 % |
| Andres Lopez Sanchez | 1,166,725 | 0.8 % |
| David Martin Ibeas | 1,166,725 | 0.8 % |
| | 1,098,523 | 0.7 % |
| Latino Invest AS | 1,030,000 | 0.7 % |
| Verdipapirfondet Nordea Avkastning | 1,027,387 | 0.7 % |
| Songa Trading Inc | 1,000,000 | 0.6 % |
| Verdipapirfondet Nordea Kapital | 992,918 | 0.6 % |
| BNP Paribas Securities Services | 992,385 | 0.6 % |
| Elena AS | 894,000 | 0.6 % |
| Vardfjell AS | 891,401 | 0.6 % |
| Vatne Equity AS | 886,599 | 0.6 % |
| Endre Rangnes | 864,000 | 0.6 % |
| Citibank, N.A. | 710,226 | 0.5 % |
| Skøien AS | 700,000 | 0.5 % |
| Arctic Funds Plc | 688,554 | 0.4 % |
| Svein Dugstad | 680,000 | 0.4 % |
| Total 30 largest shareholders | 92,826,414 | 59.9 % |
| Other shareholders | 62,144,700 | 40.1 % |
| Total number of shares | 154,971,114 | 100% |
| Total number of shareholders | 9,098 | |

Shares owned by related parties

| Name | Shareholding | % Share |
|---|--------------|---------|
| Geveran Trading Co Ltd ¹⁾ | 34,656,148 | 22.4 % |
| Alpette AS ²⁾ | 1,661,643 | 1.1 % |
| Andres Lopez Sanchez ³⁾ | 1,166,725 | 0.8 % |
| David Martin Ibeas ³⁾ | 1,166,725 | 0.8 % |
| Latino Invest AS ⁴⁾ | 1,030,000 | 0.7 % |
| Endre Rangnes ²⁾ | 864,000 | 0.6 % |
| Banca Sistema S.P.A ⁵⁾ | 604,504 | 0.4 % |
| Fryden AS / Oddgeir Hansen ⁶⁾ | 576,000 | 0.4 % |
| Johnny Tsolis Vasili ⁴⁾ | 540,000 | 0.3 % |
| Siv Farstad ⁶⁾ | 281,000 | 0.2 % |
| Robin Knowles ⁶⁾ | 121,887 | 0.1 % |
| Bjørn Erik Næss ⁷⁾ | 100,000 | 0.1 % |
| Susanne Lene Rangnes Schneider ²⁾ | 39,832 | 0.0 % |
| Nomura International Plc | 37,352 | 0.0 % |
| Anders Gulbrandsen ⁸⁾ | 16,975 | 0.0 % |
| Bergsjø AS / Beate Skjerven Nugårdshaug ⁷⁾ | 12,500 | 0.0 % |
| Lars Valseth ⁸⁾ | 12,188 | 0.0 % |
| Sicubi AS / Bente Brocks ^{8) 9)} | 10,800 | 0.0 % |
| Brita Eilertsen ⁷⁾ | 10,000 | 0.0 % |
| Terje Mjøs ⁷⁾ | 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: NO0010840515. New Face value: EUR 0.5234232

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>Cash EBITDA</i> | <i>EBITDA adjusted for calculated cost of share option program, portfolio amortizations, revaluations, REO cost of sales and REO impairments</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>EBITDA</i> | <i>Earnings Before Interest, Tax, Depreciation and Amortization</i> |
| <i>ECL</i> | <i>Expected credit loss</i> |
| <i>ERC</i> | <i>Estimated Remaining Collection, the total of expected collection on portfolios over the next 180 months. The discounted value of the ERC for NPLs is booked as Closing balance in the Financial Position</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>NIBD</i> | <i>Net Interest Bearing Debt - Interest bearing debt less cash</i> |
| <i>NCI</i> | <i>Non-controlling interests</i> |
| <i>NOK</i> | <i>Norwegian Krone</i> |
| <i>NPL</i> | <i>Non- Performing Loan</i> |
| <i>OB</i> | <i>Outstanding Balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees</i> |
| <i>PCI</i> | <i>Purchased Credit Impaired</i> |
| <i>PPA</i> | <i>Purchase Price Allocations</i> |
| <i>Pro-forma Cash EBITDA</i> | <i>Cash EBITDA adjusted for acquired/sold business (and portfolios in regards of covenants)</i> |
| <i>REO</i> | <i>Real Estate Owned</i> |
| <i>SEK</i> | <i>Swedish Krone</i> |
| <i>SG&A</i> | <i>Selling, General & 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> |

Financial calendar 2019

| | |
|-----------------------|------------|
| Quarterly Report - Q1 | 26.04.2019 |
| Quarterly Report - Q2 | 24.07.2019 |
| Quarterly Report - Q3 | 25.10.2019 |
| Quarterly Report - Q4 | TBD |

Contact details

Axactor SE (publ)
Drammensveien 167
0277 Oslo
Norway

www.axactor.com

The shares of Axactor SE (publ.) are listed on the Oslo Stock Exchange, ticker AXA.

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.*

