

AXACTOR

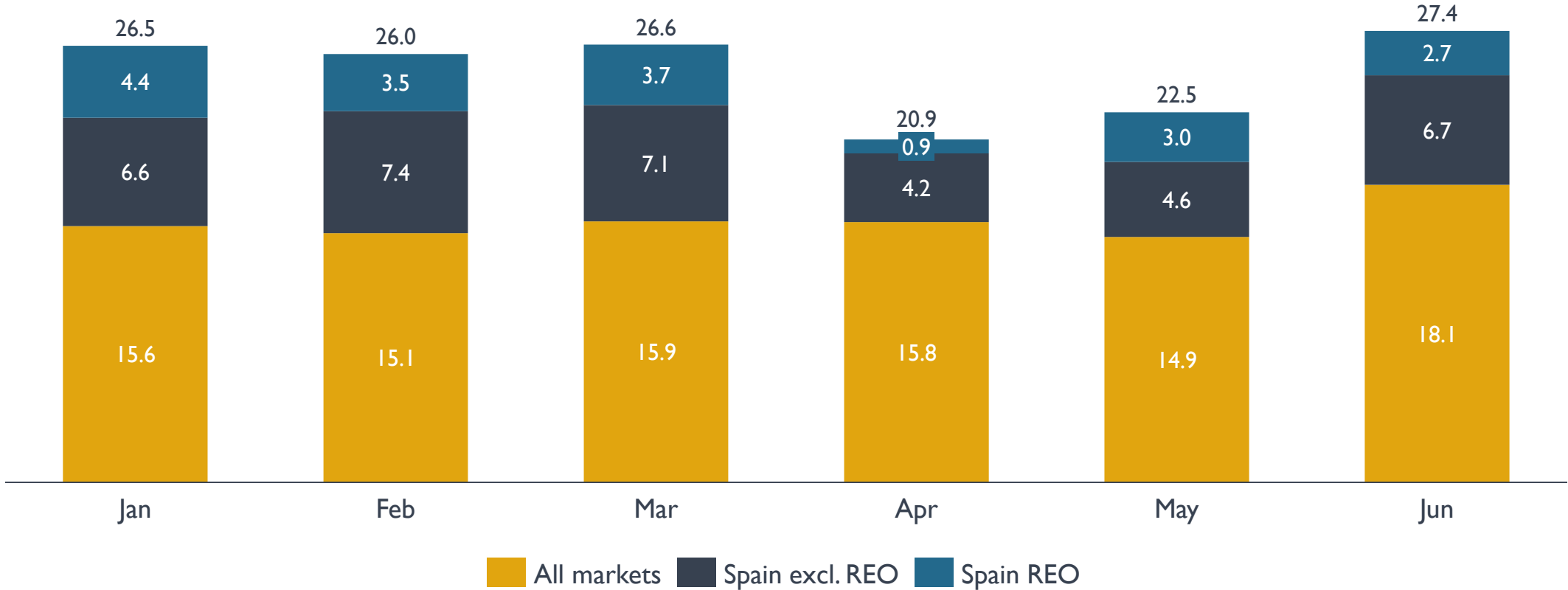
Q2 2020

23 July, 2020



April and May significantly impacted by Covid-19, strong pick-up in June expected to continue

Gross revenue
(EUR million)



Aligning costs with market activity

Actions to align costs to activity level

- Temporary workforce reductions of ~400 employees during Q2
- Executive team salary reductions in Q2 extended through Q3
- Temporary price reductions from IT vendors

Site consolidation to increase efficiency

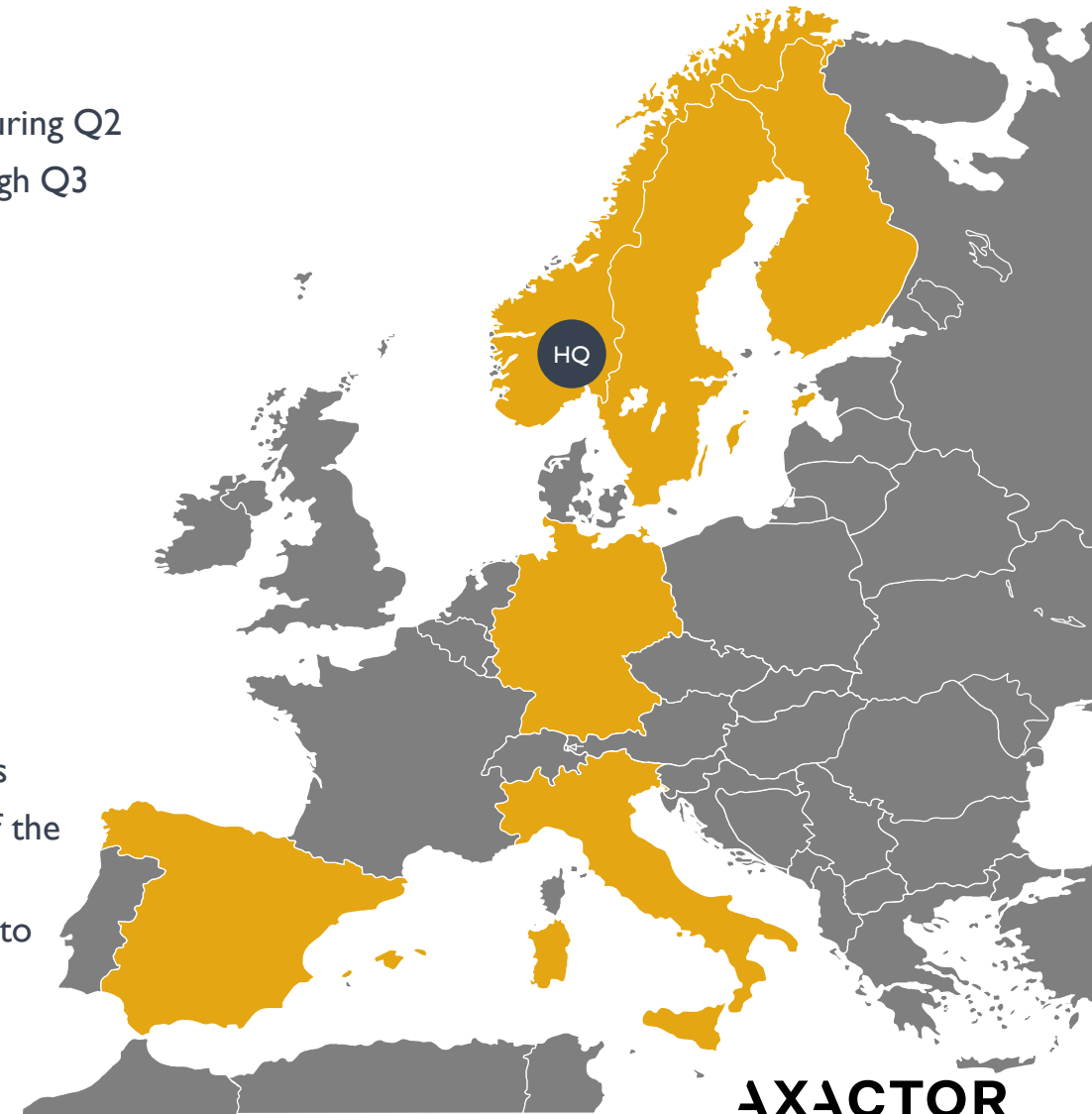
- Norwegian operation reduced from five to two sites
- Sweden closing one of two sites
- Further consolidation under consideration

EUR ~25m estimated annual savings for 2020

- EUR ~13m expected in H2 2020
- EUR 1.2m restructuring costs in Q2 2020

Further cost saving initiatives depends on activity level

- Legal costs driven by activity in notary offices and bailiffs
- Scalable setup to take advantage of further reopening of the economies
- Potential new lockdown may significantly impact return to normality

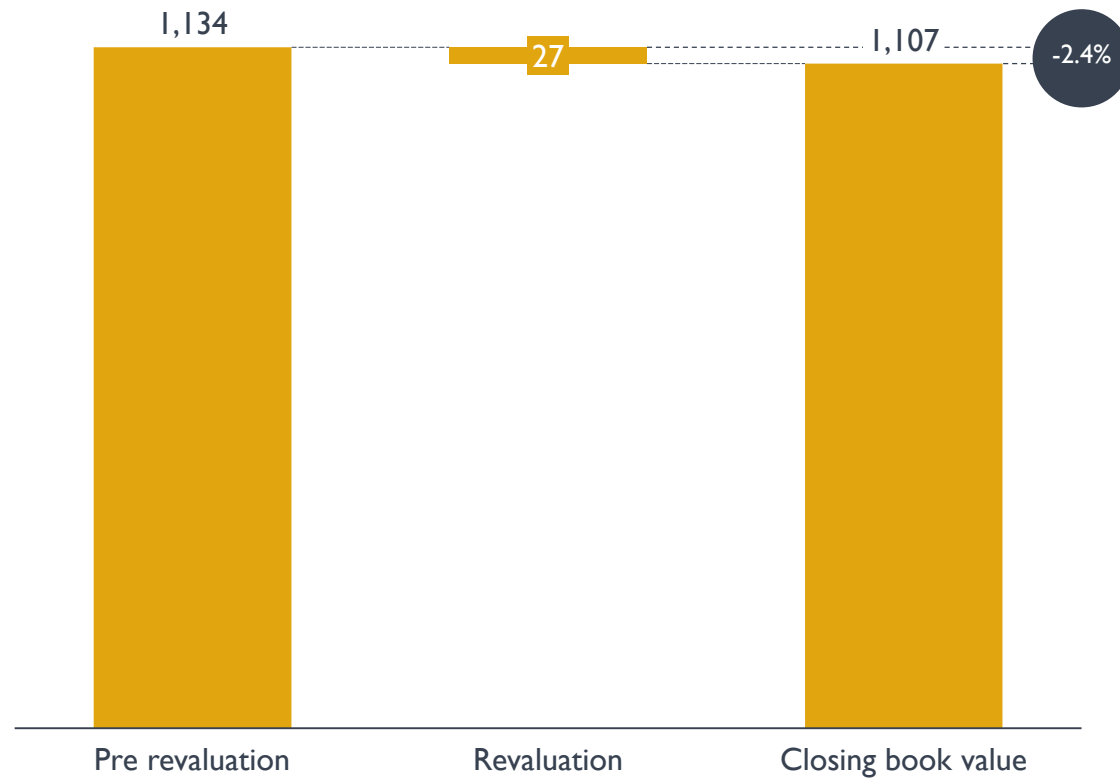


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NPL revaluation in Q2 of -2.4%

NPL book value

EUR million

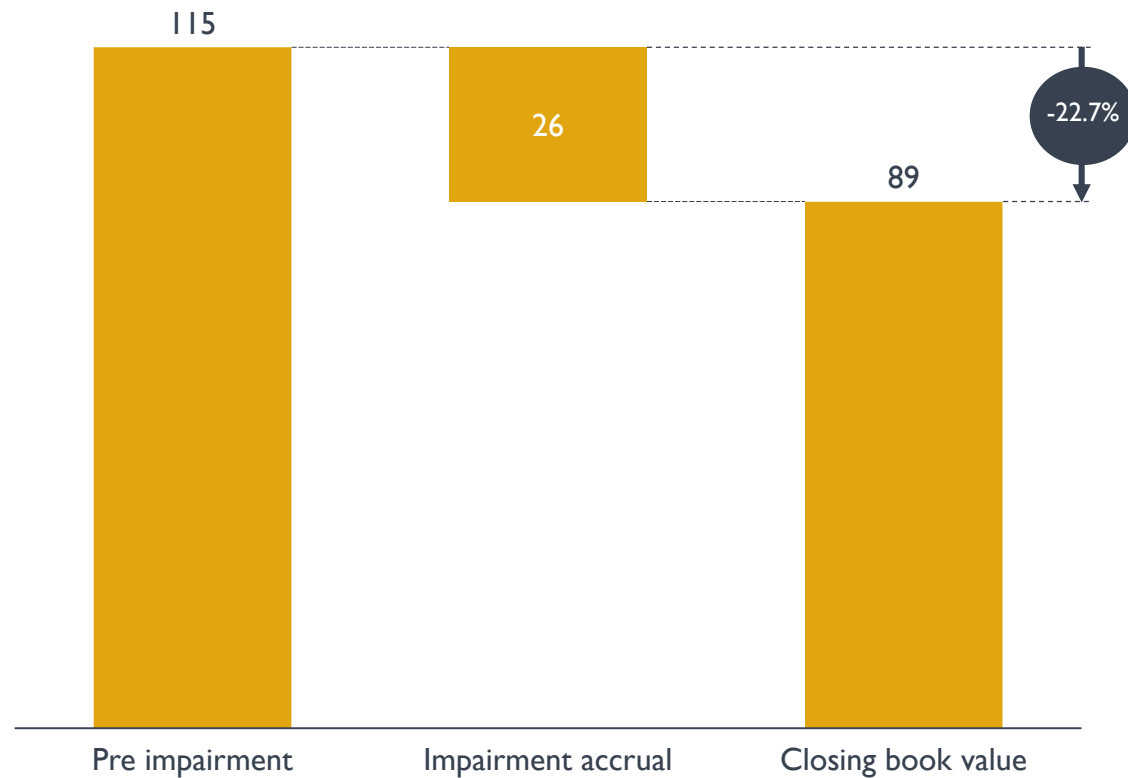


- Net negative revaluation of EUR 27m of NPL portfolio
 - Extensive review of all portfolios in all countries
 - Based on estimated short-term financial impact of Covid-19
 - Expected overall collection from 2021 onwards remain largely unchanged

REO impairment in Q2 of 22.7%

REO book value

EUR million



- Estimated impairment of EUR 26m on REO assets
 - Based on updated commercial analysis taking prudent view of current trends in the market
 - Impairment test with external valuation support to be conducted in the second half 2020 to validate initial assessment
 - Lower asset prices observed in the market
 - Lower price growth expectations

Covenant update

- 1 Waiver obtained to exceed the leverage ratio covenant for Q2 and Q3 on the main bank facility
- 2 In compliance on all loan agreements as of Q2 2020 with waiver
- 3 Reopening of markets and improving collection significantly reduces risk of covenant breach for the second half 2020



Covid-19 country update



Spain

- Significant impact from legal systems being closed first half of the second quarter
- Gradual ramp-up from mid May expected to continue into Q3



Italy

- Significant impact from legal systems being closed first half of the second quarter
- Lock-down restrictions reduced from June with increasing 3PC flow from customers



Norway

- NPL collection has remained strong, 3PC with slightly lower volumes
- Short-term resilience against Covid-19



Germany

- Revenue has remained stable, although the field service operation was temporarily suspended



Finland

- Limited impact on NPL collection, while disrupted sales processes slows 3PC ramp-up
- Bailiff temporary adjusting collection level to reduce stress on debtors



Sweden

- No significant impact on collection due to Covid-19 as economy has remained open
- Continued back log at bailiff, expected to be resolved by end of 2020

Ramping up activity levels as markets reopen

- Nordics less impacted than expected
- Gradual ramp-up in Spain and Italy
- Increasing 3PC sales expected in H2 as sales processes normalize
- Expects shift towards positive cash flow after investments during H2 due to lower investments and higher Cash EBTIDA
- Total investment level in 2020 in excess of EUR 200 million secures significant volume growth going into 2021



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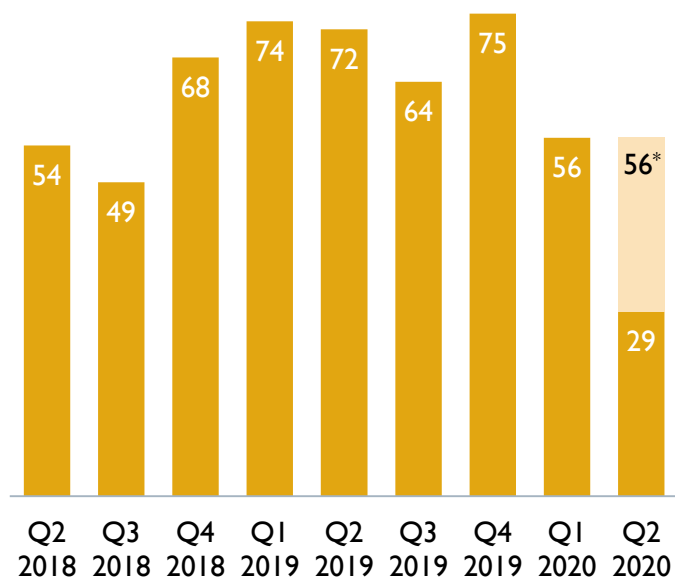


Financials

Q2 2020

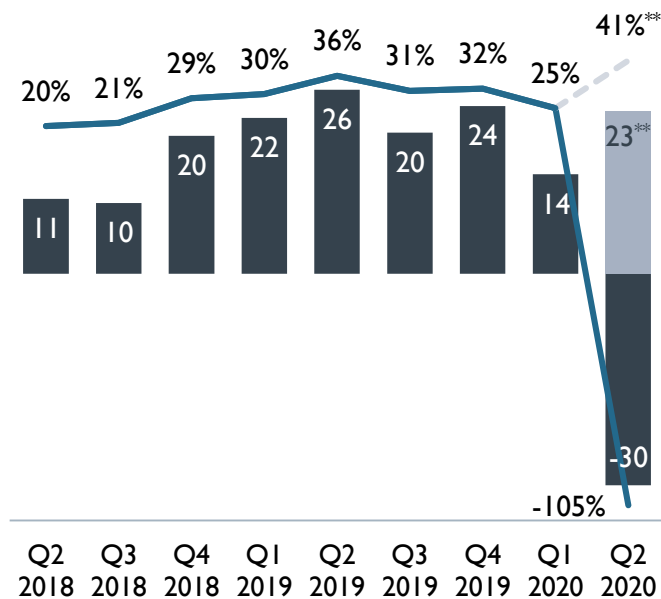
Lockdowns and impairments significantly affected Q2 financials

Total revenue development
(EUR million)



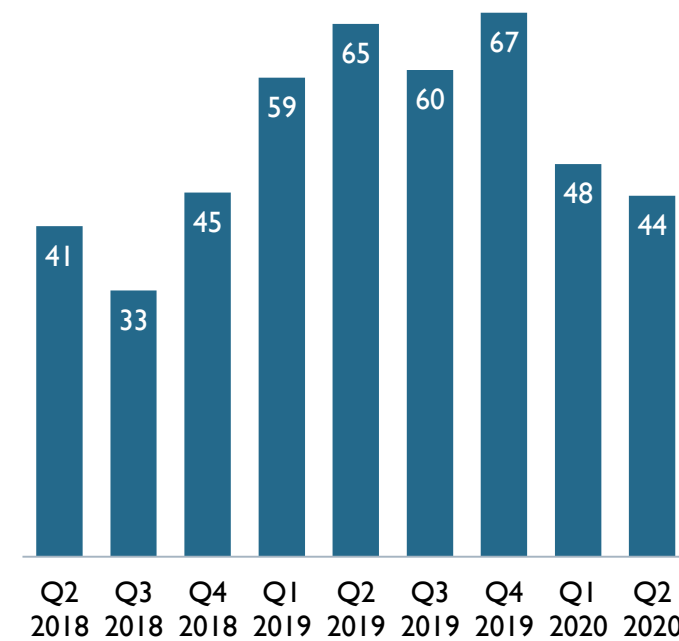
■ Q2 2020 NPL revaluation

EBITDA and EBITDA-margin
(EUR million and %)



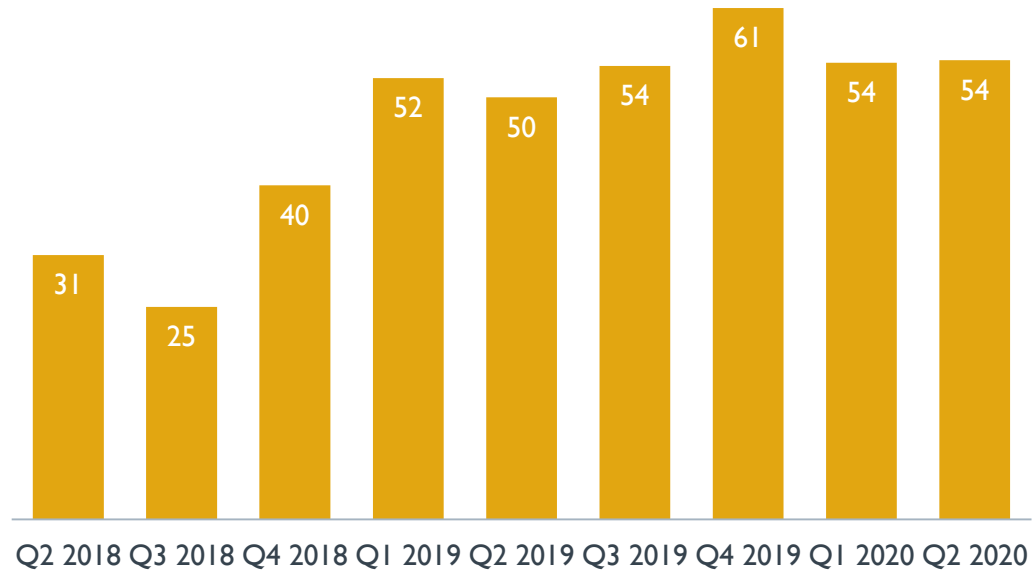
■ Q2 2020 NPL revaluation and REO impairment accrual

Cash EBITDA
(EUR million)

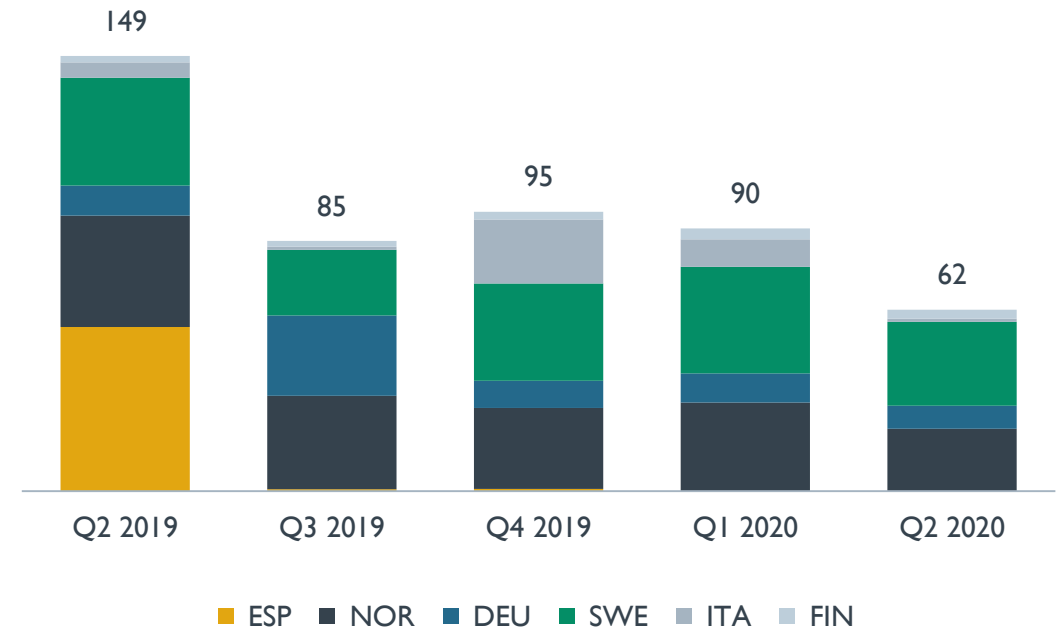


NPL – Capex mainly deployed in Nordic forward flow deals

NPL collection on own portfolios
(EUR million)

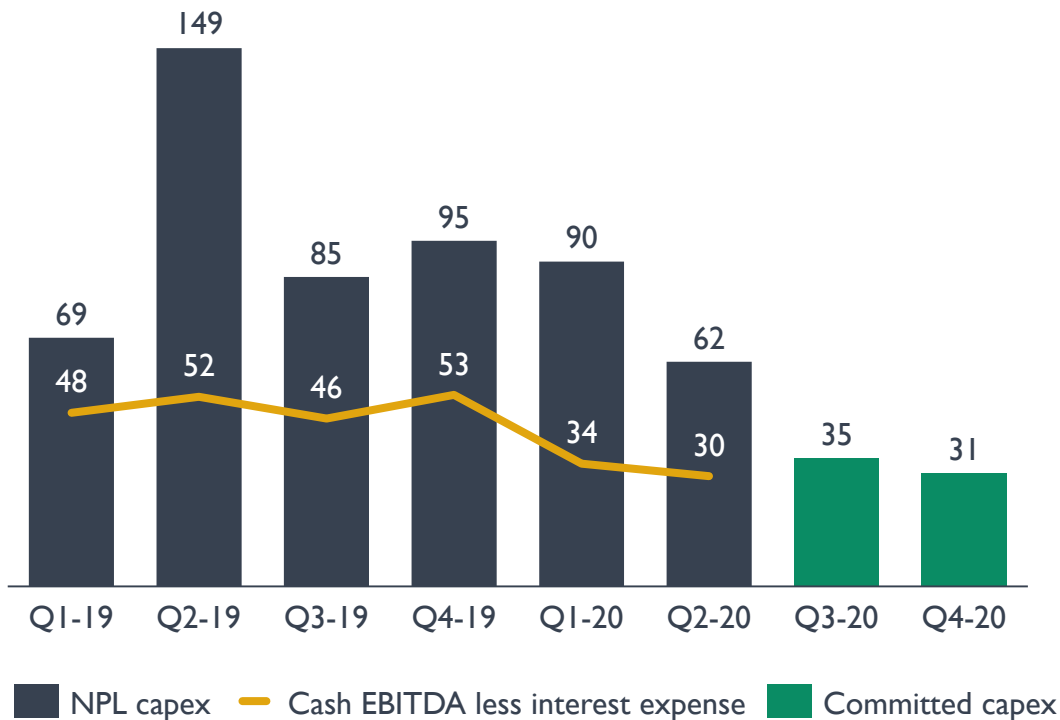


Quarterly NPL investments
(EUR million)



More balanced cash flow in second half of 2020

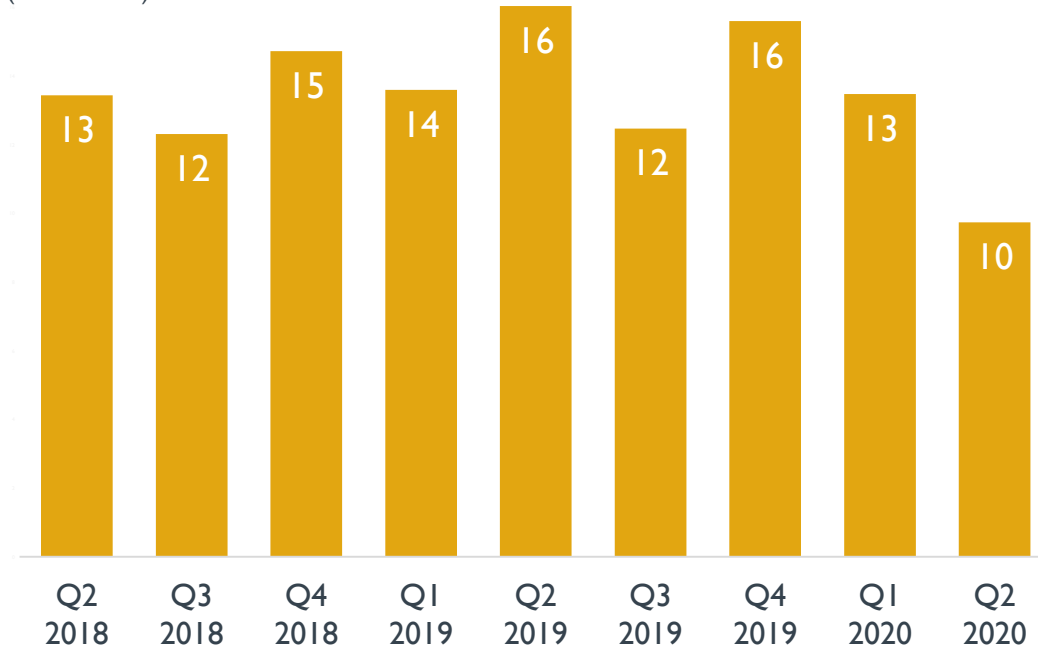
NPL investments and Cash EBITDA development
(EUR million)



- Growth fueled by high investments over the last years
- Commitments dropping significantly in Q3 2020 and onwards
- Cash EBITDA expected to pick-up in H2 – as long as countries continue to reopen
- With continued open markets, liquidity remains satisfactory
 - Deleveraging expected over the coming quarters

3PC – temporary suspensions to collection services

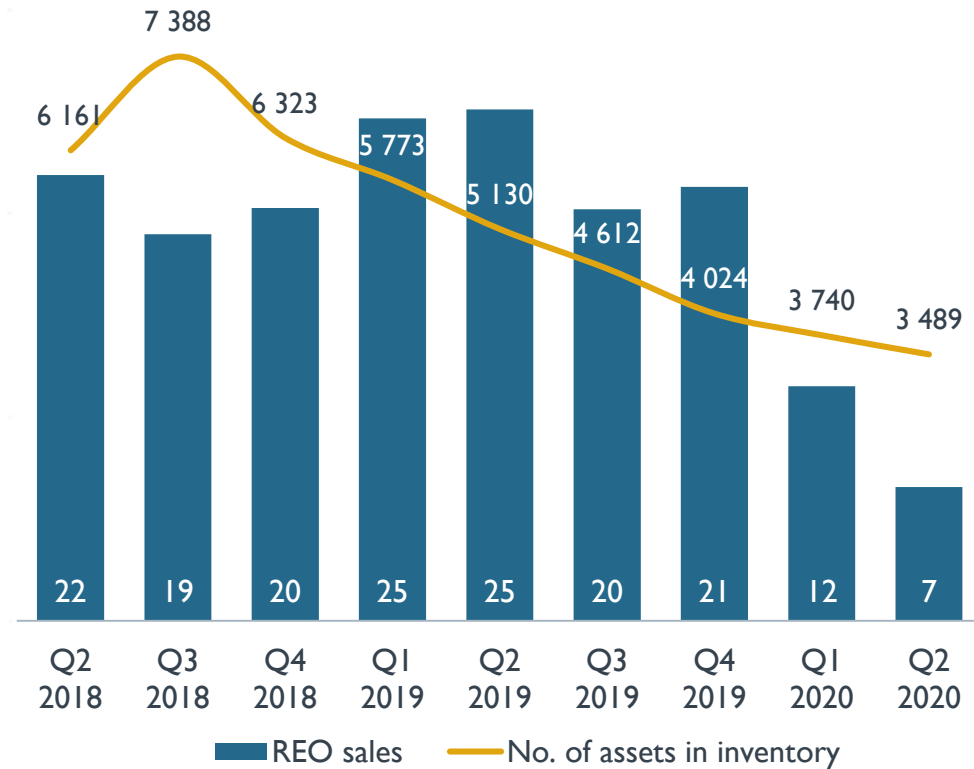
Total revenue 3PC
(EUR million)



- 3PC negatively affected by Covid-19 situation in Q2
 - Temporary collection suspension in Italy and Spain
 - Temporary suspension of field services in Germany
 - Weakened NOK causes negative translation effects for the less affected Norwegian operations
- Potential for higher demand post-crisis
 - The finance sector accounts for approximately three quarters of the 3PC revenue
 - Economic repercussions are expected to increase volume of non-performing loans at customer's balance sheets
- Continued focus on combined forward flow and 3PC deals

REO – Disruption from lockdown in Spain

REO total revenue development
(EUR million)

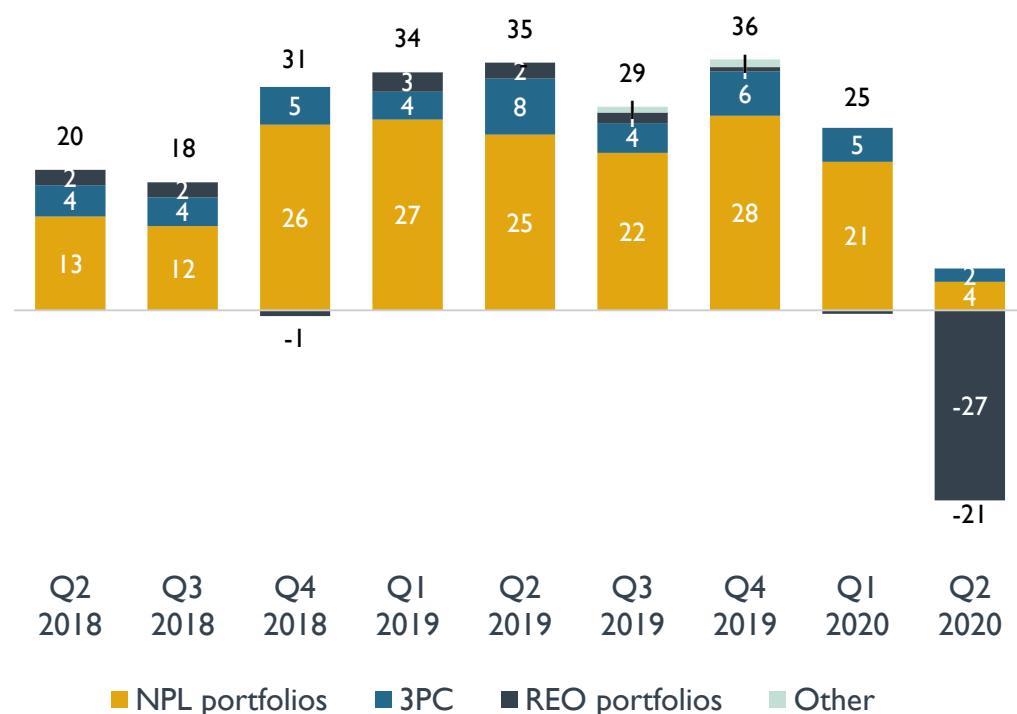


- Revenue shortfall in the quarter
 - REO segment particularly affected as closure of public notary offices postponed completion of REO sales
 - Most REO revenue stems from sales signed in the first quarter with completion and realization in the second quarter
- 256 units sold in Q2, down 17% from Q1
- Average unit price of EUR 26k

Contribution per segment

Contribution per segment*

(EUR million) - Excluding unallocated overhead cost



Total:

- Negative contribution margin in Q2

NPL:

- Portfolio amortization and revaluation of EUR 42.1m (18.8)
Contribution margin of 33% (80%)
- Includes EUR 27.0 million in net negative revaluation

3PC:

- 20% contribution margin (50%)

REO:

- Reflects EUR 26.0 million impairment accrual
- Slightly negative contribution excl. impairment accrual

Net finance, tax and net profits

Condensed Income statement (EUR thousand)

EUR thousand	For the quarter end		Year to date	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
EBIT	-32 577	23 748	-21 060	43 622
Financial revenue	201	29	9 934	43
Financial expenses	-14 558	-13 961	-30 213	-25 878
Net financial items	-14 357	-13 932	-20 279	-25 835
Profit/(loss) before tax	-46 934	9 815	-41 339	17 787
Tax (expense)	2 538	-3 661	393	-7 009
Net profit/(loss) after tax	-44 396	6 154	-40 946	10 778
Net profit/(loss) to Non-controlling interests	-17 722	1 549	-19 438	4 133
Net profit/(loss) to equity holders	-26 674	4 605	-21 508	6 645
Earnings per share: basic	-0,144	0,030	-0,120	0,043
Earnings per share: diluted	-0,137	0,026	-0,114	0,038

- Total net financial cost of EUR 14.4m
 - Interest cost of EUR 13.9m
 - EUR 0.4m net negative interest on deposits in group multicurrency cash pool
 - Average blended interest costs of approx. 5%
- Tax return of EUR 2.5m
 - Average tax rate expected to trend towards ~25% over time
- Net loss of EUR 44.4m
 - EUR -26.7m to equity shareholders
 - EUR -17.7m to non-controlling minorities



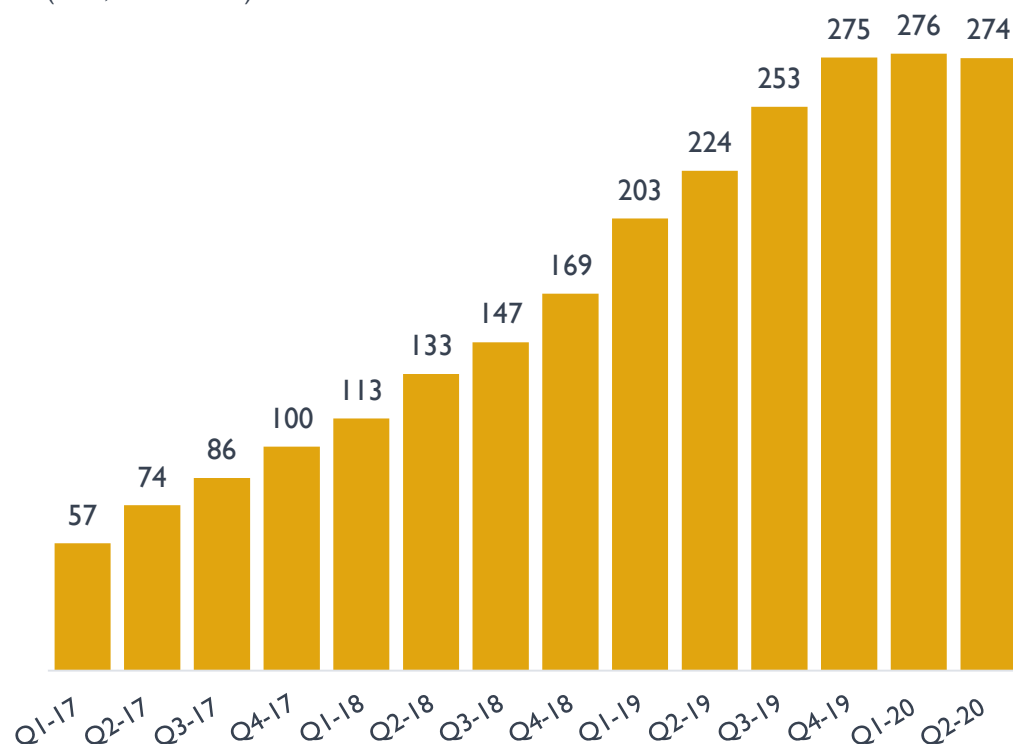
Outlook and Summary

Q2 2020

Outlook

Gross revenue NPL & 3PC

(LTM, EUR million)



Increasing long-term opportunities:

- + Lower prices and higher IRRs for future NPL portfolio acquisitions, due to increased NPL supply and buy-side capital restraints
- + 3PC volumes expected to increase once normal banking operations resume

Medium-term risks:

- Resurgence of Covid-19 followed by new strict mitigation measures on national and regional levels
- Economic setback, significantly higher unemployment and lower consumer affordability



Summary

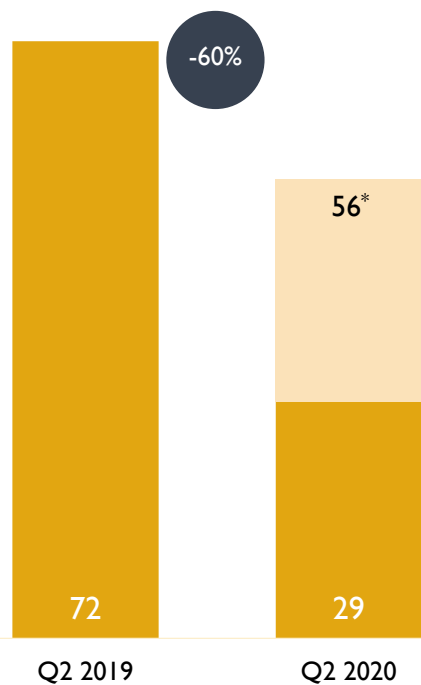
- Q2 2020 significantly impacted by Covid-19 in all business areas
- Improving markets with strong pickup in June expected to continue
- Revaluation and impairment of EUR 53 million to portfolios
- Waiver for leverage ratio covenant which together with re-openings and improved collections significantly reduces risk of breach in H2 2020
- Cost reductions estimated to EUR 25 million for 2020
- Investment level in excess of EUR 200 million for 2020 secures growth into 2021



Supporting information

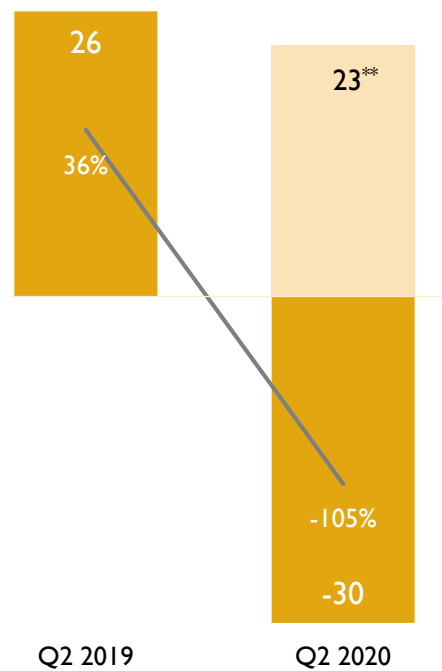
Q2 2020 Financial highlights

Total revenue
(EUR million)



Q2 2020 NPL revaluation

EBITDA and margin
(EUR million)

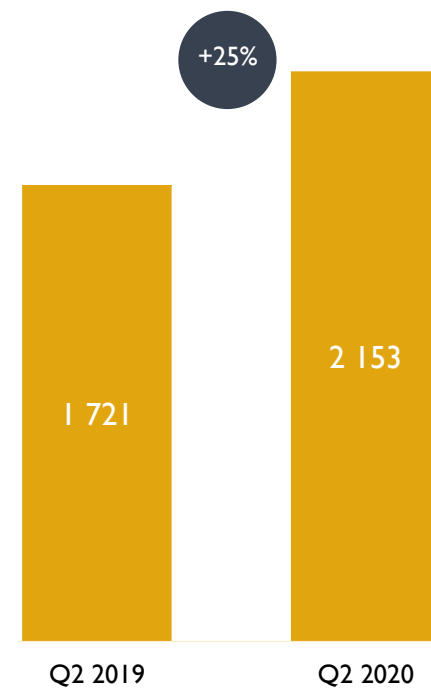


Q2 2020 NPL revaluation and REO impairment accrual

Cash EBITDA
(EUR million)

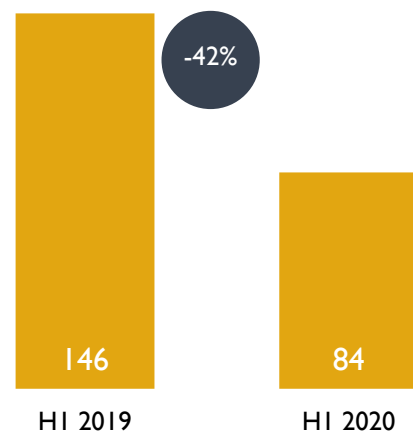


NPL ERC
(EUR million)

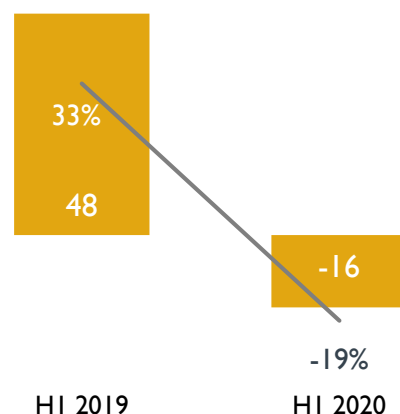


HI 2020 Key highlights

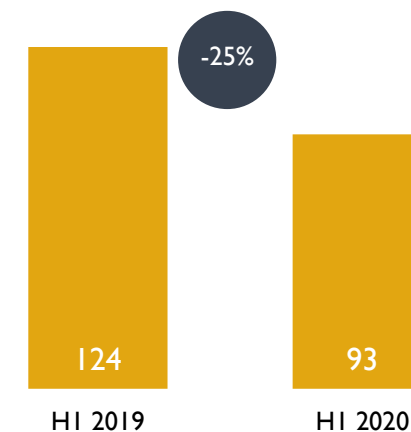
Total revenue
(EUR million)



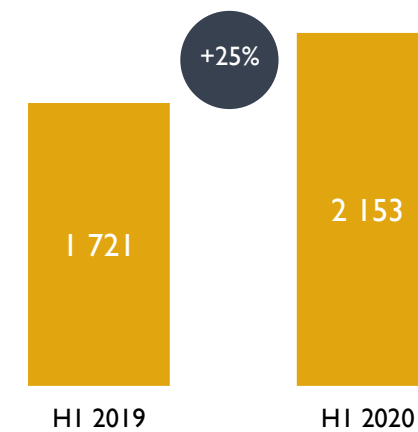
EBITDA and margin
(EUR million and %)



Cash EBITDA
(EUR million)



NPL ERC
(EUR million)



- EBITDA impacted by write downs and the Covid-19 situation – REO particularly affected
 - Pick-up in June expected to continue into Q3 and onwards
- Significant cost reduction initiatives implemented during Q2
- Capex invested in NPL portfolios of EUR 152 million – Expect to invest in excess of EUR 200m for the FY 2020
- Loss before tax of EUR 41.3 million

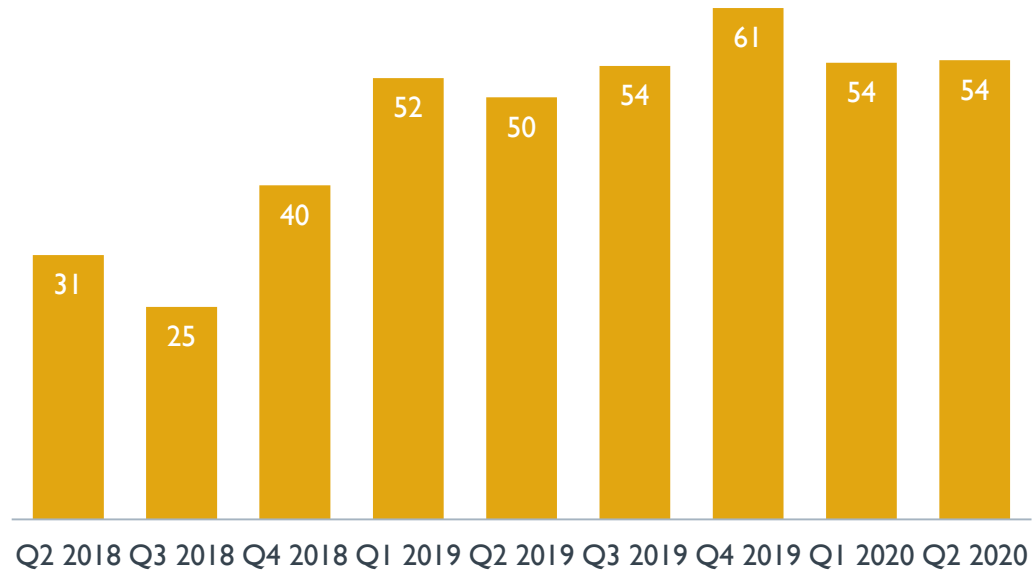


NPL portfolio

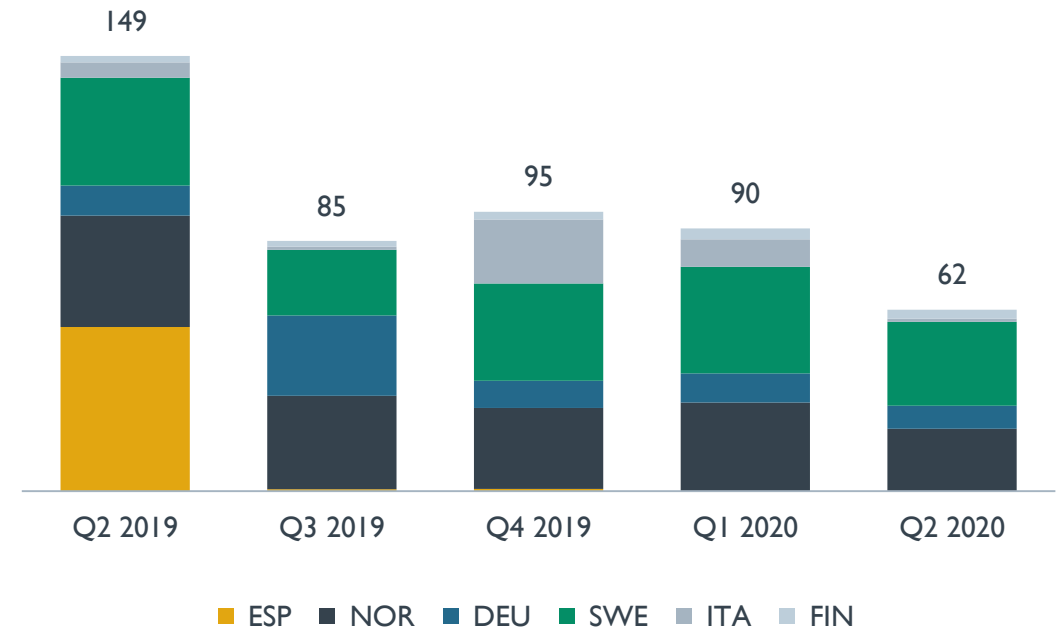
Q2 2020

Capex mainly deployed in Nordic forward flow deals

NPL collection on own portfolios
(EUR million)



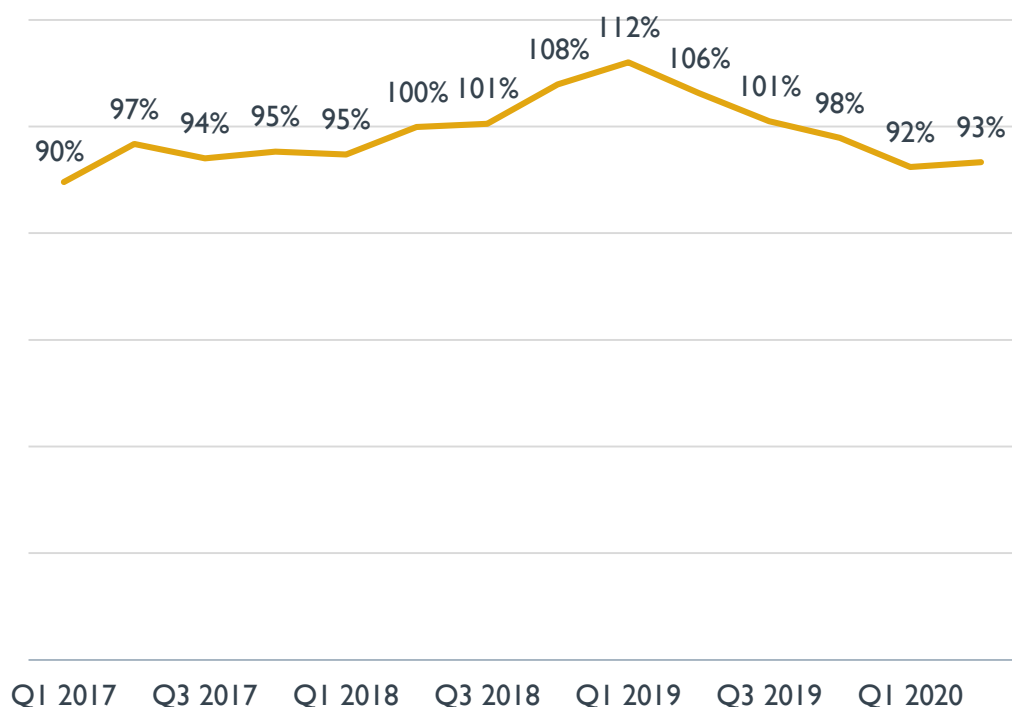
Quarterly NPL investments
(EUR million)



Collection performance impacted by Covid-19 measures

Actual collection vs. active forecast*

(LTM, rolling)

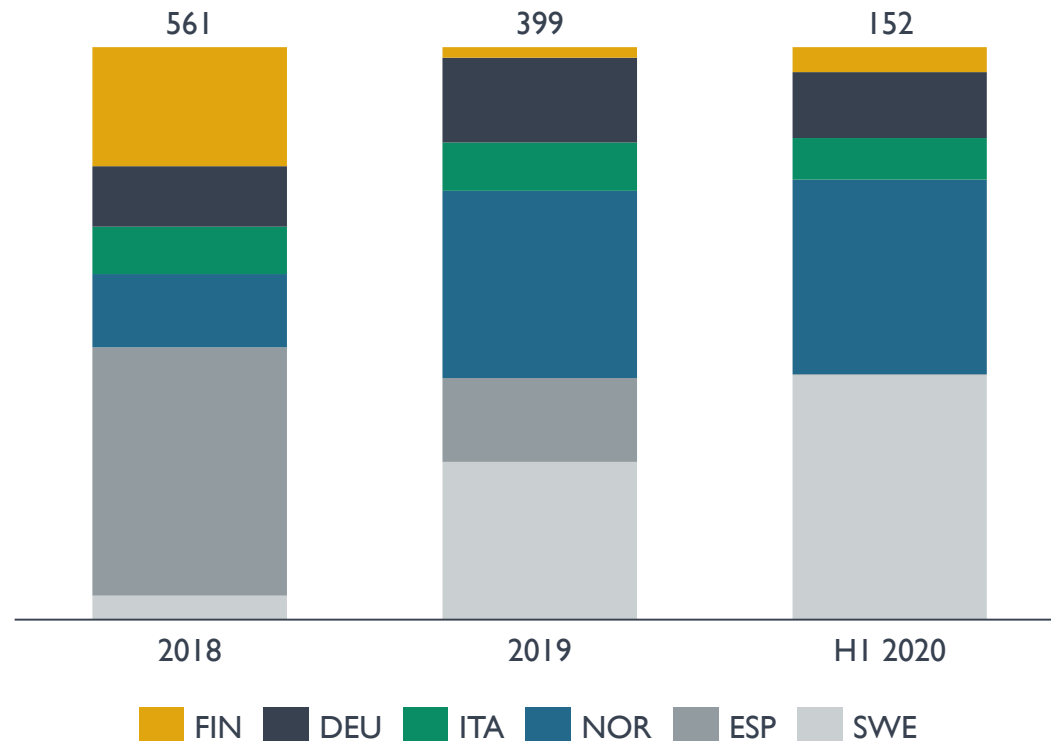


- Slight increase in collection performance despite ongoing Covid-19 measures:
 - Measures in place during the full quarter
 - Italy and Spain most affected
 - Strong pick-up at the end of the quarter
- Collection performance less affected in Germany and the Nordics
 - Back log at the Swedish bailiff due to transition to new IT system – expect return to normal during H2 2020
- Long term average performance expected to fluctuate around 100%
 - Portfolios with large positive or negative deviations are continuously on review for revaluation

Portfolio acquisitions focused on Nordic forward flows

Portfolio capex distribution per country*

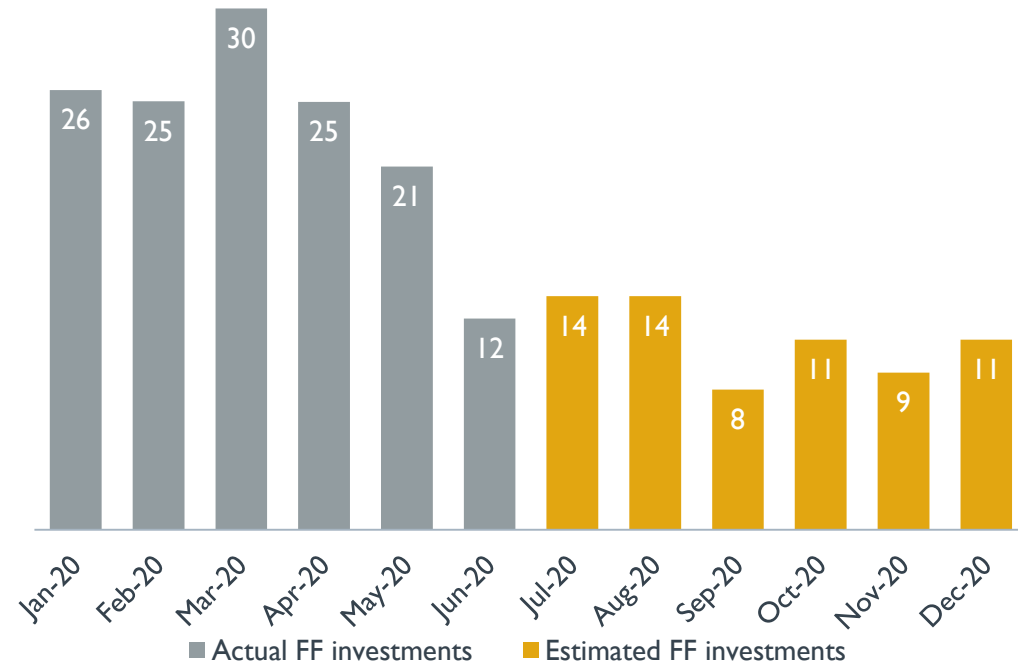
Share of total (EUR million)



- 81% of H1 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 acquisitions since 2018

Forward flow outlook

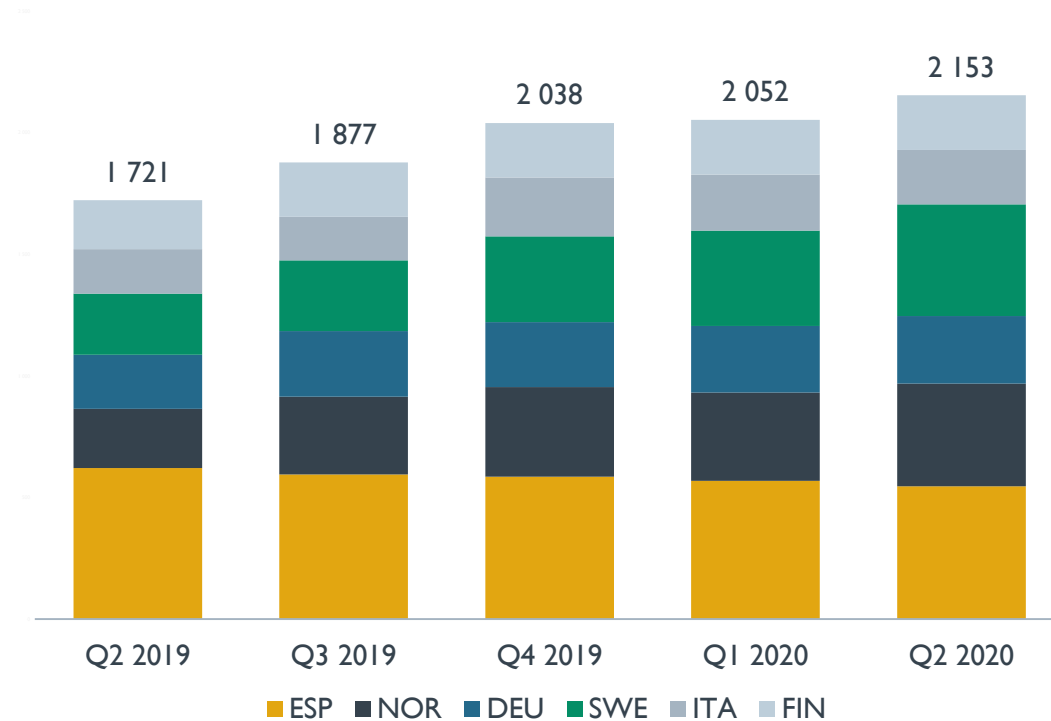
Estimated FF investments from signed contracts
(EUR million)



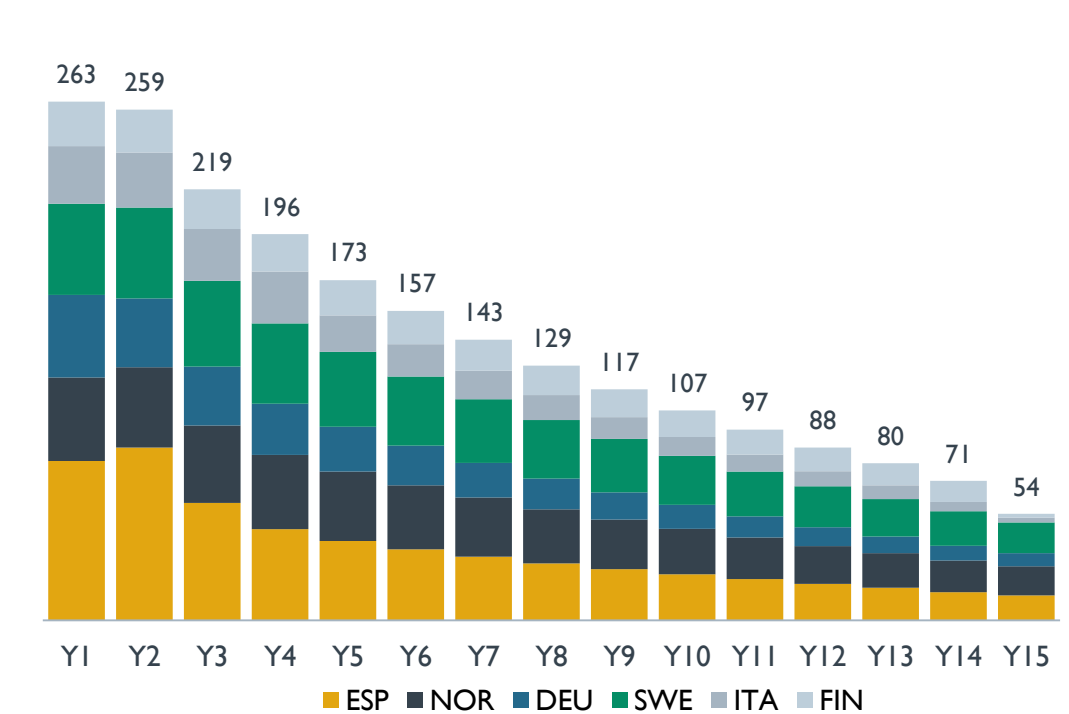
- Total investment of EUR ~140m in forward flow contracts during H1 2020
 - Estimated H2 forward flow capex of EUR 65-70m
 - Reduced commitments drastically, albeit from a high level
- NPL portfolio investments secure volume going into 2021

ERC increase despite negative revaluation in the quarter

ERC development
(EUR million)



Forward ERC profile by year
(EUR million)



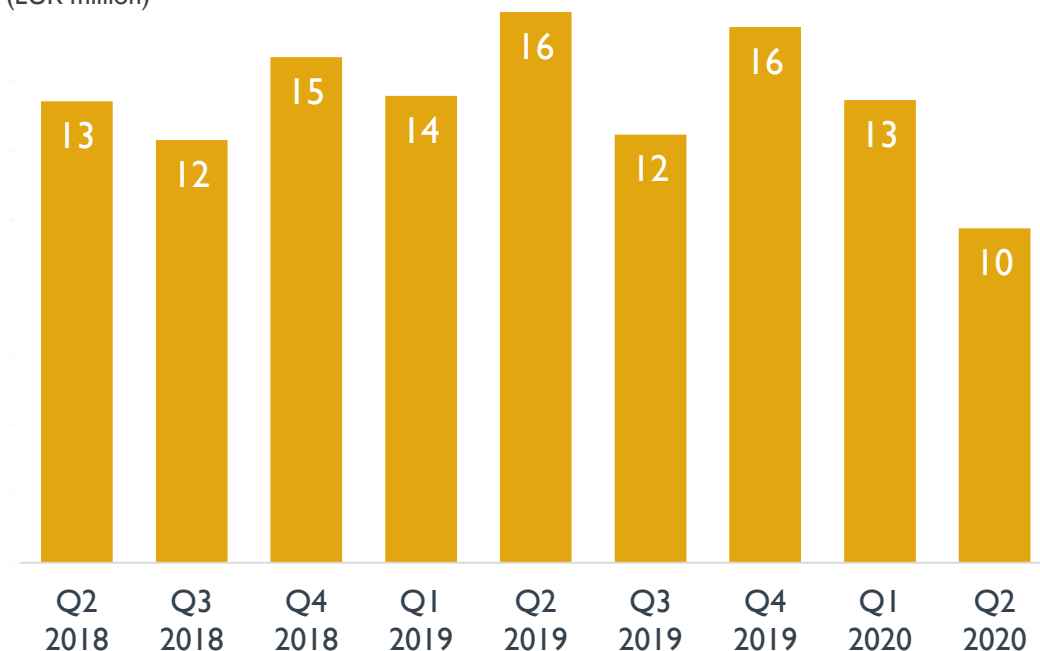


3PC

Q2 2020

Temporary suspensions to collection services

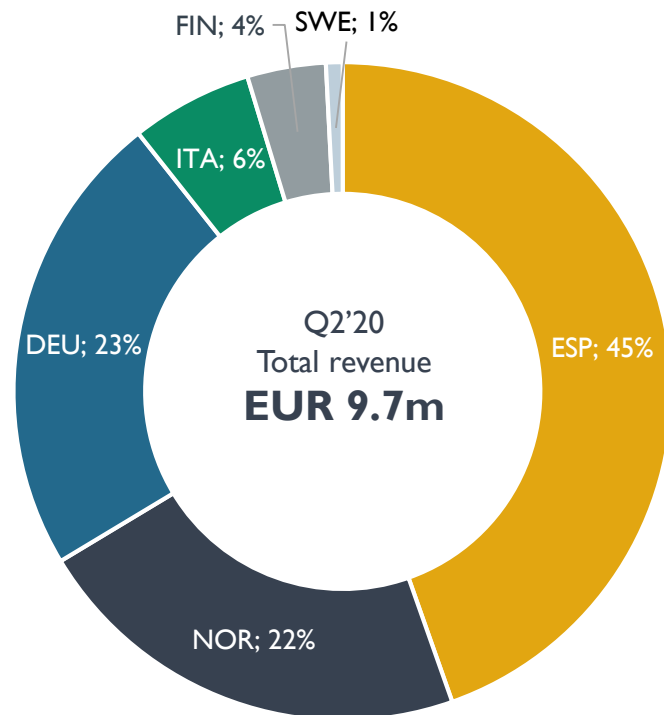
Total revenue 3PC
(EUR million)



- 3PC negatively affected by Covid-19 situation in Q2
 - Temporary collection suspension in Italy and Spain
 - Temporary suspension of field services in Germany
 - Weakened NOK causes negative translation effects for the less affected Norwegian operations
- Potential for higher demand post-crisis
 - The finance sector accounts for approximately three quarters of the 3PC revenue
 - Economic repercussions are expected to increase volume of non-performing loans at customer's balance sheets
- Continued focus on combined forward flow and 3PC deals

More diversified geographical exposure

3PC total revenue split by geographic region



- Increasing the Nordic 3PC business
 - Synergies to be extracted from cross-border deals
 - Nordics accounted for 26% 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

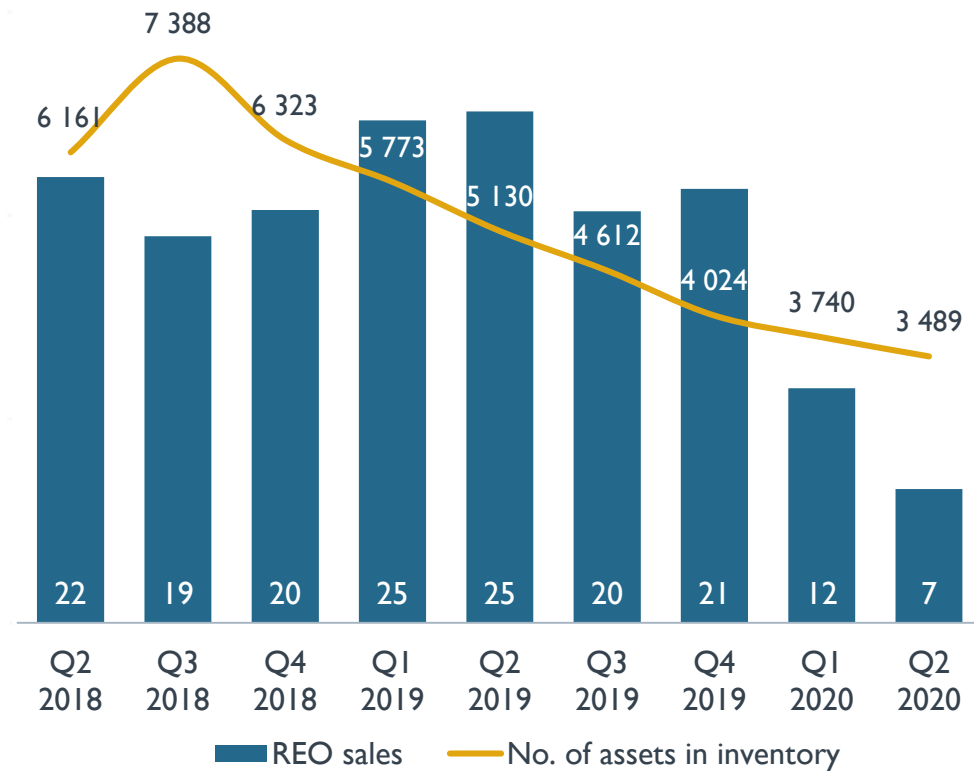


REO portfolio

Q2 2020

Disruption from lockdown in Spain

REO total revenue development
(EUR million)

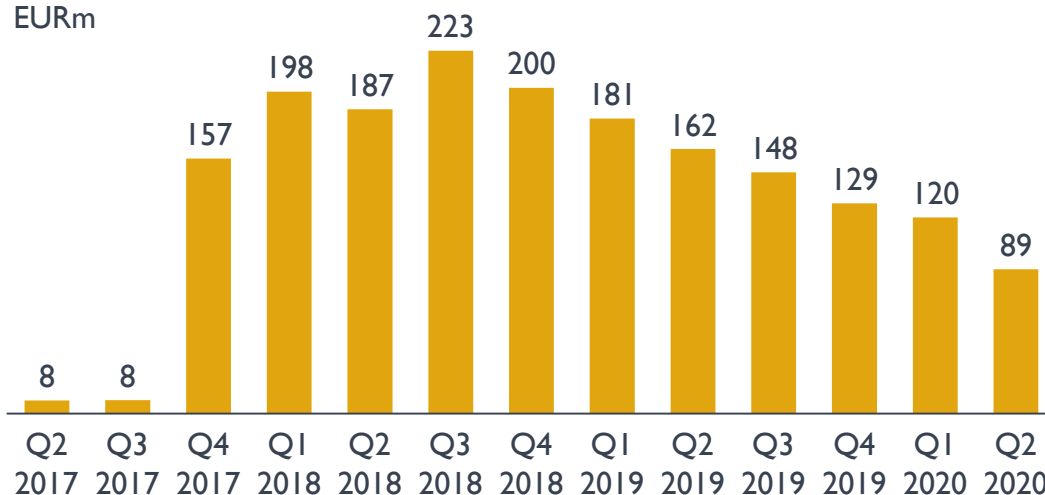


- Revenue shortfall in the quarter
 - REO segment particularly affected as closure of public notary offices postponed completion of REO sales
 - Most REO revenue stems from sales signed in the first quarter with completion and realization in the second quarter
- 256 units sold in Q2, down 17% from Q1
- Average unit price of EUR 26k

REO portfolio moving towards the tail

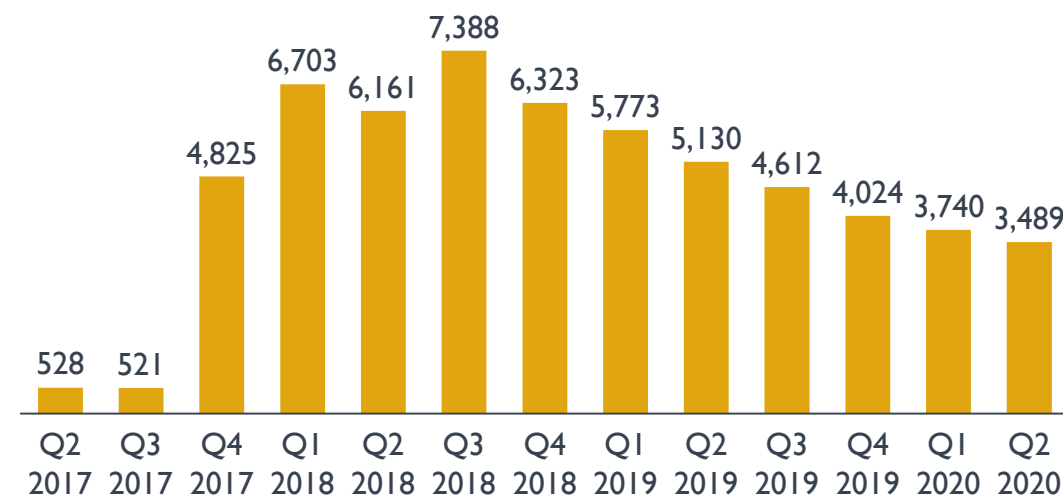
REO book value*

EURm



- Total portfolio investments of EUR 285m*
- Last portfolio acquisition in Q3 2018
 - 61% decline in book value since peak
- Limited tail risk
 - Axactor owns ~40% of the REO book

REO # of units*



- A total of 8,608 assets acquired*
- 5,119 assets sold

REO statistics*

EURm

Current book				
Asset class	# assets	% of total	Book value	% of total
Housing	1,416	41 %	51.0	58 %
Parking, annex etc.	1,326	38 %	4.1	5 %
Land	262	8 %	5.3	6 %
Commercial	485	14 %	30.0	34 %
Elimination	0	0 %	-1.8	-2 %
Total	3,489	100 %	88.6	100 %

Originally acquired				
Asset class	# assets	% of total	Book value	% of total
Housing	4,020	47 %	194.2	68 %
Parking, annex etc.	3,394	39 %	15.8	6 %
Land	324	4 %	8.9	3 %
Commercial	870	10 %	66.4	23 %
Total	8,608	100 %	285.3	100 %

- Housing represent more than 55% of current book value
 - Limited exposure to commercial assets
- Average book value per remaining asset EUR 25k
 - Average book value per sold asset of EUR 32k
 - Average sale price per sold asset of EUR 40k



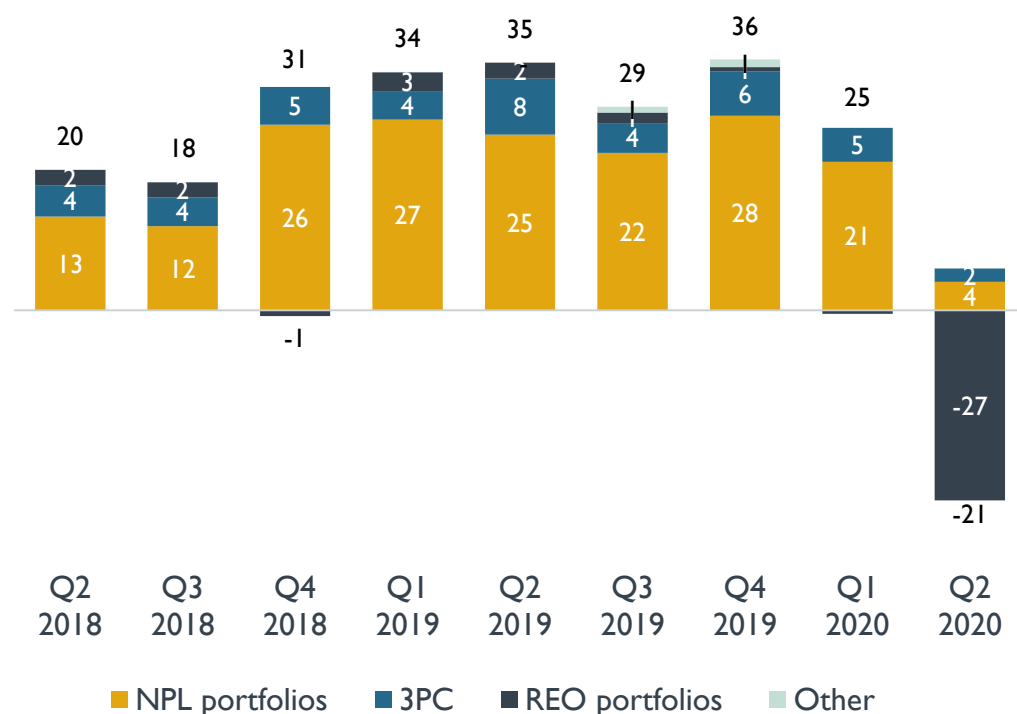
Financials

Q2 2020

Contribution per segment

Contribution per segment*

(EUR million) - Excluding unallocated overhead cost



Total:

- Negative contribution margin in Q2

NPL:

- Portfolio amortization and revaluation of EUR 42.1m (18.8)
Contribution margin of 33% (80%)
- Includes EUR 27.0 million in net negative revaluation

3PC:

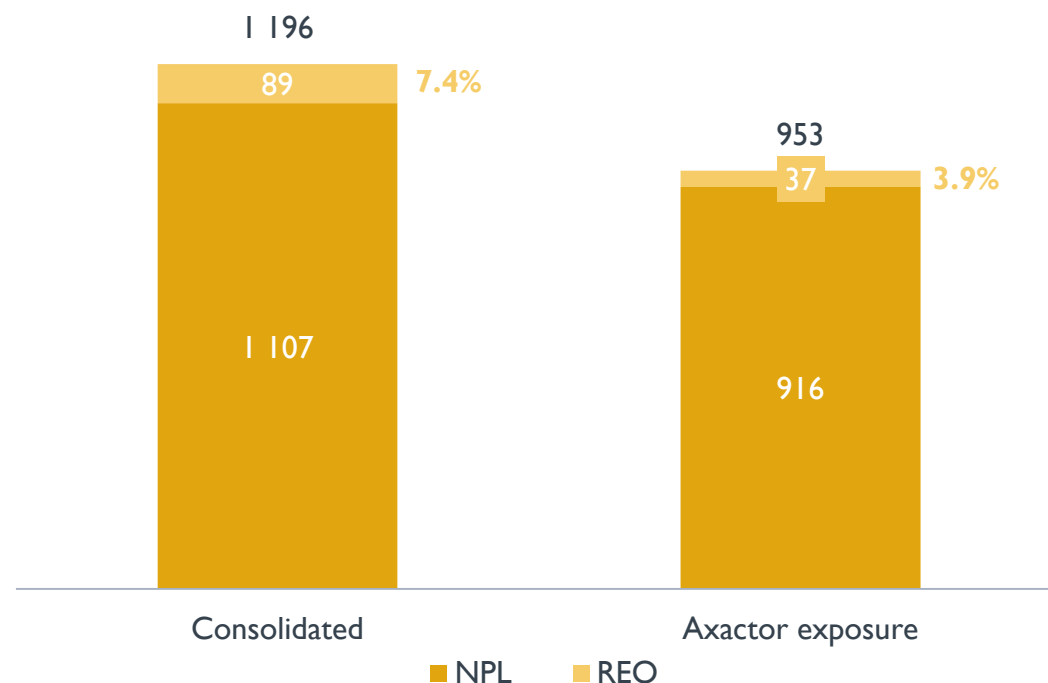
- 20% contribution margin (50%)

REO:

- Reflects EUR 26.0 million impairment accrual
- Slightly negative contribution excl. impairment accrual

Minority shareholders in both NPL and REOs

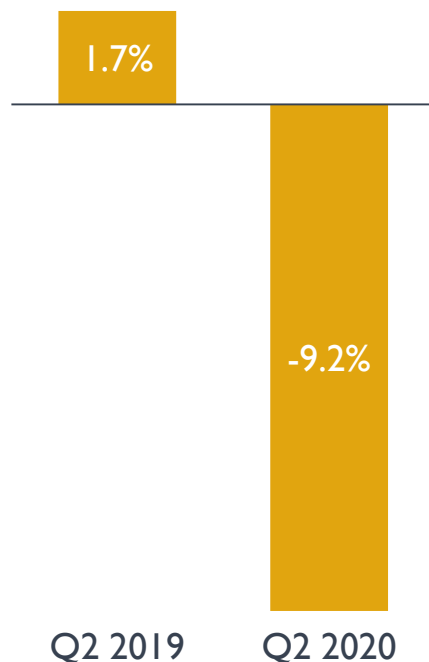
Total book value exposure
(EUR million)



- 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 4% 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

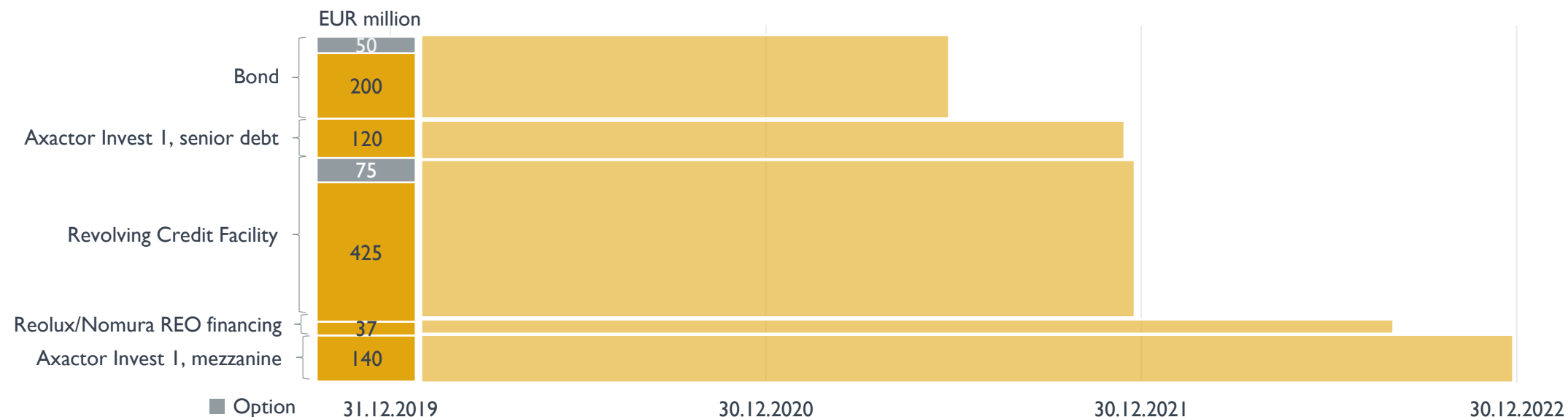
Return on Equity*
(Periodic, %)



Drivers	Q2 2020	Outlook
<ul style="list-style-type: none"> NPL portfolio prices 	<ul style="list-style-type: none"> Portfolios acquired at attractive IRRs in the Nordic market 	<ul style="list-style-type: none"> Improved IRR levels to be blended in over time
<ul style="list-style-type: none"> Economies of scale 	<ul style="list-style-type: none"> EBITDA margin significantly affected by write downs in the quarter 	<ul style="list-style-type: none"> Volume growth through 2020 and into 2021, with strong cost discipline
<ul style="list-style-type: none"> Tax rate 	<ul style="list-style-type: none"> Efficient tax rate not relevant for Q2 2020 	<ul style="list-style-type: none"> Expected to a ~25% over time
<ul style="list-style-type: none"> Funding cost 	<ul style="list-style-type: none"> Current level of ~5% 	<ul style="list-style-type: none"> Refinancing and continued improvement of capital structure
<ul style="list-style-type: none"> Business mix 	<ul style="list-style-type: none"> Significant increase in combined 3PC and NPL deals 	<ul style="list-style-type: none"> Leveraging on 3PC and NPL synergies

Axactor funding structure

- Expects to start deleveraging going into 2021



- Equity ratio of 27% from equity book value of EUR 363 million
- Funding base increased by EUR 51 million in Q1 2020 from private placement
- Extended EUR 425* million RCF by one year to December 2021, conditional on refinancing of bond by end Q1 2021
- Cash balance of EUR 34 million
- Expected remaining capex requirements in FF agreements in the range of EUR 65-70 million for 2020
- Expect shift towards positive CF after investments during H2

Net finance, tax and net profits

Condensed Income statement (EUR thousand)

EUR thousand	For the quarter end		Year to date	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
EBIT	-32 577	23 748	-21 060	43 622
Financial revenue	201	29	9 934	43
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Earnings per share: basic	-0,144	0,030	-0,120	0,043
Earnings per share: diluted	-0,137	0,026	-0,114	0,038

- Total net financial cost of EUR 14.4m
 - Interest cost of EUR 13.9m
 - EUR 0.4m net negative interest on deposits in group multicurrency cash pool
 - Average blended interest costs of approx. 5%
- Tax return of EUR 2.5m
- Net loss of EUR 44.4m
 - EUR -26.7m to equity shareholders
 - EUR -17.7m to non-controlling minorities

P&L statement

EUR thousand	For the quarter end		Year to date	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Interest income from purchased loan portfolios	40,511	32,475	79,838	61,464
Net gain/loss purchased loan portfolios	-28,147	-1,188	-36,906	5,182
Other operating revenue	16,219	41,088	41,222	79,347
Other revenue	71	44	99	74
Total Revenue	28,654	72,418	84,253	146,067
Cost of REO's sold, incl impairment	-32,033	-20,205	-42,207	-39,720
Personnel expenses	-12,923	-13,925	-27,824	-29,461
Operating expenses	-13,663	-12,143	-30,058	-28,602
Total operating expense	-58,619	-46,273	-100,089	-97,782
EBITDA	-29,965	26,145	-15,836	48,285
Amortization and depreciation	-2,612	-2,397	-5,224	-4,663
EBIT	-32,577	23,748	-21,060	43,622
Financial revenue	201	29	9,934	43
Financial expenses	-14,558	-13,961	-30,213	-25,878
Net financial items	-14,357	-13,932	-20,279	-25,835
Profit/(loss) before tax	-46,934	9,815	-41,339	17,787
Tax (expense)	2,538	-3,661	393	-7,009
Net profit/(loss) after tax	-44,396	6,154	-40,946	10,778
Net profit/(loss) to Non-controlling interests	-17,722	1,549	-19,438	4,133
Net profit/(loss) to equity holders	-26,674	4,605	-21,508	6,645
Earnings per share: basic	-0.144	0.030	-0.120	0.043
Earnings per share: diluted	-0.137	0.026	-0.114	0.038

Balance sheet statement

EUR thousand	30 Jun 2020	30 Jun 2019	Full year 2019
ASSETS			
<i>Intangible non-current assets</i>			
Intangible Assets	21 184	19 678	21 486
Goodwill	54 087	56 288	56 170
Deferred tax assets	11 776	6 117	9 742
<i>Tangible non-current assets</i>			
Property, plant and equipment	2 787	3 157	2 903
Right-of-use assets	5 765	6 562	5 846
<i>Financial non-current assets</i>			
Purchased debt portfolios	1 107 257	909 702	1 041 919
Other non-current receivables	530	289	765
Other non-current investments	193	764	193
Total non-current assets	1 203 579	1 002 557	1 139 025
<i>Current assets</i>			
Stock of Secured Assets	88 625	162 471	129 040
Accounts Receivable	6 468	8 538	13 135
Other current assets	11 797	12 256	14 960
Restricted cash	2 891	2 830	3 739
Cash and Cash Equivalents	31 398	66 505	71 657
Total current assets	141 179	252 600	232 531
TOTAL ASSETS	1 344 758	1 255 157	1 371 556

EUR thousand			
EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital	97 040	81 338	81 338
Other paid-in equity	236 454	201 141	201 879
Retained Earnings	-19 354	-7 527	2 153
Reserves	-24 684	-2 255	-4 721
Non-controlling interests	73 595	103 217	96 977
Total Equity	363 052	375 914	377 626
<i>Non-current Liabilities</i>			
Interest bearing debt	802 240	552 788	466 378
Deferred tax liabilities	15 409	10 705	17 591
Lease liabilities	3 395	4 108	3 481
Other non-current liabilities	1 334	1 504	1 415
Total non-current liabilities	822 378	569 104	488 864
<i>Current Liabilities</i>			
Accounts Payable	3 584	3 163	5 902
Current portion of interest bearing debt	116 225	278 958	463 555
Taxes Payable	9 535	6 805	6 570
Lease liabilities	2 613	2 489	2 549
Other current liabilities	27 371	18 723	26 491
Total current liabilities	159 328	310 139	505 066
Total Liabilities	981 706	879 243	993 930
TOTAL EQUITY AND LIABILITIES	1 344 758	1 255 157	1 371 556



Governance

Q2 2020

New Executive Team in place



Johnny Tsolis
(CEO)



Arnt André Dullum
(COO)



Vibeke Ly
(Chief of Staff)



Robin Knowles
(Chief Investment Officer)

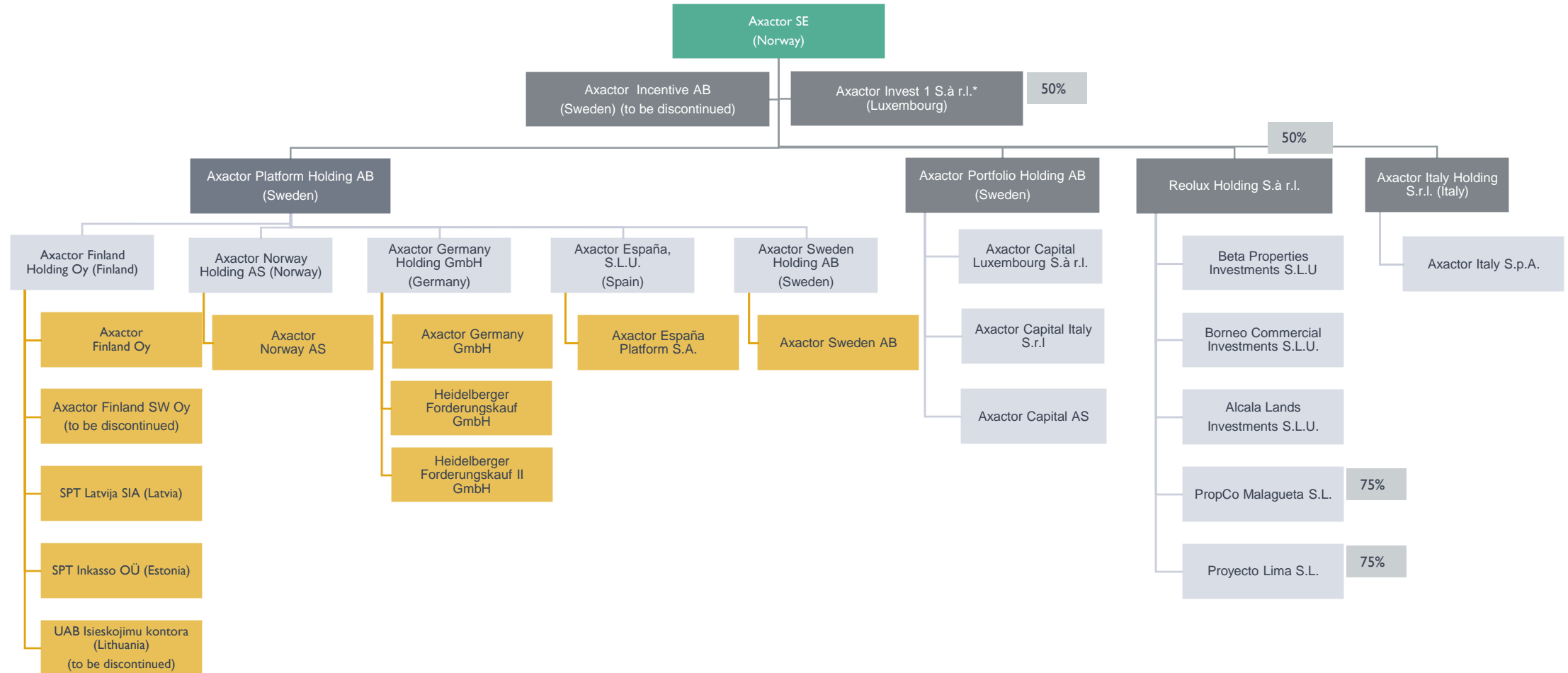


Teemu Alaviitala
(CFO)
[Start 1st of August]



Kyrre Svae
(Chief of Strategy & IR)
[Start 1st of August]

Legal organization July 2020



*50% of the shares in Axactor Invest 1 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



Appendix

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
Contribution Margin (CM1)	Total revenue less Total operating expenses (excluding SG&A, IT and corporate cost)
CM1 Margin	CM1 as a percentage of Total revenue
Debt-to-equity ratio	Total interest bearing debt as a percentage of total equity
EBITDA margin	EBITDA as a percentage of Total revenue
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
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
Return on Equity, excluding minorities	Net profit/(loss) to equity holders as a percentage of total equity excluding Non-controlling interests
Return on Equity, including minorities	Net profit/(loss) after tax as a percentage of total equity
SG&A, IT and corporate cost	Total operating expenses for overhead functions
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.

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
WAEF	Weighted Average Exercise Price

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