

AXACTOR

Q3 2020

28 October 2020



# Agenda

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Highlights

2 €

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Financials

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Summary & Outlook

4 

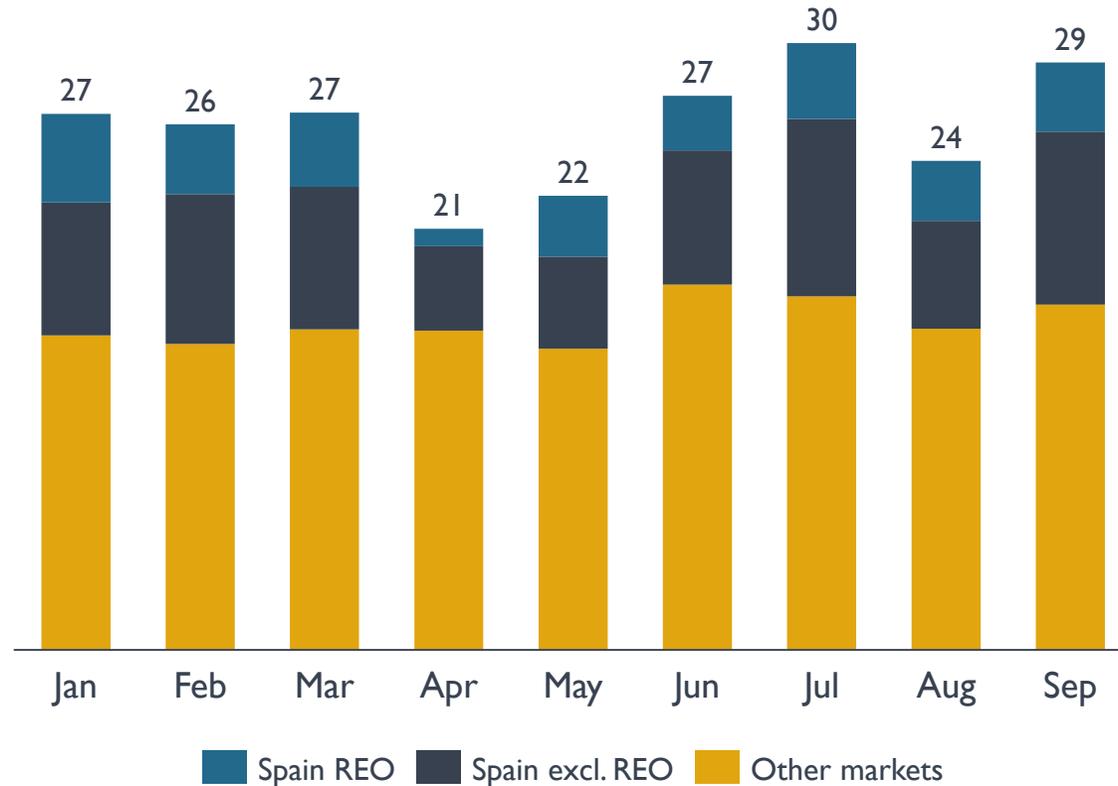
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Q&A

# Axactor continued the normalization trend from June

-Recovery in Spain and Italy, stable performance in the Nordics and Germany

Gross revenue  
(EUR million)



- Normalization of performance in all markets in Q3
- REO with higher volume and better than expected price achievement in Q3
- Historical seasonality pattern will likely be less apparent for 2020
  - Q3 normally a seasonally weak quarter
  - Q4 will likely not see usual peak compared to Q3
  - Challenging environment for new 3PC sales due to Covid-19 restrictions

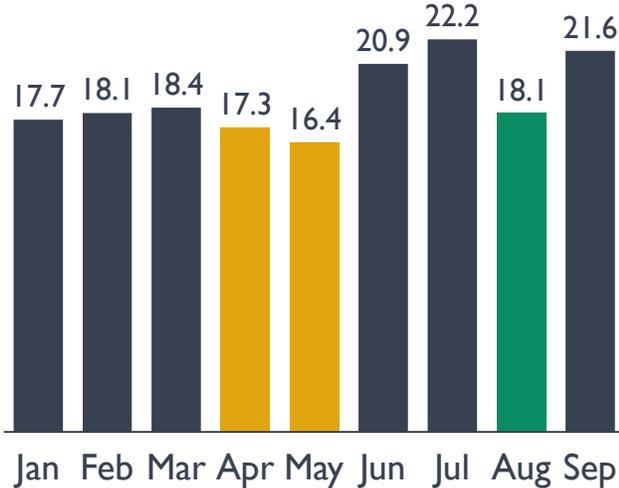
# All business segments improved in Q3

- Legal and court systems back to full operation

■ Covid-19 first wave 
 ■ Summer holiday effect

## NPL Gross revenue

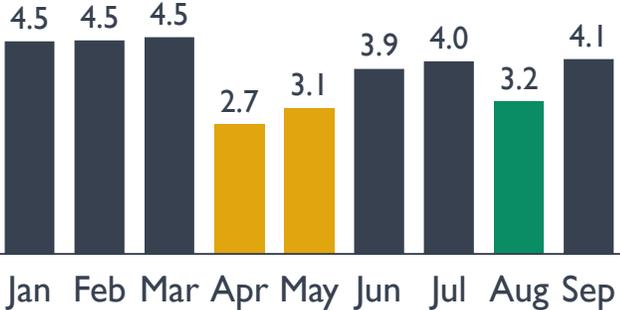
(EUR million)



- Q3 continued the positive trend from June

## 3PC Gross revenue

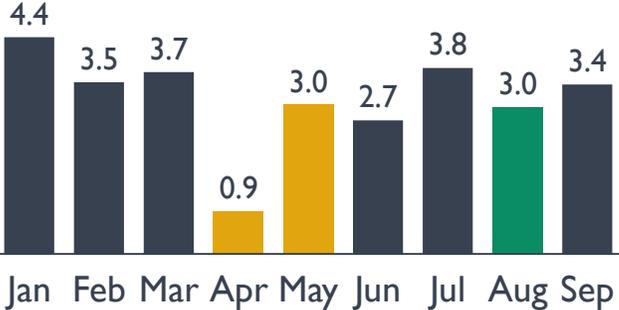
(EUR million)



- Italian and Spanish volumes gradually returned in Q3
- Challenging environment for new sales due to Covid-19 restrictions

## REO's Gross revenue

(EUR million)

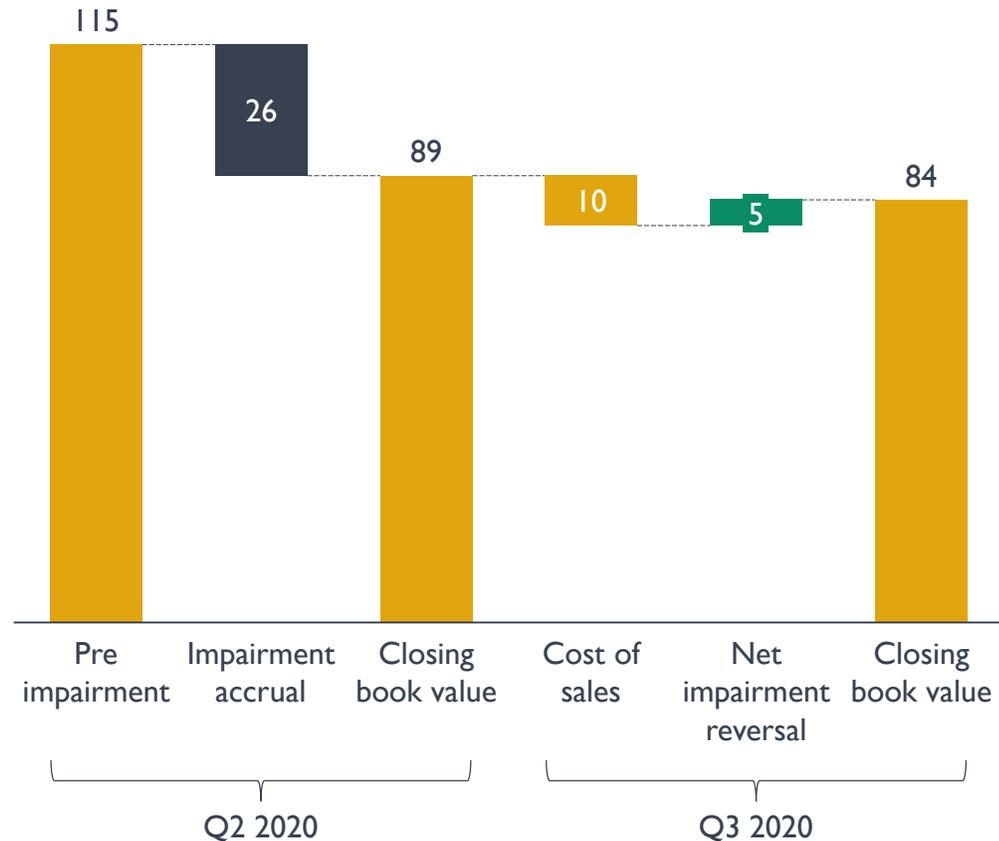


- Price and volume above expectation in Q3
- Q2 gross revenue was mainly closing of Q1 sales

# REO performance in Q3 triggered accrual reversal

- Final impairment still pending

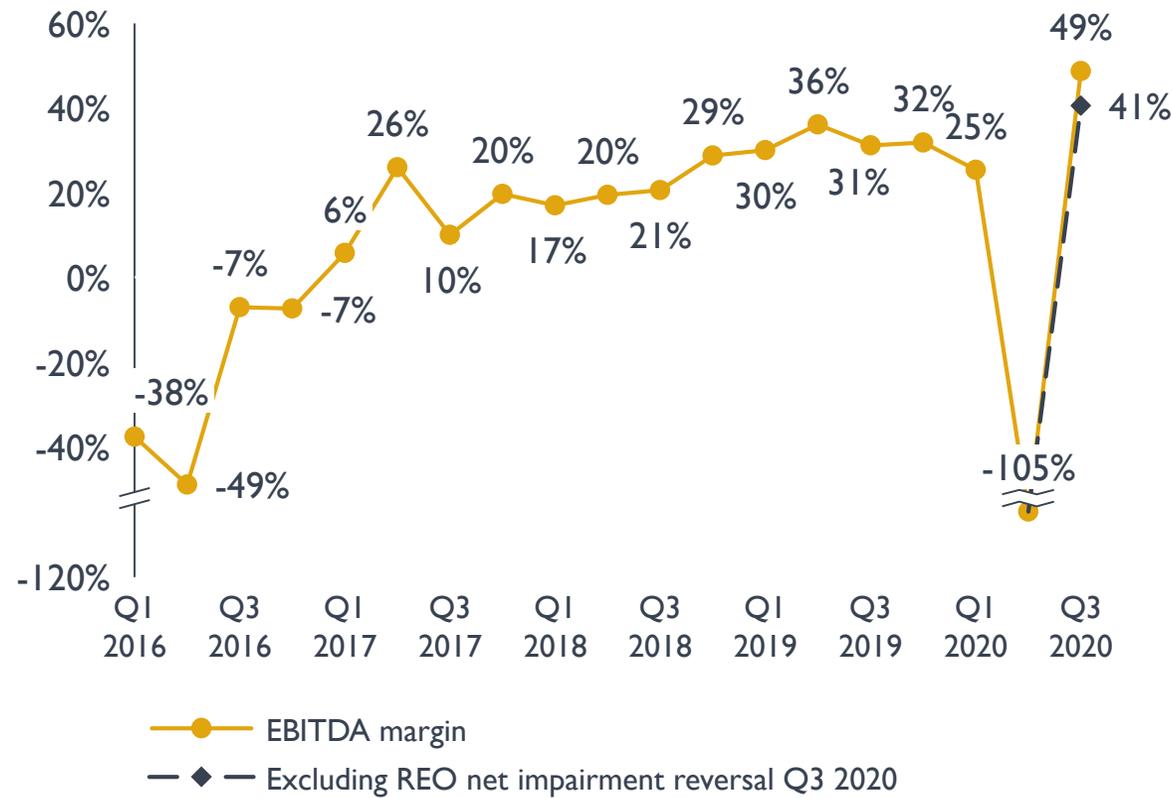
REO book value  
(EUR million)



- Released EUR 5.1 million of the impairment accrual booked in Q2
  - Price and volume above expectation in Q3
  - Healthy sales pipeline for the next quarters
- EUR 1.7 million of the reversal relates to:
  - Higher prices than expected for assets sold in Q3 2020
  - Better prices for assets where external valuation is completed
- Remaining EUR 3.4 million relates to improved estimates for future sales
  - Routine valuation by external vendor still ongoing

# Highest EBITDA margin ever recorded for Axactor

EBITDA margin development



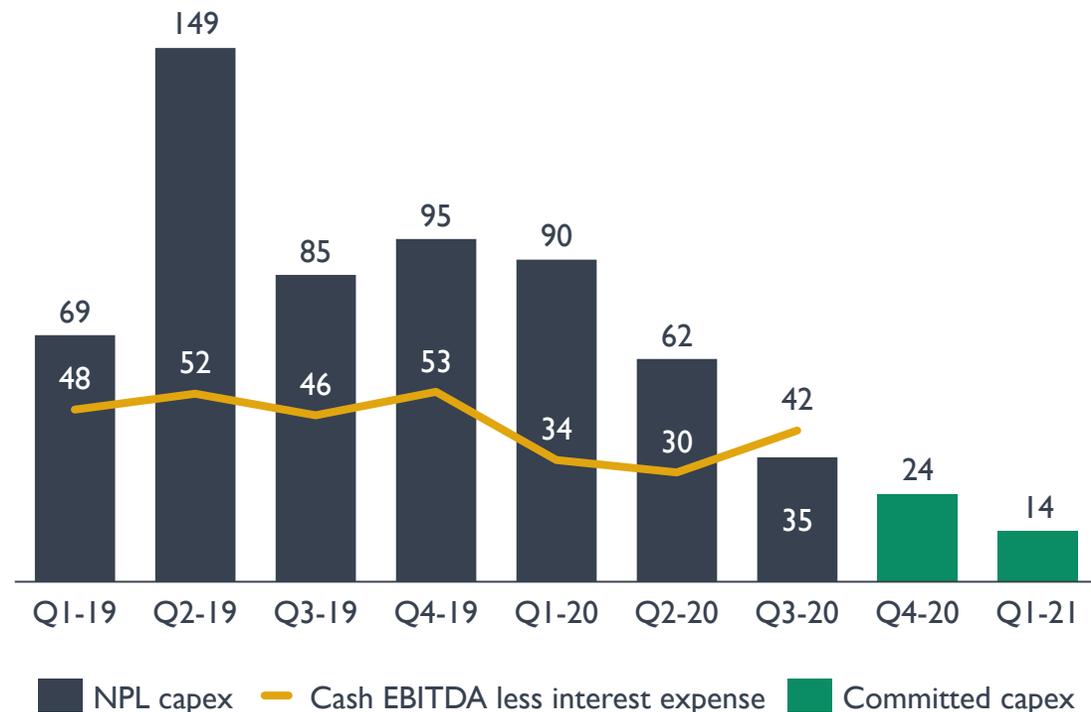
- Record-high EBITDA margin enabled by
  - Continued cost discipline with both permanent and temporary initiatives
  - Continued normalization of revenue
  - Operational improvements such as digitalization, improved business intelligence and advanced analytics
- EBITDA margin lifted by REO net impairment reversal
  - Margin excluding the reversal still highest recorded at 41%

# Reducing risk through lower forward flow commitments

- Available cash flow after interest expense exceeds committed capex going forward

## NPL investments and Cash EBITDA development

(EUR million)



- Cash EBITDA less interest expense expected to continue to improve through 2020 and into 2021
- Forward flow commitments continue to decline
  - Shift in focus towards one-off acquisitions and forward flows with shorter duration or exit clauses
- Positive trend in cash flow after investments expected to continue
  - Cash position of EUR 36 million end Q3
- Improved liquidity enables deleveraging going forward

# Axactor expects a potential second Covid-19 wave to have less negative business impact than in Q2

	“First wave”	“Second wave”
<b>Society</b>	Country wide shutdowns	Local shutdowns
<b>Legal systems</b>	Closed	Open
<b>Axactor</b>	“Over night” – majority of employees on home office	Axactor is prepared ~400 employees at home office

# Investing in people and systems to secure operational excellence

Area	Description	Comments
Operational efficiency	 <p>Continuous focus on operational improvements</p>	<ul style="list-style-type: none"> <li>• New operational blueprint for NPL segment</li> <li>• Improved KPIs on telephony</li> <li>• Winning benchmarks on 3PC, using analytics and automated solutions in combination with increased manual work as an advantage</li> </ul>
	 <p>Debtor portal</p>	<ul style="list-style-type: none"> <li>• New portal launched in 4 countries, next country to launch in Q4</li> <li>• Self-service solutions and easy quick-pay functionality</li> <li>• Increased availability for debtors and reduced cost</li> </ul>
Business intelligence	 <p>Centralized BI platform</p>	<ul style="list-style-type: none"> <li>• Increased business control enabled by common datawarehouse and BI solution</li> <li>• BI solutions with self-service dashboards giving high efficiency gains</li> </ul>
	 <p>Advanced analytics</p>	<ul style="list-style-type: none"> <li>• Building advanced analytics capabilities, adding more resources to BI team and improving architecture</li> <li>• Focus on improving score cards and prediction models to ensure increased cash flow and avoid unnecessary cost</li> </ul>

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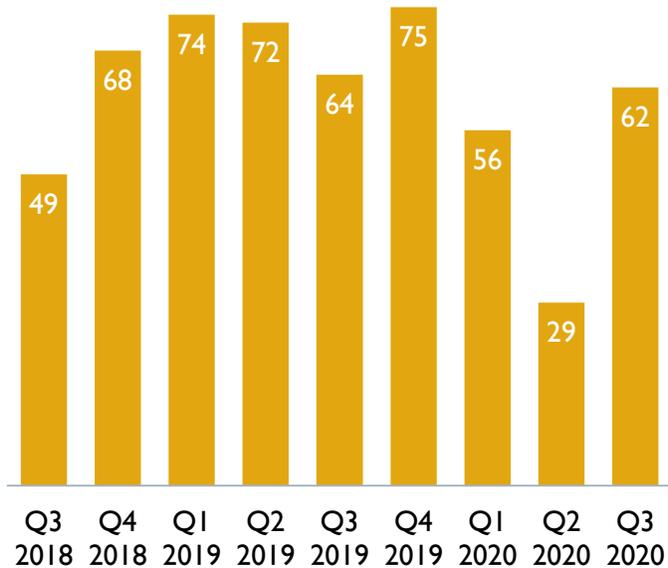
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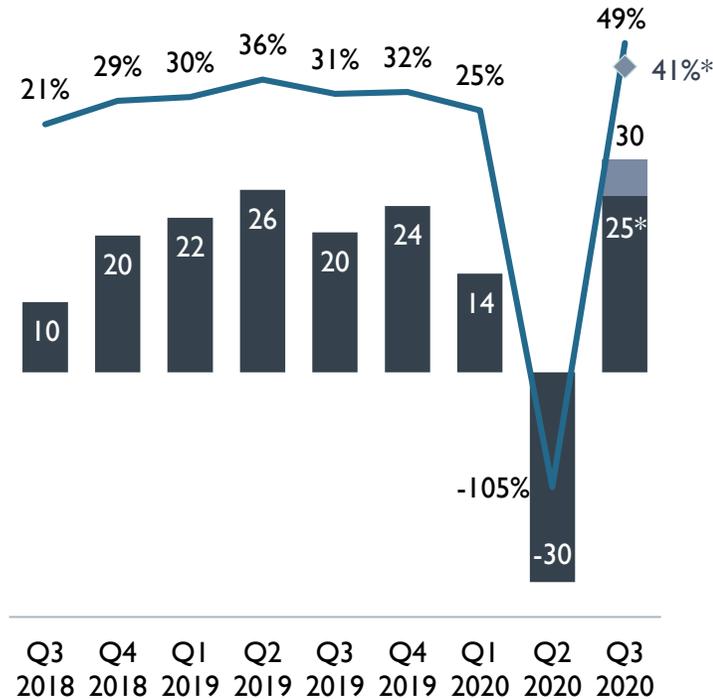
Q&A

# Record high margins in the quarter primarily driven by cost efficiency combined with income recovery

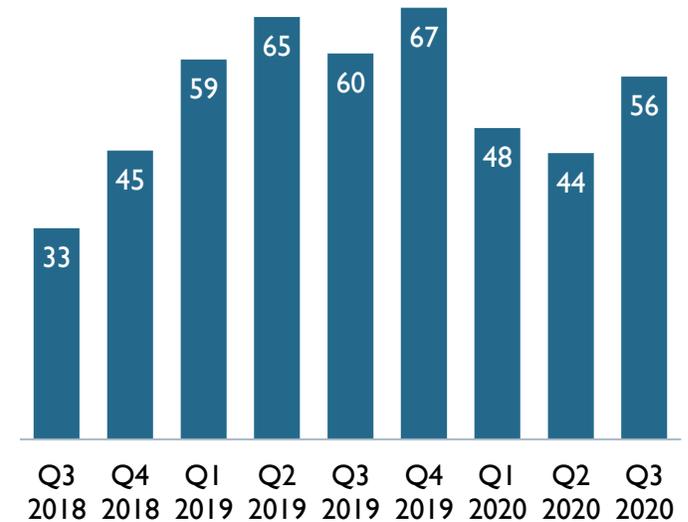
Total income development  
(EUR million)



EBITDA and EBITDA-margin  
(EUR million and %)



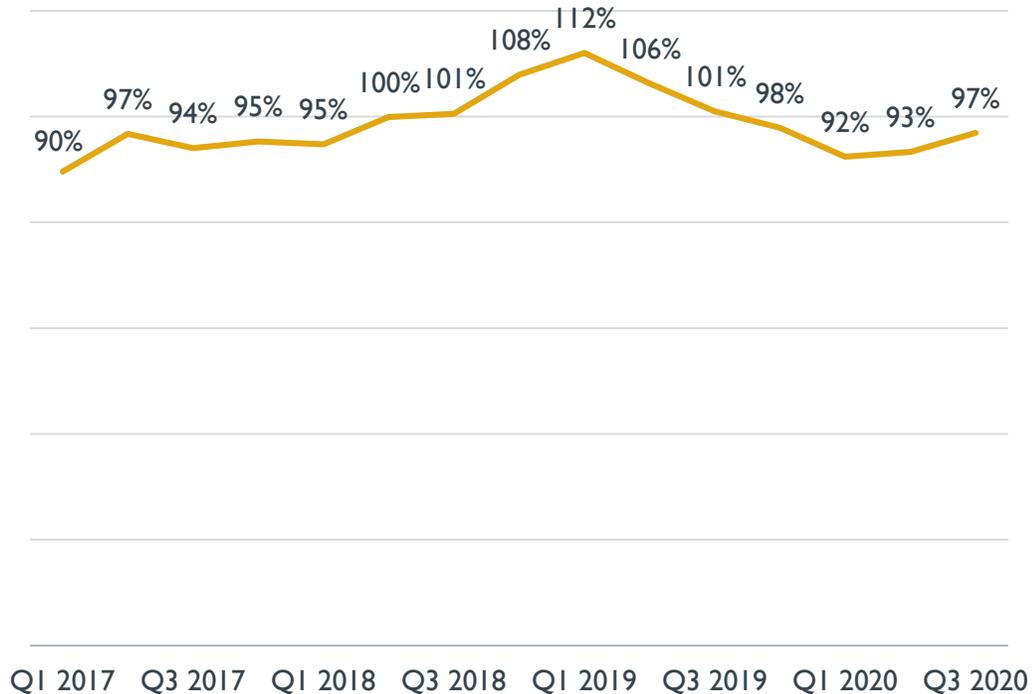
Cash EBITDA  
(EUR million)



|| \*Excluding net reversal of REO impairment accrual in Q3 2020

# NPL – Improving collection performance in Q3

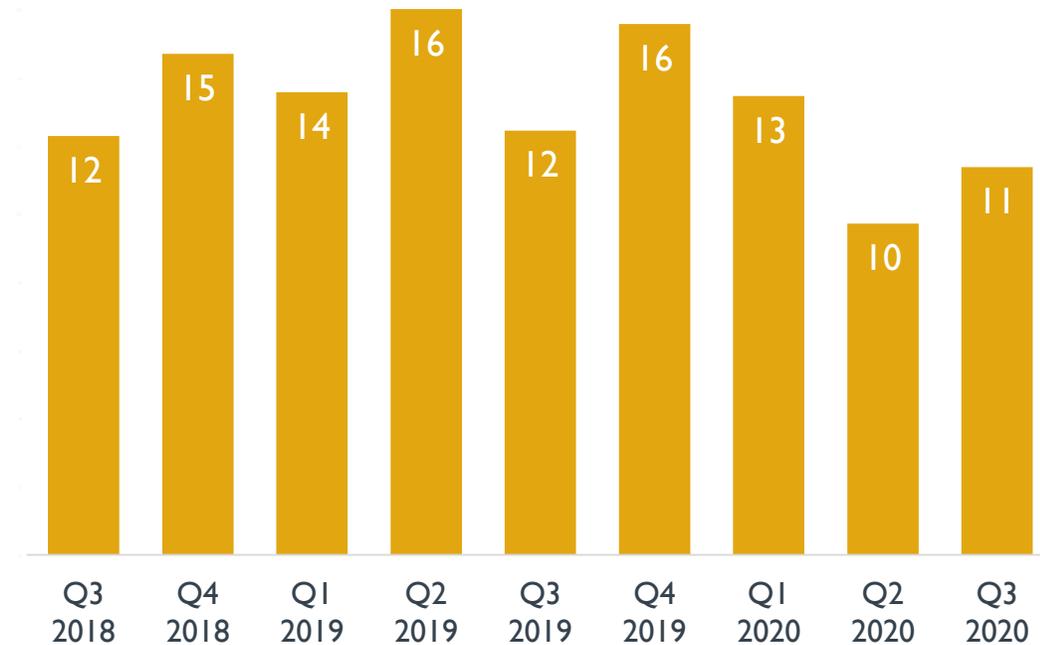
Actual collection vs. active forecast\*  
(LTM, rolling)



- Q3 collection performance of 101%
  - LTM collection performance increased to 97%
- Supported by curve revisions implemented in Q2
- Long term average performance expected to fluctuate around 100%

# 3PC – Increasing volumes in a traditionally slow third quarter

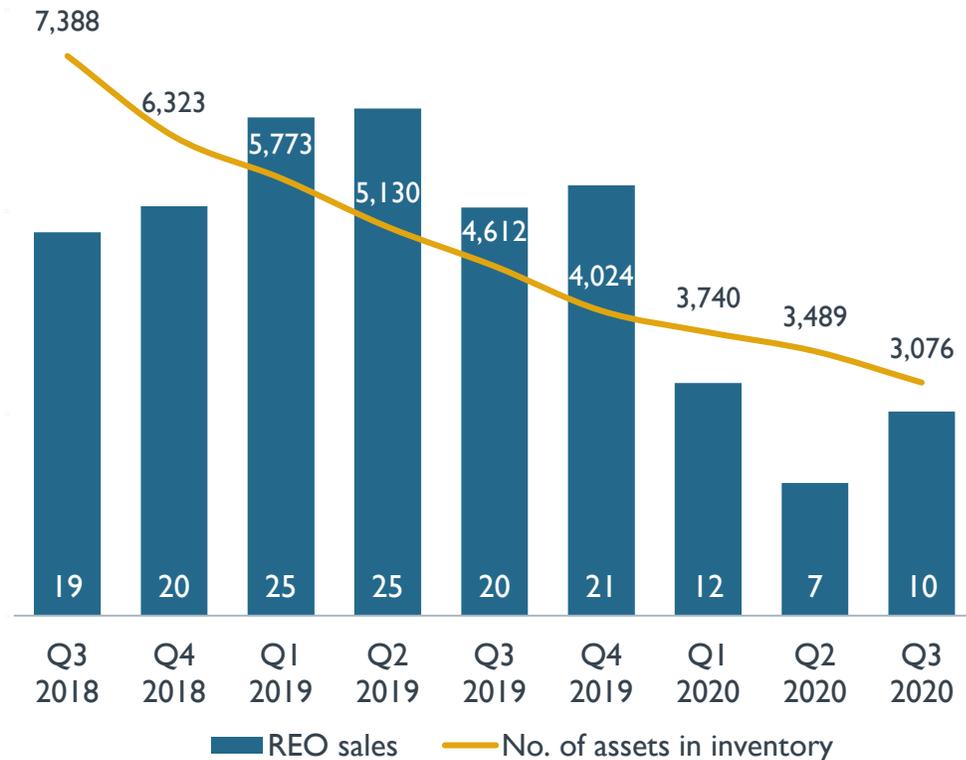
Total income 3PC  
(EUR million)



- 3PC volumes picking-up, although still not back at pre Covid-19 level
  - Q3 seasonally weak, but 2020 will deviate normal seasonality
  - Gradual return of suspended volumes in Italy and Spain
- Sales activity recovering
  - Good performance on 3PC benchmark contracts
  - Long-term macroeconomic effects from Covid-19 expected to increase volume
  - Still challenging environment for new sales due to Covid-19 restrictions
- Securing 3PC volume from combination deals with forward flows

# REO – Market activity improving quicker than anticipated

REO total income development  
(EUR million)



- 2/3 of all REO assets acquired now sold
- Accumulated sales of approximately two thirds of all REO assets acquired
- Higher volume and better prices than expected
  - Public notary offices processing sales faster and more effective
  - Some asset sales pulled forward from Q4
- EUR 5.1 million net reversal of impairment accrual following stronger Q3 and improved sales pipeline
  - Valuation from external vendor in progress
- 417 units sold in Q3, up 63% from Q2
- Average unit price of EUR 24 thousand
  - Average book value for remaining units of EUR 27 thousand

# Net finance, tax and net profits

## Condensed Income statement

(EUR thousand)

EUR thousand	For the quarter end		Year to date	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
EBIT	<b>27,710</b>	17,405	6,650	61,027
Financial revenue	<b>337</b>	2,892	8,877	2,262
Financial expenses	<b>-15,751</b>	-13,961	-44,570	-39,166
Net financial items	<b>-15,414</b>	-11,069	-35,693	-36,904
Profit/(loss) before tax	<b>12,296</b>	6,336	-29,043	24,123
Tax (expense)	<b>-5,795</b>	-2,679	-5,402	-9,688
Net profit/(loss) after tax	<b>6,501</b>	3,657	-34,445	14,435
Net profit/(loss) to Non-controlling interests	<b>2,938</b>	-801	-16,500	3,333
Net profit/(loss) to equity holders	<b>3,563</b>	4,457	-17,945	11,103
Earnings per share: basic	<b>0.019</b>	0.029	-0.099	0.072
Earnings per share: diluted	<b>0.018</b>	0.025	-0.093	0.064

- Total net financial items of EUR 15.4 million
  - Interest cost of EUR 14.0 million
  - Average blended interest costs of approx. 5%
  - EUR 1.4 million in unrealized FX loss
- Tax expense of EUR 5.8 million
  - No recognition of tax assets from loss making entities, primarily REO entities
  - Interest limitation rules in Sweden
  - Average tax rate expected to trend towards ~25% over time
- Net profit of EUR 6.5 million
  - EUR 3.6 million to equity shareholders
  - EUR 2.9 million to non-controlling minorities

# Balance sheet items

Assets  
(EUR million)



Equity and Liabilities  
(EUR million)



- Portfolios represent the vast majority of asset base
- Debt has increased following portfolio acquisitions
- Equity injection in Q1 2020 of EUR ~50m
- Equity ratio of 27%
- Cash position end-Q3 EUR 36 million

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Q&A

# Axactor – becoming an established player

- Entering new phase with focus on profitability and operational excellence



# Covid-19 delaying Axactor ROE growth by one year

Drivers	Q3 2020	Covid-19 impact	Outlook
<ul style="list-style-type: none"> <li>NPL portfolio prices</li> </ul>	<ul style="list-style-type: none"> <li>Portfolios acquired at attractive IRRs in the Nordic market</li> </ul>	Positive	<ul style="list-style-type: none"> <li>Improved IRR levels to be blended in over time</li> </ul>
<ul style="list-style-type: none"> <li>Business mix</li> </ul>	<ul style="list-style-type: none"> <li>Significant increase in combined 3PC and NPL deals</li> </ul>	Positive over time (3PC will increase)	<ul style="list-style-type: none"> <li>Leveraging on 3PC and NPL synergies</li> </ul>
<ul style="list-style-type: none"> <li>Economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Record-high EBITDA, including net reversal of REO impairment accrual</li> </ul>	Neutral	<ul style="list-style-type: none"> <li>Volume growth through 2020 and into 2021, with continued cost discipline</li> </ul>
<ul style="list-style-type: none"> <li>Tax rate</li> </ul>	<ul style="list-style-type: none"> <li>Effective tax rate of 47% in Q3</li> </ul>	Slightly negative	<ul style="list-style-type: none"> <li>Long term steady state target of ~25%</li> </ul>
<ul style="list-style-type: none"> <li>Funding cost</li> </ul>	<ul style="list-style-type: none"> <li>Current level of ~5%<sup>1</sup></li> </ul>	Negative (1-year delay)	<ul style="list-style-type: none"> <li>Refinancing and continued improvement of capital structure</li> </ul>



# Summary & Outlook

- Q3 financials show a normalization of activity levels for all business areas after a weak Q2 (Covid-19)
- NPL collection performance above 100% in Q3
- Net reversal of EUR 5 million REO impairment accrual
- Axactor more resilient than in Q2 towards a potential second Covid-19 wave
  - Positive net cash flow after investments in the quarter and expected to continue
  - Organization prepared to continue working under Covid-19 restrictions
- Q4 expected to continue the good performance, but will likely not see the usual seasonal increase
- Axactor will focus on deleveraging going forward
  - Opportunistic approach to attractive portfolio investments
  - Will still deliver top-line and cash EBITDA growth

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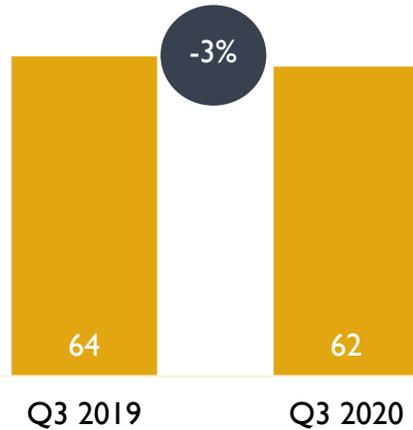
Q&A



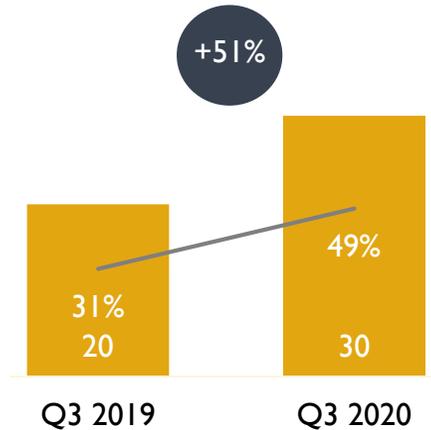
# Supporting information

# Q3 2020 Financial highlights

Total income  
(EUR million)



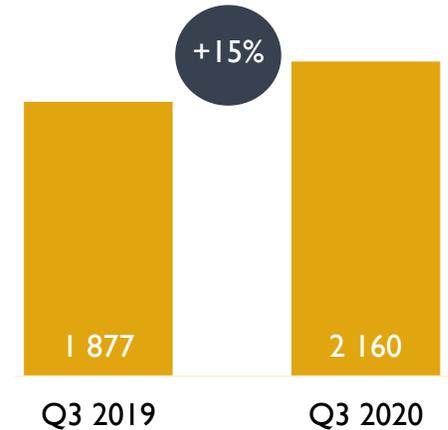
EBITDA and margin  
(EUR million)



Cash EBITDA  
(EUR million)



NPL ERC  
(EUR million)



- Continued the strong pick-up seen in Q2 2020 for both revenue and earnings
  - Particularly high improvement in the REO segment, triggering a EUR 5.1 million net reversal of impairment accrual
- Cost reduction initiatives implemented during first half of 2020 increasingly visible in earnings
  - Temporary cost cuts initiated in Q2 extended
- Capex invested in NPL portfolios of EUR 35 million – expect to invest in excess of EUR 200m for the FY 2020
- Profit before tax of EUR 12.3 million

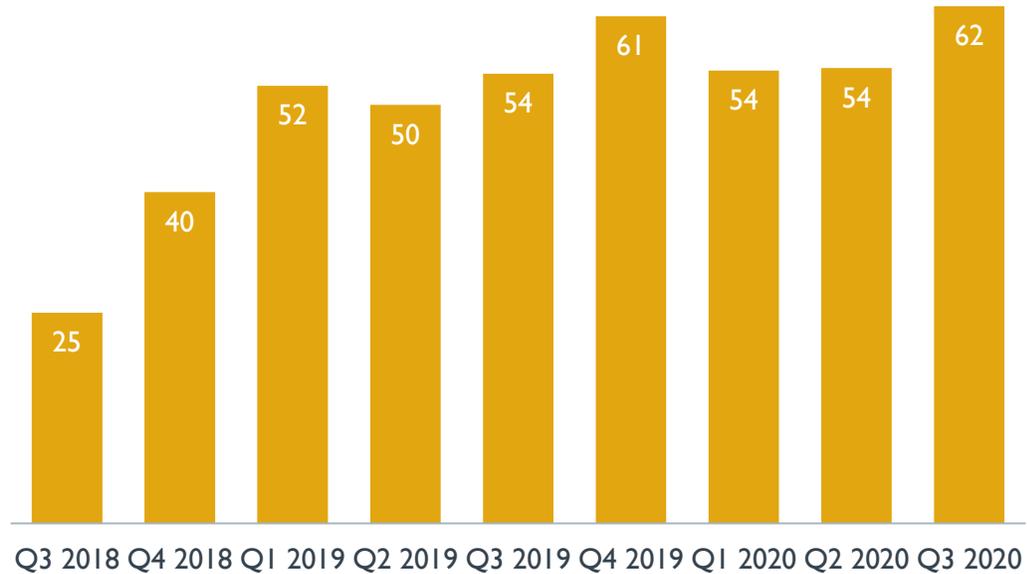


# NPL portfolio

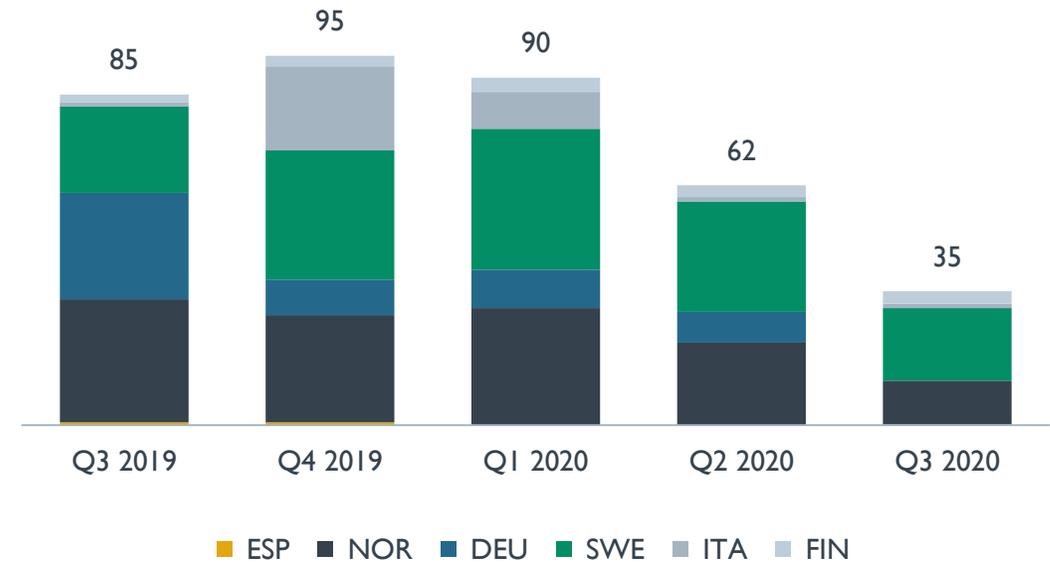
Q3 2020

# Continue to hold back on new investments

NPL collection on own portfolios  
(EUR million)

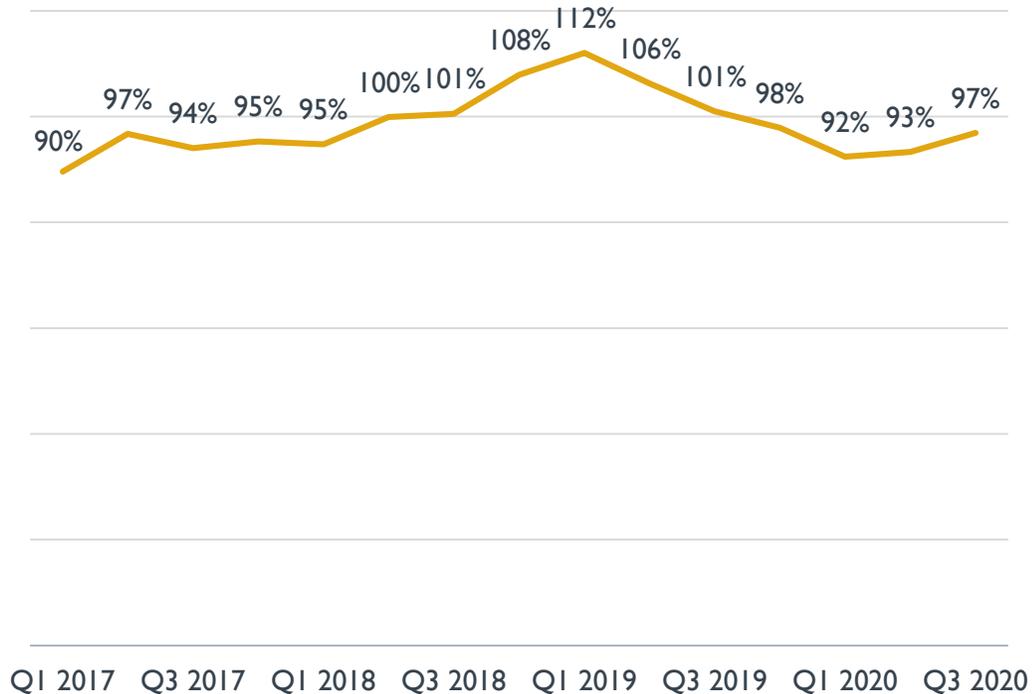


Quarterly NPL investments  
(EUR million)



# Improving collection performance in Q3

Actual collection vs. active forecast\*  
(LTM, rolling)

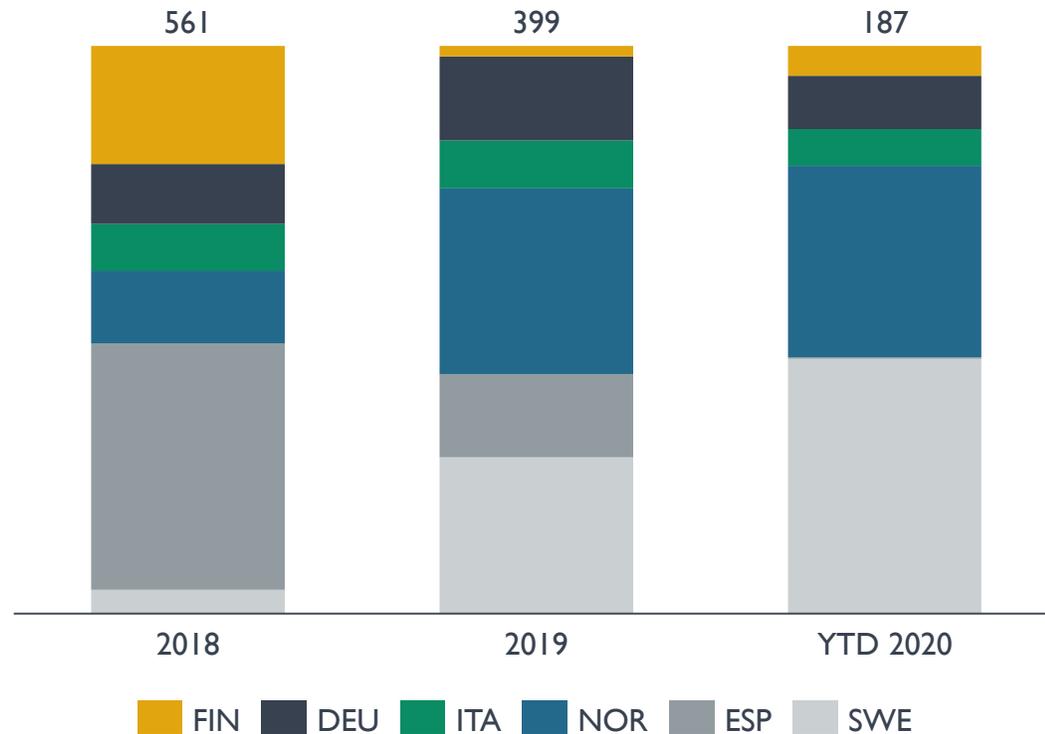


- Q3 collection performance of 101%
  - LTM collection performance increased to 97%
- Supported by curve revisions implemented in Q2
- Long term average performance expected to fluctuate around 100%

# Portfolio acquisitions focused on Nordic forward flows

## Portfolio capex distribution per country\*

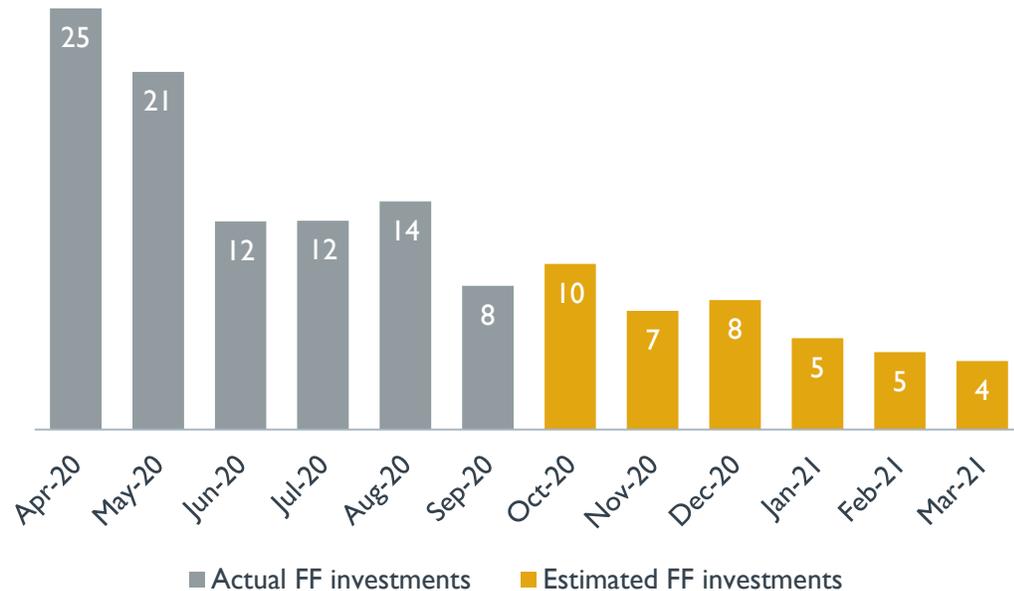
Share of total (EUR million)



- 84% of YTD 2020 capex invested in the Nordics
  - Shift from Spain towards the Nordic countries
  - Attractive IRR development through 2019 and into 2020
  - Primarily forward flow agreements for unsecured consumer finance claims
- Renegotiated existing forward flow agreements to include 3PC servicing and/or postpone capex
- Expected FY 2020 investment level in excess of EUR 200m – securing volume going into 2021
- Opportunistic approach to one-off portfolios
- No REO portfolios acquired since 2018

# Forward flow outlook

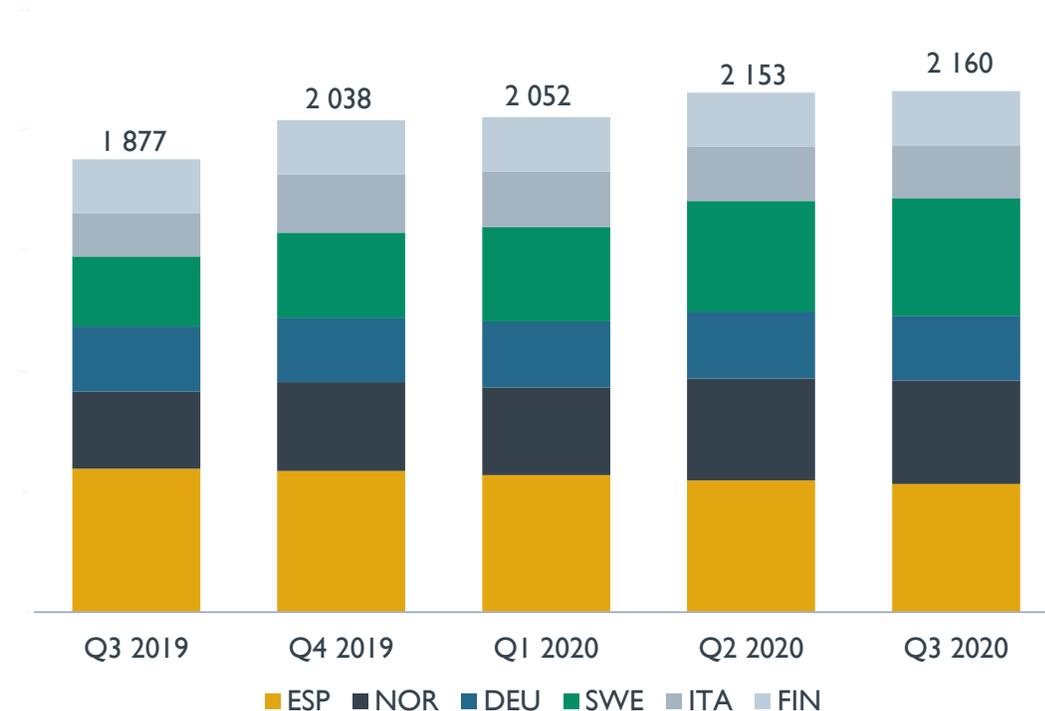
Estimated FF investments from signed contracts  
(EUR million)



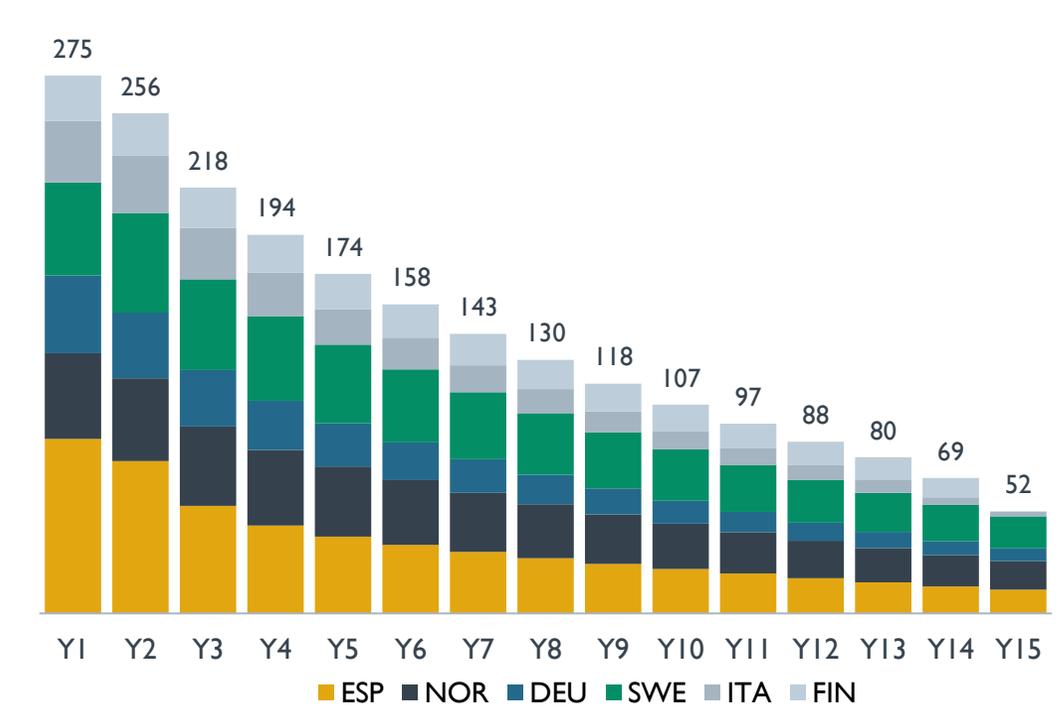
- Total investment of EUR ~175m in forward flow contracts so far in 2020
  - Estimated Q4 forward flow capex of EUR ~ 25m
  - No new contracts signed in Q3
- Continued trend of reducing commitments for the coming two quarters
- NPL portfolio investments secure volume going into 2021

# ERC increase following continued forward flow acquisitions

ERC development  
(EUR million)



Forward ERC profile by year  
(EUR million)



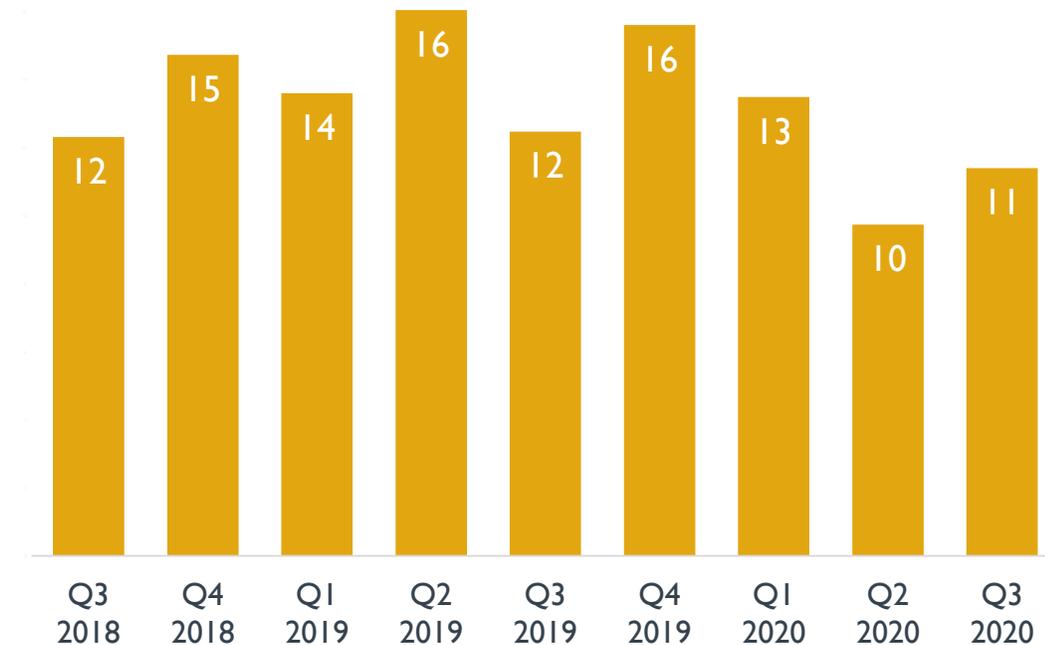


**3PC**

Q3 2020

# Increasing volumes in a traditionally slow third quarter

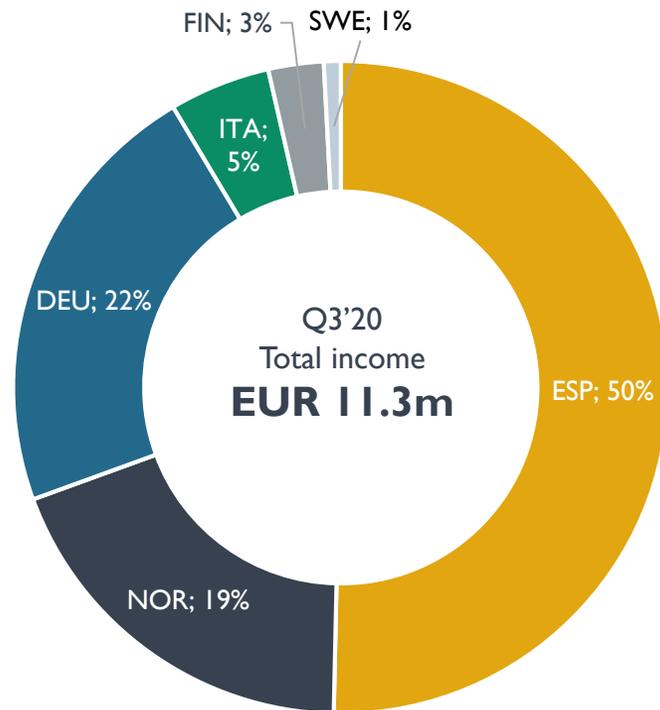
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(EUR million)



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  - Q3 seasonally weak, but 2020 will deviate normal seasonality
  - Gradual return of suspended volumes in Italy and Spain
- Sales activity recovering
  - Good performance on 3PC benchmark contracts
  - Long-term macroeconomic effects from Covid-19 expected to increase volume
  - Still challenging environment for new sales due to Covid-19 restrictions
- Securing 3PC volume from combination deals with forward flows

# Strategic goal to increase 3PC market share in all regions

3PC total income split by geographic region



- Strong performance on benchmark contracts across all countries
- Germany increasing its relative share of 3PC revenue YoY
- Aim to increase the Nordic 3PC business
  - Synergies to be extracted from cross-border deals
  - Nordics accounted for 23% in the quarter
- Specialized value chain proposition
  - Focus on financial institutions, both in NPL and 3PC
  - 3PC offering with high value recurring revenue
  - Axactor's highly modern, flexible and scalable platform

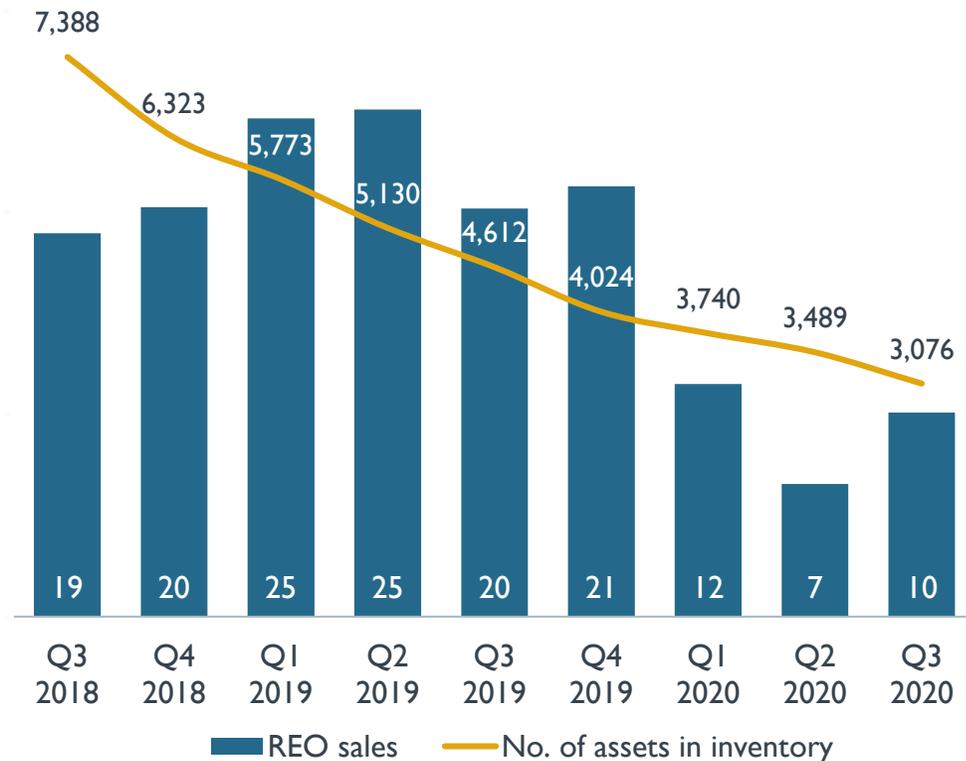


# REO portfolio

Q3 2020

# Market activity improving quicker than anticipated

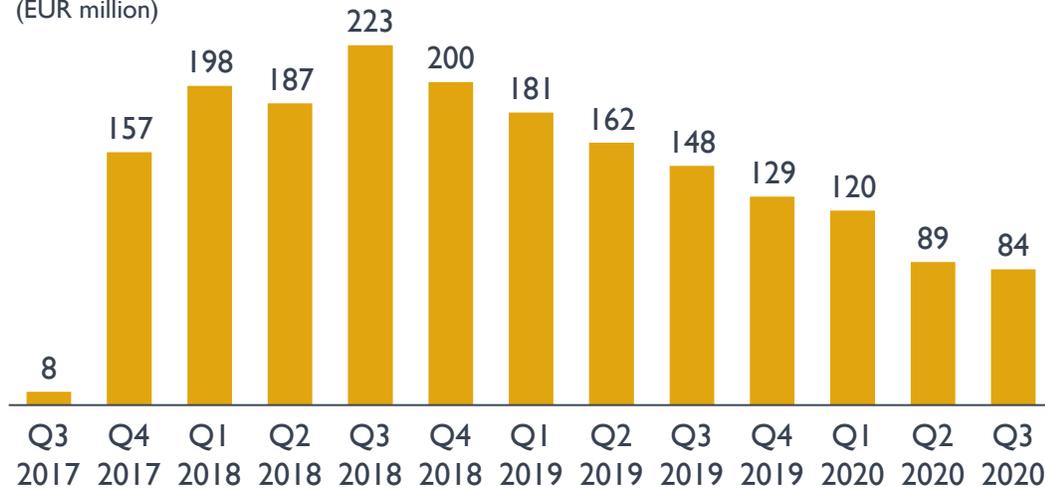
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# REO portfolio moving towards the tail

REO book value\*  
(EUR million)



- Total portfolio investments of EUR 286m\*
- Last portfolio acquisition in Q3 2018
  - 62% decline in book value since peak
- Limited tail risk
  - Axactor owns ~40% of the REO book

REO # of units\*



- A total of 8,612 assets acquired\*
- 5,536 assets sold

# REO statistics\*

(EUR million)

Current book				
Asset class	# assets	% of total	Book value	% of total
Housing	1,258	41 %	46.2	55 %
Parking, annex etc.	1,112	36 %	3.4	4 %
Land	249	8 %	5.2	6 %
Commercial	457	15 %	30.9	37 %
Elimination	0	0 %	-1.6	100 %
<b>Total</b>	<b>3,076</b>	<b>100 %</b>	<b>84.2</b>	<b>100 %</b>

Originally acquired				
Asset class	# assets	% of total	Book value	% of total
Housing	4,024	47 %	194.5	68 %
Parking, annex etc.	3,394	39 %	15.8	6 %
Land	324	4 %	8.9	3 %
Commercial	870	10 %	66.4	23 %
<b>Total</b>	<b>8,612</b>	<b>100 %</b>	<b>285.6</b>	<b>100 %</b>

- Housing represent 55% of current book value
  - Limited exposure to commercial assets
- Average book value per remaining asset EUR 27k
  - Average book value per sold asset of EUR 32k
  - Average sale price per sold asset of EUR 39k



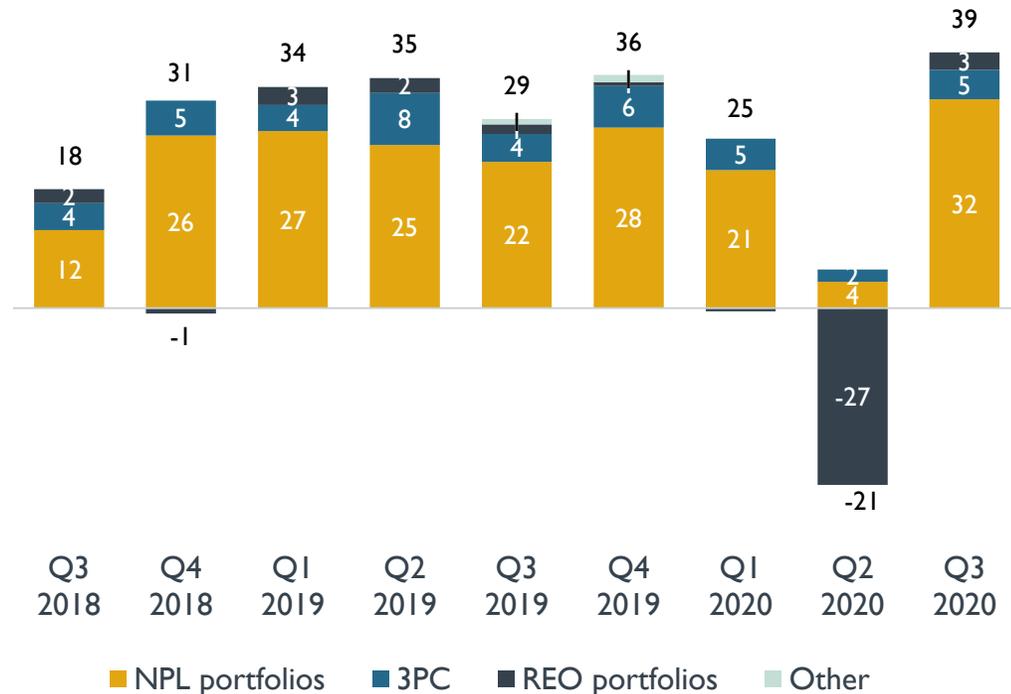
# Financials

Q3 2020

# Contribution per segment

## Contribution per segment\*

(EUR million) - Excluding unallocated overhead cost



## Total:

- Record-high contribution margin in Q3

## NPL:

- Portfolio amortization and revaluation of EUR 21.0 million (23.1)  
Contribution margin of 78% (73%)

## 3PC:

- 40% contribution margin (34%)

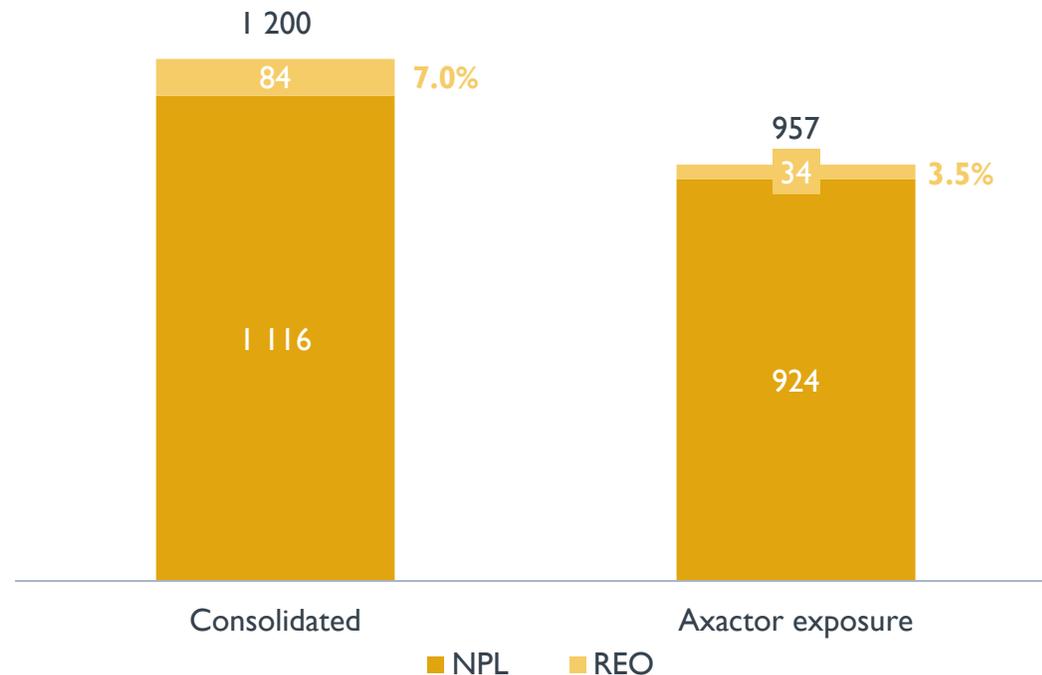
## REO:

- Net reversal of EUR 5.1 million of impairment accrual
- Slightly negative contribution excl. reversal of impairment accrual

38 \*Contribution before allocation of local SG&A and IT cost, management fee, central administration costs, other gains and losses or finance costs  
Segment contribution margin = Segment contribution/Segment net revenue  
Total segment contribution less unallocated cost = EBITDA

# Minority shareholders in both NPL and REO

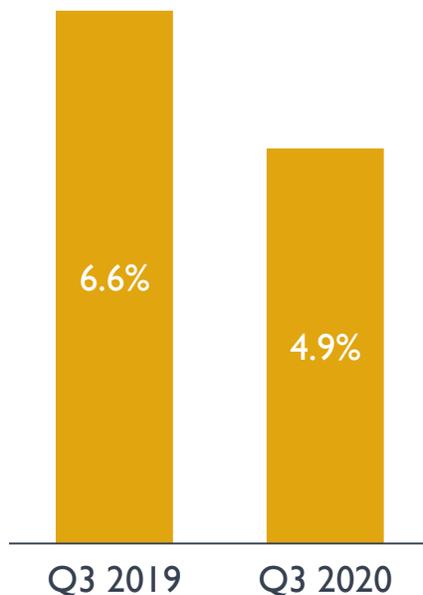
Total book value exposure  
(EUR million)



- Axactor has approximately 40% of the total exposure for REO
  - Minority shareholders in both Reolux and its subsidiaries
  - Axactor's share of REO amounts to approximately 3.5% of its total portfolio book value
- Axactor shareholders has approximately 83% of the total exposure for NPL
  - Minority shareholder in Axactor Invest

# Axactor targets improved ROE over time

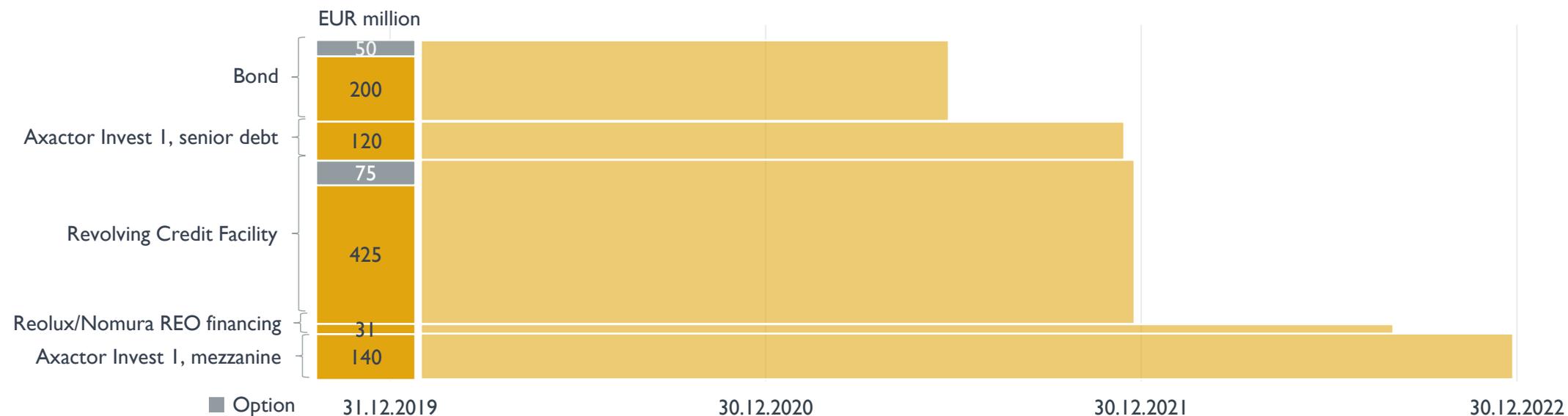
Return on Equity\*  
(Annualized, %)



Drivers	Q3 2020	Outlook
<ul style="list-style-type: none"> <li>NPL portfolio prices</li> </ul>	<ul style="list-style-type: none"> <li>Portfolios acquired at attractive IRRs in the Nordic market</li> </ul>	<ul style="list-style-type: none"> <li>Improved IRR levels to be blended in over time</li> </ul>
<ul style="list-style-type: none"> <li>Economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Record-high EBITDA, including net reversal of REO impairment accrual</li> </ul>	<ul style="list-style-type: none"> <li>Volume growth through 2020 and into 2021, with strong cost discipline</li> </ul>
<ul style="list-style-type: none"> <li>Tax rate</li> </ul>	<ul style="list-style-type: none"> <li>Effective tax rate of 47% in Q3</li> </ul>	<ul style="list-style-type: none"> <li>Long term steady state target of ~25%</li> </ul>
<ul style="list-style-type: none"> <li>Funding cost</li> </ul>	<ul style="list-style-type: none"> <li>Current level of ~5%</li> </ul>	<ul style="list-style-type: none"> <li>Refinancing and continued improvement of capital structure</li> </ul>
<ul style="list-style-type: none"> <li>Business mix</li> </ul>	<ul style="list-style-type: none"> <li>Significant increase in combined 3PC and NPL deals</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging on 3PC and NPL synergies</li> </ul>

# Axactor funding structure

- Aim for deleveraging over next quarters



- EUR 365m equity, 27% equity ratio
- Funding base increased by EUR 51m in Q1 2020 through private placement
- Extended EUR 425m RCF by one year to December 2021, conditional on refinancing of bond by end Q1 2021
- Cash balance of EUR 36m end of September
- Expected remaining capex requirements in FF agreements in the range of EUR 25m for Q4 2020

# Net finance, tax and net profits

## Condensed Income statement

(EUR thousand)

EUR thousand	For the quarter end		Year to date	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
EBIT	<b>27,710</b>	17,405	6,650	61,027
Financial revenue	<b>337</b>	2,892	8,877	2,262
Financial expenses	<b>-15,751</b>	-13,961	-44,570	-39,166
Net financial items	<b>-15,414</b>	-11,069	-35,693	-36,904
Profit/(loss) before tax	<b>12,296</b>	6,336	-29,043	24,123
Tax (expense)	<b>-5,795</b>	-2,679	-5,402	-9,688
Net profit/(loss) after tax	<b>6,501</b>	3,657	-34,445	14,435
Net profit/(loss) to Non-controlling interests	<b>2,938</b>	-801	-16,500	3,333
Net profit/(loss) to equity holders	<b>3,563</b>	4,457	-17,945	11,103
Earnings per share: basic	<b>0.019</b>	0.029	-0.099	0.072
Earnings per share: diluted	<b>0.018</b>	0.025	-0.093	0.064

- Total net financial items of EUR 15.4 million
  - Interest cost of EUR 14.0 million
  - Average blended interest costs of approx. 5%
  - EUR 1.4 million in unrealized FX loss
- Tax expense of EUR 5.8 million
  - No recognition of tax assets from loss making entities, primarily REO entities
  - Interest limitation rules in Sweden
  - Average tax rate expected to trend towards ~25% over time
- Net profit of EUR 6.5 million
  - EUR 3.6 million to equity shareholders
  - EUR 2.9 million to non-controlling minorities



# Appendix

# P&L statement

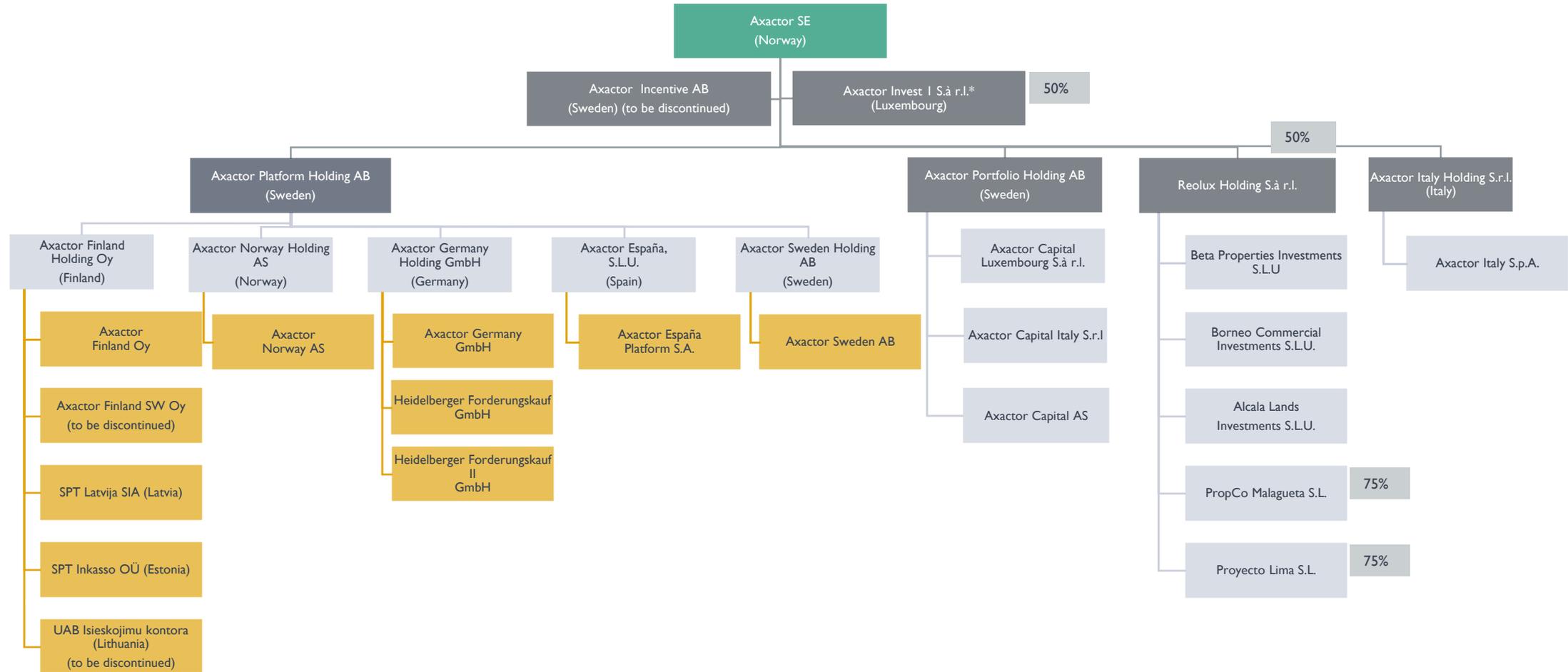
EUR thousand	For the quarter end		Year to date	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
Interest income from purchased loan portfolios	<b>41,497</b>	35,828	121,335	97,292
Net gain/loss purchased loan portfolios	<b>-624</b>	-5,089	-37,530	93
Other operating revenue	<b>21,457</b>	32,714	62,679	112,061
Other income	<b>-50</b>	809	49	884
<b>Total income</b>	<b>62,280</b>	64,263	146,533	210,329
Cost of REO's sold, incl impairment	<b>-4,749</b>	-16,374	-46,956	-56,093
Personnel expenses	<b>-13,255</b>	-13,010	-41,079	-42,471
Operating expenses	<b>-13,933</b>	-14,849	-43,991	-43,451
<b>Total operating expense</b>	<b>-31,937</b>	-44,233	-132,026	-142,015
<b>EBITDA</b>	<b>30,343</b>	20,029	14,506	68,314
Amortization and depreciation	<b>-2,633</b>	-2,625	-7,856	-7,287
<b>EBIT</b>	<b>27,710</b>	17,405	6,650	61,027
Financial revenue	<b>337</b>	2,892	8,877	2,262
Financial expenses	<b>-15,751</b>	-13,961	-44,570	-39,166
<b>Net financial items</b>	<b>-15,414</b>	-11,069	-35,693	-36,904
<b>Profit/(loss) before tax</b>	<b>12,296</b>	6,336	-29,043	24,123
Tax (expense)	<b>-5,795</b>	-2,679	-5,402	-9,688
<b>Net profit/(loss) after tax</b>	<b>6,501</b>	3,657	-34,445	14,435
Net profit/(loss) to Non-controlling interests	<b>2,938</b>	-801	-16,500	3,333
<b>Net profit/(loss) to equity holders</b>	<b>3,563</b>	4,457	-17,945	11,103
Earnings per share: basic	<b>0.019</b>	0.029	-0.099	0.072
Earnings per share: diluted	<b>0.018</b>	0.025	-0.093	0.064

# Balance sheet statement

EUR thousand	30 Sep 2020	30 Sep 2019	Full year 2019
<b>ASSETS</b>			
<i>Intangible non-current assets</i>			
Intangible Assets	20,885	20,098	21,486
Goodwill	53,784	55,740	56,170
Deferred tax assets	5,111	6,336	9,742
<i>Tangible non-current assets</i>			
Property, plant and equipment	2,684	3,000	2,903
Right-of-use assets	5,332	5,938	5,846
<i>Financial non-current assets</i>			
Purchased debt portfolios	1,115,480	963,953	1,041,919
Other non-current receivables	503	295	765
Other non-current investments	193	662	193
<b>Total non-current assets</b>	<b>1,203,972</b>	<b>1,056,021</b>	<b>1,139,025</b>
<i>Current assets</i>			
Stock of Secured Assets	84,163	148,101	129,040
Accounts Receivable	5,743	10,782	13,135
Other current assets	13,632	13,144	14,960
Restricted cash	2,718	2,611	3,739
Cash and Cash Equivalents	33,083	60,481	71,657
<b>Total current assets</b>	<b>139,339</b>	<b>235,119</b>	<b>232,531</b>
<b>TOTAL ASSETS</b>	<b>1,343,310</b>	<b>1,291,140</b>	<b>1,371,556</b>

EUR thousand	30 Sep 2020	30 Sep 2019	Full year 2019
<b>EQUITY AND LIABILITIES</b>			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital	97,040	81,338	81,338
Other paid-in equity	236,502	201,503	201,879
Retained Earnings	-15,791	-3,070	2,153
Reserves	-27,843	-7,724	-4,721
Non-controlling interests	74,958	99,067	96,977
<b>Total Equity</b>	<b>364,866</b>	<b>371,114</b>	<b>377,626</b>
<i>Non-current Liabilities</i>			
Interest bearing debt	585,094	641,095	466,378
Deferred tax liabilities	11,142	10,417	17,591
Lease liabilities	3,056	3,578	3,481
Other non-current liabilities	1,324	1,917	1,415
<b>Total non-current liabilities</b>	<b>600,616</b>	<b>657,007</b>	<b>488,864</b>
<i>Current Liabilities</i>			
Accounts Payable	3,099	1,384	5,902
Current portion of interest bearing debt	339,953	232,915	463,555
Taxes Payable	9,547	8,658	6,570
Lease liabilities	2,533	2,436	2,549
Other current liabilities	22,697	17,626	26,491
<b>Total current liabilities</b>	<b>377,829</b>	<b>263,019</b>	<b>505,066</b>
<b>Total Liabilities</b>	<b>978,445</b>	<b>920,026</b>	<b>993,930</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,343,310</b>	<b>1,291,140</b>	<b>1,371,556</b>

# Legal organization September 2020



\*50% of the shares in Axactor Invest I S.à r.l. and Reolux Holding S.à r.l. is held by Geveran Trading Co. Limited (Cyprus).

\*Geveran Trading Co. Limited also holds shares of Axactor SE

# Terms and abbreviations

## APM / KPI definition

Cash EBITDA	EBITDA adjusted for calculated cost of share option program, portfolio amortizations and revaluations, REO cost of sales and REO impairments
CM1 Margin	Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total revenue
Debt-to-equity ratio	Total interest bearing debt as a percentage of total equity
Discount	The rate of discount of original debt balance used to negotiate repayment of debt
EBITDA margin	EBITDA as a percentage of Total revenue
Economic growth	GDP (Gross Domestic Product) growth
Efficient Legal system	Governmental bailiff exchanging information electronically
Equity ratio	Total equity and liabilities as a percentage of total equity
ERC	Estimated Remaining Collection express the expected future cash collection on own portfolios (NPLs) in nominal values, over the next 180 months.
Gross margin	Cash EBITDA as a percentage of gross revenue
Gross revenue	3PC revenue, REO sale, cash collected on own portfolios and other revenue
House pricing	House price index, development of real estate values
Interest changes	The interest charged to debtors on active claims
Interest level	Lending rate in the market
NIBD	Net Interest Bearing Debt means the aggregated amount of interest bearing debt, less aggregated amount of unrestricted cash and bank deposits, on a consolidated basis
Opex ex SG&A, IT and corp.cost	Total expenses excluding overhead functions
Payment agreement	Agreement with the debtors to repay their debt
Recovery rate	Portion of the original debt repaid
Return on Equity, excluding minorities, annualized	Net profit/(loss) to equity holders as a percentage of total equity excluding Non-controlling interests, annualized based on number of days in period
Return on Equity, including minorities, annualized	Net profit/(loss) after tax as a percentage of total equity, annualized based on number of days in period
Settlements	One payment of full debt
SG&A, IT and corporate cost	Total operating expenses for overhead functions
Solution rate	Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis
Total estimated capital commitments for forward flow agreements	The total estimated capital commitments for the forward flow agreements are calculated based on the volume received over that last months and limited by the total capex commitment in the contract.
Tracing activity	Finding and updating debtor contact information

## Terms and abbreviations

3PC	Third-party collection
ARM	Accounts receivable management
B2B	Business to Business
B2C	Business to Consumer
BoD	Board of Directors
CGU	Cash Generating Unit
CM1	Contribution Margin
Dopex	Direct Operating expenses
EBIT	Operating profit, Earning before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECL	Expected Credit Loss
EPS	Earnings Per Share
EUR	Euro
FTE	Full Time Equivalent
IFRS	International Financial Reporting Standards
NCI	Non-controlling interests
NOK	Norwegian Krone
NPL	Non-performing loan
OB	Outstanding Balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees
PCI	Purchased Credit Impaired
PPA	Purchase Price Allocations
REO	Real Estate Owned
SEK	Swedish Krone
SG&A	Selling, General & Administrative
SPV	Special Purpose Vehicle
VIU	Value in Use
WACC	Weighted Average Cost of Capital
WAEP	Weighted Average Exercise Price

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