AXACTOR

Report Q1 2020

21 April, 2020

Highlights

First quarter 2020

- Axactor's operations and financials for the first quarter of 2020 were significantly affected by the coronavirus outbreak and the far-reaching measures that were implemented to control the spreading of the virus in March. Axactor's main priorities in this situation have been to protect its employees and to safeguard business continuity and remain fully operational for its debtors, customers and partners.

- Gross revenue in the first quarter was down 13% to EUR 79.2 million compared to the same quarter last year (90.7), mainly due to a 53% reduction of REO revenues. The closure of public notary offices in Spain hindered completion of already entered REO sales contracts, settlement of secured assets, and some large ticket NPL settlements. Net revenue decreased by 25% to EUR 55.6 million for the first quarter, reflecting also increased NPL amortization rate.

- EBITDA declined by 36% from the same quarter last year to EUR 14.1 million, whereas cash EBITDA declined by 18% to EUR 48.2 million. The company has implemented a wide range of cost saving initiatives, including temporary workforce and salary reductions, to align operations with the currently lower activity level.

- Net profit amounted to EUR 3.4 million in the first quarter, down from EUR 4.6 million in first quarter last year.

- Axactor invested EUR 89.9 million (68.7) in portfolio acquisitions in the first quarter of 2020, the majority of which was invested under existing forward flow agreements. The company announced three forward flow contracts that includes 3PC servicing elements. ERC for the NPL portfolio stood at EUR 2.1 billion at the end of the quarter, a 39% increase from the end of the first quarter of 2019.

- To preserve cash and safeguard business continuity, Axactor currently holds back on new investments and has suspended its investment guidance for 2020.

- On February 4th, the company announced that it had terminated discussions regarding a potential public offer for the company that was initiated in Q4 2019. The decision followed the receipt of an updated, conditional expression of interest, which was submitted after conclusion of a due diligence. The termination by the Board of Axactor was made on the basis of an overall assessment of the proposal, with the Board concluding to fully prioritize the execution of Axactor's strategy.

- On February 5th, Axactor raised new equity through a private placement generating gross proceeds of NOK 515.5 million. After the end of the quarter, the liquidity position was further secured through the extension of the EUR 425 million Revolving Credit Facility and EUR 75 million accordion option, by one year until December 2021. The extension is conditional on refinancing of Axactor's EUR 200 million bond maturing in June 2021, before the end of the first quarter 2021.

- The company is working to assess the impact of the current market outlook on its valuation models, with the indication that the Financial Statements for the first half year 2020 may be charged with impairments. This may consequently challenge the covenants of the company's outstanding bond and other financing arrangements.

Key events after the balance sheet

- Axactor SE held its annual general meeting on 1 April 2020. All the matters on the agenda were approved, including the selection of new Board members and a new Chairman of the Board. Following the AGM, the Board has the following composition: Glen Ole Rødland (Chair), Brita Eilertsen, Merete Haugli, Lars Erich Nilsen, Kathrine Astrup Fredriksen and Terje Mjøs.

- On 2 April 2020, the Board of Directors of Axactor SE announced the release of Endre Rangnes from his position as CEO with immediate effect and appointed CFO Johnny Tsolis as interim CEO. Mr. Tsolis has more than thirteen years of experience from the debt collection industry and was one of the co-founders of Axactor in 2015. Prior to taking the position as CFO he was responsible for Strategy & M&A in the company. The Board of Directors has initiated the process of finding a new permanent CEO.

- On 17 April 2020, Axactor's EUR 500 million Revolving Credit Facility with its main banking partners DNB and Nordea was extended by one year, conditional on refinancing the outstanding bond by end of the first quarter 2021. The new maturity is December 2021. In combination with the equity issues completed in February, this further secures the company's liquidity and solidity in a more uncertain market environment.

Key Figures Axactor Group

EUR million	For the quarter end / YTD 31 Mar 2020	31 Mar 2019	Full year 2019
Gross revenue	**79.2**	90.7	368.1
Net revenue	**55.6**	73.6	285.2
EBITDA	**14.1**	22.1	92.1
Cash EBITDA [1)]	**48.2**	58.8	250.8
Depreciation and amortization (excl Portfolio Amortization)	**-2.6**	-2.3	-10.1
Net financial items	**-5.9**	-11.9	-49.4
Tax (expense)	**-2.1**	-3.3	-11.7
Net profit/(loss) after tax	**3.4**	4.6	21.0
Return on Equity, excluding minorities	**1.7 %**	0.8 %	5.9 %
Return on Equity, including minorities	**0.9 %**	1.3 %	5.6 %
Cash and Cash Equivalents, end of period [2)]	**46.2**	119.9	71.7
Gross revenue from NPL Portfolios	**54.2**	52.4	217.1
Gross revenue from REO Portfolios	**11.5**	24.7	91.2
Acquired NPL portfolios during the period	**89.7**	68.6	398.3
Acquired REO portfolios during the period	**0.2**	0.1	0.7
Book value of NPL, end of period	**1,064.6**	781.4	1,041.9
Book value of REO, end of period	**120.3**	181.1	129.0
Estimated Remaining Collection, NPL	**2,051.8**	1,473.1	2,038.4
Estimated Remaining Collection, REO	**135.1**	244.0	150.9
Interest bearing debt, end of period	**884.1**	783.3	929.9
Number of Employees (FTEs), end of period	**1,152**	1,075	1,152
Price per share, last day of period	**6.15**	18.38	19.00

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

2) Restricted cash excluded

Operations

Axactor's operations in the first quarter 2020 were significantly impacted by the outbreak of the coronavirus and the implementation of far-reaching measures to stop the spreading of the virus. This has had social and economic impact in all Axactor's markets, particularly in Italy and the large Spanish operation. The company has operated in compliance with rules and recommendations from local and national authorities in all the six countries with operations, both to protect its employees and their families and local communities, and to ensure that the company remained operational for its customers, debtors and partners.

The company has implemented contingency plans in all countries to reduce the effect of the corona virus and maintain the cash flow. In addition, a wide range of cost reduction initiatives have been implemented to reduce the negative financial effect of Covid-19. The effects beyond the present quarter will depend on the magnitude of the extraordinary virus control measures, the depth and length of the expected economic recession, and the impact on consumers' disposable income and ability to service their debts. The company is ready to implement further cost reduction initiatives if required.

Organization and systems

Headquartered in Oslo, Norway, Axactor operates in six geographical markets; Spain, Norway, Germany, Italy, Sweden and Finland, and have remained operational in all six markets.

Axactor is working under the assumption that the macroeconomic situation will worsen further in the coming months. The company has already taken action to mitigate the negative financial effects, including temporary workforce reductions affecting close to 400 FTEs, a temporary salary cut for all employees at headquarter and selected management teams, suspension of bonus models, temporary suspension of IT development projects and temporary price reductions from IT vendors. The company will continue to pursue further cost savings initiatives.

Axactor has built a flexible and sustainable business system, with centralized group functions, a standardized organizational set-up with scalable solutions, and strong local operations in each market. Axactor has since the beginning in 2015 been a technology and IT-driven company with secure and scalable digital solutions at the core of its operating model, with cloud-based collection systems supported by outsourced IT-solutions. This model has helped Axactor to stay operational and provide normal services to its debtors, customers and partners. Approximately 95% of operational employees are currently working from home, leaving space for the remaining critical functions at the office locations.

NPL – Lower collection in Italy and Spain

NPL gross revenue for the quarter increased by 3% year on year to EUR 54.2 million (52.4), mainly explained by the investments over the past year. Axactor has seen a weakening collection performance due to the comprehensive measures put in place to limit the spread of Covid-19. This has been particularly evident in Spain, where many debtors experience a worsened financial situation and processes have slowed down or stopped at bailiffs and public notary offices.

The smaller operation in Italy has also been significantly affected, while the collection performance has so far held up better in Germany and the Nordics. However, the Swedish bailiff system – "Kronofogden" – continues to represent a bottleneck in the Swedish market due to changes of IT systems resulting in a high backlog and delays. This affects several Swedish debt collection companies, and the industry is in close dialogue with the authorities to makes sure that action is taken to improve the situation.

NPL portfolio investments amounted to EUR 89.7 million in the first quarter, which mainly reflected investments under forward flow agreements. The company also acquired an Italian portfolio of payment plans secured against promissory notes, with an outstanding balance of EUR 25 million.

The unsecured portfolio has remained relatively strong through the first quarter of 2020, with only a limited negative effect in March. However, Axactor expect that the Covid-19 situation will impact revenue in the second and into the third quarter, both in terms of payment volumes and the number of debtors that are able to fully service their debt obligations. Given the nature of the present situation and its early stage, it is a challenge to consider what is temporary effects or possible impairment loss situations. A large portion of revenue is derived from payment plans which may either be adjusted to slightly longer durations or include shorter periods of reduced payments before returning to normal liquidation levels. Some refinancing methods is likely to be unavailable in the current market. While this may reduce the number of settlements in the short term, the company expects to mitigate the shortfall with more longer-term repayment plans. Hence, the impact on short term cashflow will increase for as long as the lockdown situation continues, however with lower effect on long term cashflow.

The ERC for the NPL portfolio was EUR 2,052 million at the end of the first quarter (1,473), an increase of 39% year-over-year and 1% during the quarter. ERC for the coming 12 months is estimated at EUR 268 million, compared to gross NPL revenues of EUR 219 million over the past 12 months. Book value of the NPL portfolio stood at EUR 1,065 million (781) at the end of the first quarter. As described below under 'Equity position and balance sheet considerations', the book value may be subject to impairment in the Financial Statements for the first half year 2020.

3PC – Increased relevance for customers

Gross revenue from 3PC fell by 1% to EUR 13.5 million in the first quarter 2020 (13.6). The decline is mainly explained by lower collection in Spain, and a significant weakening of the NOK which caused a negative currency translation effect on the Norwegian collection. Furthermore, Axactor has received instructions from multiple banks in the Spanish and Italian markets to temporary suspend collection. This is also expected to impact collection in the second quarter.

The Covid-19 situation and the resulting economic effects, are expected to increase the volume of non-performing loans at customers' balance sheets. This is likely to create an increasing demand for 3PC services in all Axactor markets.

Axactor maintains a stronghold position in the large Spanish market, where the client list includes the top-12 banks as well as leading insurance companies and real estate firms. Axactor is well positioned to grow on cross-border deals in the bank/finance sector in the Nordic region. In the first quarter, Axactor renewed and expanded three existing forward flow contracts with an initial 3PC servicing element, which began to generate revenue towards the end of March. The combination of 3PC and forward flow contracts lower the capital intensity of Axactor while remaining an attractive way for clients to offload their balance sheets.

REO – Disruption from COVID-19 in Spain

Gross revenue from the REO segment declined by 53% to EUR 11.5 million in the first quarter (24.7). All Axactor's REO assets are in Spain, and the partial closure of public notary offices in March affected both ongoing sales and the completion of already entered REO sales. Agreements and realization of secured assets have largely been delayed or postponed until the public offices reopen.

The company sold 307 units with an average price of EUR 38 thousand during the first quarter. The escalation of the Covid-19 situation has reduced the number of offers to close to zero, and the business is effectively closed until the current lockdown situation is resolved.

Remaining inventory stood at 3,740 units at the end of the quarter, which is a decline of 7% since the end of 2019, and down 35% year-over-year.

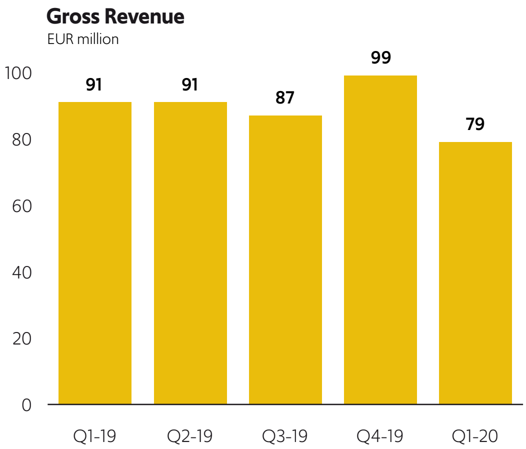
ERC of the REO portfolio stood at EUR 135.1 million at the end of the first quarter (244). The ERC value for the sold assets was approximately EUR 2 million higher than achieved sales in the quarter. In addition to REO sales in the quarter, the decline in ERC also reflects a EUR 5 million downward revision of ERC following the worsened macroeconomic situation in Spain. The estimated sales volume for 2020 has been lowered to EUR 44 million in reflection of the current lockdown and the lead time to generate sales once the market reopens.

The book value of the REO portfolio stood at EUR 120.3 million at the end of the quarter (181.1). As described below under 'Equity position and balance sheet considerations', the book value may be subject to impairments in the financial statements for the first half year 2020.

Axactor has a minority interests in the Reolux holding entity and two asset-owning subsidiaries of Reolux. Although the REO number are consolidated on a 100%-basis in Axactor's financial statements, Axactor's total exposure to the REO stock is approximately 40%.

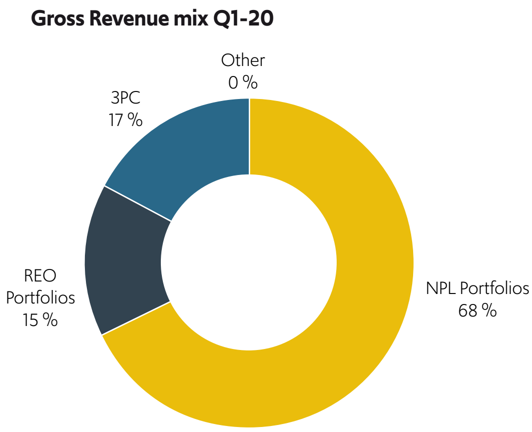
Financials

Revenues



Gross revenue for the first quarter 2020 was EUR 79.2 million (90.7), a decline of 13% from the first quarter last year and 20% below the previous quarter. The decline mainly reflects the negative impact of the coronavirus outbreak, which has affected collection performance in general and REO revenues in particular.

Net revenue amounted to EUR 55.6 million (73.6), which was a decline of 25% from the first quarter last year and 26% below the previous quarter. The strong decline is explained by lower gross revenue and increased amortization of EUR 23.6 million, up from EUR 17.0 million last year.



The coronavirus and the measures to limit the spread of the virus has affected all Axactor's markets. The effect has been particularly pronounced in the Spanish operations, which also comprises the company's REO assets.

REO revenues amounted to EUR 11.5 million in the first quarter 2020 (24.7), which was a decline of 53% from the first quarter 2019 and 46% below the previous quarter. This reflects lower sales activity and the partial closure of public notary offices in Spain hindering completion of already entered sales contracts. Axactor does not consider the REO business a core part of its business going forward.

Gross NPL revenue increased by 3% year-on-year to EUR 54.2 million (52.4), supported by the investments made over the past year. Declining revenues in Spain was counterbalanced by increasing revenues in Germany, Norway and Sweden.

Gross NPL revenue declined 11% from the seasonally stronger fourth quarter, with increased revenue in Norway and Sweden only partly compensating for the decline in collection in Spain.

3PC revenues declined by 1% year-on-year to EUR 13.5 million (13.6) and by 13% from the fourth quarter 2019.

Operating expenses

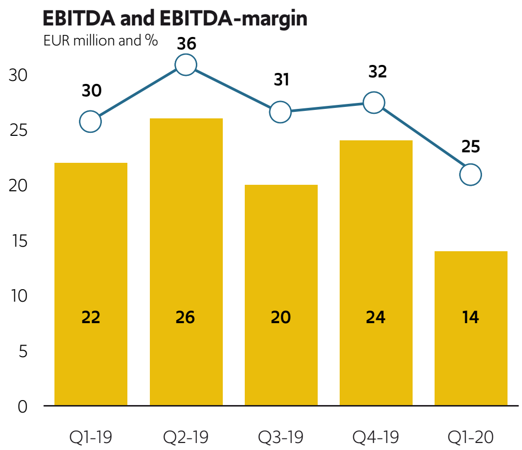
Total operating expenses for the first quarter 2020 amounted to EUR 41.5 million (51.5), including REO cost of sales of EUR 9.1 million (19.3) and an impairment of EUR 1.1 million (0.2). REO cost of sales represents reversal of the book value of sold assets.

As described under the 'Operations' section, the company has already taken action to mitigate the effects of the weaker business sentiment, including temporary workforce reductions, salary cuts, reductions of IT investments and operational costs. This is expected to have a gradually increasing effect from April.

Depreciation and amortization - excluding amortization of NPL portfolios – were EUR 2.6 million for the first quarter (2.3).

Operating results

Total contribution from the business segments amounted to EUR 25.4 million in the first quarter (33.8), with the contribution margin on net revenue stable at 46%. The stability reflects changes in the revenue mix, as the REO business carries a significantly lower contribution margin than the NPL and 3PC businesses.



Contribution from the NPL segment was EUR 21.1 million (27.1), corresponding to 69% margin on net segment revenue (77%). The lower margin mainly reflects a higher portfolio amortization rate.

Contribution from 3PC was EUR 4.8 million (3.9), or 36% margin on net segment revenue (29%).

Contribution from the REO segment was a negative EUR 0.5 million in the first quarter (+2.8), corresponding to -4% margin on net segment revenue (+11%).

Reported EBITDA was EUR 14.1 million in the first quarter, a decline from EUR 22.1 million in the first quarter 2019.

The EBITDA margin declined to 25% from 30% in the same quarter last year, reflecting the generally lower collection level and weaker REO sales. The financial effect of implemented cost reduction initiatives, in particular the labor cost reductions, will take effect from approximately April 1st.

The difference between contribution margin and EBITDA comprises unallocated SG&A and IT costs, amounting to EUR 11.3 million (11.7) for the first quarter.

Cash EBITDA amounted to EUR 48.2 million (58.8) in the first quarter, which is primarily explained by lower REO sales and NPL collection shortfall. Cash EBITDA is 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.

The gross margin – defined as cash EBITDA to gross revenue- declined to 61% for the first quarter from 65% in the same quarter last year.

Operating profit (EBIT) was EUR 11.5 million in the first quarter 2020 (19.9).

Net financial items

Total net financial items were a negative EUR 5.9 million for the first quarter (11.9), comprising interest expense on borrowings of EUR 14.3 million (10.9), positive unrealized currency effects of EUR 9.6 million (0.0), and other financial items of a negative EUR 1.2 million (1.0).

The increase in interest expense generally reflects financing of the investments carried out in the respective periods. The large positive currency effect mainly relates to unrealized currency gains on intercompany receivables.

Earnings and taxes

Profit before tax was EUR 5.6 million (8.0) for the first quarter 2020, whereas net profit was EUR 3.5 million (4.6). The average tax rate was thus 38%, compared to 42% in the first quarter 2019.

The high effective tax rate for the quarter continues to reflect that profit-making entities are in a taxable position whereas certain loss-making entities are not entitled to recognize tax assets.

Net loss to non-controlling interest amounted to EUR 1.7 million for the first quarter 2020, versus a net profit of EUR 2.6 million in the first quarter 2019.

Net profit to equity holders amounted to EUR 5.2 million, compared to a net profit of 2.0 million in the first quarter 2019.

Earnings per share was hence EUR 0.030 on a reported basis (0.013), and EUR 0.028 on a fully diluted basis (0.012), based on the average number of shares outstanding in each period.

Cash flow

Cash flow from operating activities amounted to EUR 49.4 million (65.3) in the first quarter 2020. The deviation from cash EBITDA mainly reflects changes in working capital.

The total amount paid for portfolio acquisitions was EUR 83.1 million (73.2) in the first quarter, which include a deferred payment from December 2019 of 10.3 million in additional to a deferred payment of 16.9 million to be paid in second quarter 2020.

Total net cash flow from investments was EUR 84.6 million in the first quarter (75.0).

Total cash flow from financing activities was EUR 6.1 million (64.1) in the first quarter, mainly reflecting that proceeds from the share issue in February and from borrowings were almost balanced by debt repayments and interest payments in the period.

Total free cash and cash equivalents were EUR 46.2 million at the end of the quarter (119.9), compared to EUR 71.7 million at the end of 2019.

Equity position and balance sheet considerations

Total equity for the Group was EUR 396.4 million at the end of the first quarter (360.4), including minority interests of EUR 92.5 million (92.6). The increase mainly reflects the profits over the past year and the completion of a private placement of 30 million shares at a subscription price of NOK 17.25 million during the first quarter 2020. The equity was negatively affected by the weakened currency rate between EUR and SEK and in particular NOK. Foreign currency translation differences through other comprehensive income in the first quarter amounted to negative EUR 32 million. The exchange differences occur from the conversion of investments in subsidiaries using NOK and SEK as functional currencies into EUR, which is the presentation currency of Axactor SE.

The equity ratio was 29.4%, compared to 30.1% at the end of the first quarter 2019 and 27.5% at the end of 2019.

An impairment, relating to a defective REO asset, of EUR 1.1 million was recognized and classified as an operating cost per the end of the first quarter. However, Axactor has received a cash compensation of the same amount, which is classified as other revenue, from the service provider. The net effect on the profit and loss account was hence zero.

The Financial Statements for Q1 2020 have not been charged with impairments related to the current Covid-19 situation. The present value of the company's NPL portfolios and REO assets will depend on both the length of the current extraordinary physical measures and on the depth and length of the following economic setback.

The current lockdown situation will lead to postponements of payments and corresponding negative effects on near-term cashflows, particularly in Spain and Italy. The economic effects on unemployment levels and debtors' disposable income and debt service abilities may however have longer-term effects on the valuation of the assets. Axactor is working to assess the impact of these risk factors on the valuation models for both the REO assets and the NPL portfolios and expects to gain significantly better visibility during the second quarter of 2020. These potential impairments may challenge the covenants of the company's outstanding bond and other financing arrangements.

Increased focus on Return on Equity

Axactor targets improved return on equity over time, based on increasing economies of scale, changes in the business mix, reduced funding cost and the gradual blending in of lower NPL Portfolio prices. The company sees growth opportunities in the capital light 3PC activities and increasing 3PC and NPL synergies, whereas the non-core REO business will be phased-out over time. The company also expects a gradual lowering of the effective tax rate towards 25% to support the return on equity.

Capital expenditure and Funding

Axactor invested EUR 89.9 million (68.7) in portfolio acquisitions in the first quarter of 2020, the bulk of which was invested under forward flow agreements.

The investments were financed through available cash flow from operation and drawdowns on existing and new credit facilities.

The current measures to limit the spread of the coronavirus and the resulting effects on the economy and consumers have increased the investment risk, and Axactor is currently holding back on its investments to preserve cash. The company has therefore suspended its investment target for 2020. Per the end of the first quarter, Axactor had signed forward flow agreements with an estimated capex requirement of EUR 145 million for the remainder of 2020.

The main component of the company's external funding is a EUR 500 million revolving credit facility with the main banking partners DNB and Nordea, of which EUR 75 million in an accordion option. As per the end of the first quarter 2020 the company had drawn approximately EUR 350 million on the RCF. After the end of the first quarter 2020, the maturity of the RCF was extended by one year from December 2020 to December 2021, conditional on refinancing the bond by end of the first quarter of 2021.

Axactor's outstanding bond loan of EUR 200 million matures in June 2021.

Axactor's Italian entity is locally funded through different facilities with a number of Italian banks, with a total outstanding amount of EUR 45 million.

Axactor Invest 1, which is jointly owned with Geveran, is externally financed through a senior debt loan of EUR 120 million and a mezzanine loan of EUR 140 million. Axactor also has a balance of EUR 42 million on a REO financing arrangement in Reolux, with Nomura.

Total interest-bearing debt amounted to EUR 884.1 million per the end of the first quarter 2020.

Private placement

Axactor in February raised new equity through a private placement generating gross proceeds of approximately EUR 51 million. 30 million new shares were issued at a subscription price of NOK 17.25, with net proceeds intended for further growth and general corporate purposes.

The private placement followed shortly after the announcement that the Board of Axactor had terminated discussions regarding a potential public offer for the company, and rather put full focus on the execution of Axactor's strategy.

Management change

The Board of Directors of Axactor on 2 April released CEO Endre Rangnes from his position and appointed CFO Johnny Tsolis as interim CEO with immediate effect.

Mr. Tsolis has long experience within debt management and was one of the founders of Axactor in 2015. Prior to taking the position as CFO, Mr. Tsolis was responsible for Strategy and M&A in Axactor.

The Board of Directors has initiated the process to recruit a new permanent CEO.

Risk assessment

As described in the Annual Report for 2019, Axactor's regular business activities entail exposure to various types of risk, including risk related to economic growth and employment levels in Axactor's markets.

These risk factors have been accentuated with the outbreak of the coronavirus during the first part of 2020, which had a significant impact on the first quarter 2020 results and will continue to impact the financial statements going forward.

The company has operated responsibly and in compliance with rules and recommendations from local and national authorities in all the six countries with operations, both to safeguard its employees and their families and local communities, and to ensure that the company remained operational for its customers, debtors and partners. The company has so far registered one Covid-19 case among its employees.

Axactor has activated business continuity plans and have remained in full operation in all countries, although most of the staff works remotely from home. This has been enabled by an operating model with secure and scalable core digital solutions, cloud-based collection systems, and outsourced IT-solutions.

Axactor works on the assumption that the macroeconomic situation may worsen further in the coming months. The company remains committed to responsible collection practices in this situation, with the aim to find the best possible solutions for its customers, debtors and partners.

The company has already taken action to mitigate the negative financial effects, including temporary workforce reductions affecting close to 400 FTEs, a temporary salary cut for all employees at headquarter and selected management teams, suspension of bonus models, temporary suspension of IT development projects and temporary price reductions from IT vendors. The company will continue to pursue further cost savings initiatives.

Axactor had equity of EUR 396.4 million and an equity ratio of 29.4% per the end of the first quarter 2020. As described above under 'Equity and balance sheet considerations', Axactor is currently working to assess the implications of the current extraordinary situation on its valuation models for both REO assets and NPL portfolios, with an indication that current book values may be reduced through impairments in the Financial Statements for the first half 2020. This may challenge the covenants of the company's outstanding bond and other financing arrangements.

Cash flow from operations was EUR 49.4 million in the first quarter 2020. Given the current lockdown situation in Spain and Italy, the cash flow is expected to decline in the second quarter.

Axactor had a cash position of EUR 46.2 million and interest-bearing debt of EUR 884.1 million per the end of the first quarter 2020.

The company has suspended its investment guidance for 2020, and currently holds back on investments to preserve cash. The company remains committed to already entered forward flow agreements within the agreed volume caps, although it is terminating contracts in breach of terms.

For the assessment of other risk factors, please refer to the Board of Directors report in the Annual Report for 2019.

Outlook

The outbreak of the coronavirus and the measures to prevent the spreading of the virus had a significant adverse effect on the collection performance and sales of REO assets in the first quarter 2020.

Given the current extraordinary measures, Axactor expects the negative effects to deepen in the second quarter of the year.

Looking further ahead, the collection performance will depend on the depth and length of the economic setback, and the impact on unemployment levels and the debtors' disposable income and debt service abilities. The company is working to assess the impact on its valuation models, with the indication that the Financial Statements for the first half year 2020 may be charged with impairments.

To preserve cash and safeguard business continuity, Axactor currently holds back on investments and has suspended its investment guidance for 2020.

Axactor expects the current situation to boost demand for 3PC services from the second half onwards. Looking further ahead, the company also expects the changing market environment to generate a significant downward shift in the pricing of NPL portfolios. The supply of new NPLs is expected to increase, whereas the availability of funds to support potential buyers likely will be more limited. This may open new and profitable growth opportunities for the company in the longer run.

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited Financial Statements for first quarter 2020, which have been prepared in accordance with IFRS as adopted by EU, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian account act.

Oslo, 20 April 2020
The Board of Directors

Glen Ole Rødland
Chairman of the Board

Brita Eilertsen
Board member

Merete Haugli
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup Fredriksen
Board member

Terje Mjøs
Board member

Johnny Tsolis
Interim Chief Executive Officer

Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end / YTD 31 Mar 2020	31 Mar 2019	Full year 2019
Interest income from purchased loan portfolios	6	**39,326**	28,989	134,531
Net gain/loss purchased loan portfolios	6	**-8,758**	6,371	-319
Other operating revenue		**25,003**	38,259	148,926
Other revenue		**28**	30	2,021
Total Revenue	3, 4	**55,599**	73,649	285,159
Cost of REO's sold, incl impairment	7	**-10,175**	-19,514	-74,464
Personnel expenses		**-14,901**	-15,535	-57,708
Operating expenses		**-16,395**	-16,459	-60,847
Total operating expense		**-41,470**	-51,508	-193,019
EBITDA		**14,129**	22,140	92,140
Amortization and depreciation		**-2,612**	-2,266	-10,115
EBIT		**11,517**	19,875	82,025
Financial revenue	5	**9,733**	16	2,787
Financial expenses	5	**-15,654**	-11,919	-52,176
Net financial items		**-5,922**	-11,903	-49,389
Profit/(loss) before tax		**5,595**	7,972	32,636
Tax (expense)		**-2,145**	-3,348	-11,667
Net profit/(loss) after tax		**3,450**	4,624	20,969
Net profit/(loss) to Non-controlling interests	5	**-1,716**	2,584	4,643
Net profit/(loss) to equity holders		**5,166**	2,040	16,326
Earnings per share: basic		**0.030**	0.013	0.106
Earnings per share: diluted		**0.028**	0.012	0.093

Consolidated Statement of Comprehensive Profit and Loss

	For the quarter end / YTD		
EUR thousand	31 Mar 2020	31 Mar 2019	Full year 2019
Net profit/(loss) after tax	**3,450**	4,624	20,969
Items that may be classified subsequently to profit and loss			
Foreign currency translation differences - foreign operations	**-31,969**	1,142	-1,904
Other comprehensive income/(loss) afer tax	**-31,969**	1,142	-1,904
Total comprehensive income for the period	**-28,519**	5,766	19,065
Attributable to:			
Non-controlling interests	**-1,716**	2,584	4,643
Equity holders of the parent company	**-26,803**	3,182	14,422

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Mar 2020	31 Mar 2019	Full year 2019
ASSETS				
Intangible non-current assets				
Intangible Assets		**21,216**	18,992	21,486
Goodwill		**52,965**	56,281	56,170
Deferred tax assets		**9,665**	6,852	9,742
Tangible non-current assets				
Property, plant and equipment		**2,818**	2,851	2,903
Right-of-use assets	9	**5,475**	5,874	5,846
Financial non-current assets				
Purchased debt portfolios	6	**1,064,619**	781,361	1,041,919
Other non-current receivables		**556**	294	765
Other non-current investments		**193**	778	193
Total non-current assets		**1,157,507**	873,283	1,139,025
Current assets				
Stock of Secured Assets	7	**120,346**	181,121	129,040
Accounts Receivable		**10,371**	8,931	13,135
Other current assets		**11,796**	9,832	14,960
Restricted cash		**2,640**	5,309	3,739
Cash and Cash Equivalents		**46,165**	119,887	71,657
Total current assets		**191,318**	325,080	232,531
TOTAL ASSETS		**1,348,825**	1,198,363	1,371,556

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Mar 2020	31 Mar 2019	Full year 2019
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share Capital		**97,040**	81,115	81,338
Other paid-in equity		**236,289**	200,485	201,879
Retained Earnings		**7,319**	-12,132	2,153
Reserves		**-36,690**	-1,675	-4,721
Non-controlling interests		**92,449**	92,605	96,977
Total Equity		**396,408**	360,398	377,626
Non-current Liabilities				
Interest bearing debt	8	**464,350**	579,436	466,378
Deferred tax liabilities		**15,458**	10,925	17,591
Lease liabilities	9	**3,103**	3,641	3,481
Other non-current liabilities		**1,385**	991	1,415
Total non-current liabilities		**484,296**	594,992	488,864
Current Liabilities				
Accounts Payable		**4,418**	4,046	5,902
Current portion of interest bearing debt	8	**419,784**	207,572	463,555
Taxes Payable		**9,990**	5,076	6,570
Lease liabilities	9	**2,582**	2,253	2,549
Other current liabilities		**31,347**	24,026	26,491
Total current liabilities		**468,121**	242,973	505,066
Total Liabilities		**952,418**	837,965	993,930
TOTAL EQUITY AND LIABILITIES		**1,348,825**	1,198,363	1,371,556

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end / YTD 31 Mar 2020	31 Mar 2019	Full year 2019
Operating actitvities				
Profit/(loss) before tax		**5,595**	7,972	32,636
Taxes paid		**-781**	-1,595	-4,741
Adjustments for:				
- Finance income and expense		**5,922**	11,903	49,389
- Portfolio amortization and revaluation		**23,586**	17,012	82,934
- Cost of secured assets sold, incl. Impairment		**10,175**	19,514	74,464
- Depreciation and amortization		**2,612**	2,266	10,115
- Calculated cost of employee share options		**306**	187	1,256
Change in Working capital		**1,984**	8,044	-3,941
Net cash flows operating activities		**49,398**	65,302	242,112
Investing actitvities				
Purchase of debt portfolios	6	**-83,097**	-73,231	-401,646
Sale of debt portfolio	6	**600**	0	885
Purchase of REO's	7	**-158**	-56	-668
Investment in subsidiaries		**0**	0	-250
Purchase of intangible and tangible assets		**-1,928**	-1,700	-9,642
Interest received		**21**	0	98
Net cash flows investing activities		**-84,562**	-74,986	-411,222
Financing actitvities				
Proceeds from borrowings	8	**35,696**	91,275	303,984
Repayment of debt	8	**-64,434**	-11,389	-80,089
Interest paid	8	**-12,071**	-9,144	-44,149
Loan fees paid	8	**-131**	-2,894	-5,168
New Share issues		**50,767**	0	547
Proceeds from Non-controlling interests		**-2,813**	-3,725	-1,412
Cost related to share issues		**-959**	0	0
Net cash flows financing activities		**6,055**	64,122	173,713
Net change in cash and cash equivalents		**-29,109**	54,438	4,604
Cash and cash equivalents at the beginning of period		**75,396**	70,776	70,776
Currency translation		**2,518**	-18	16
Cash and cash equivalents at end of period, incl. restricted funds		**48,805**	125,197	75,396

Interim Consolidated Statement of Changes in Equity

	Equity related to the shareholders of the Parent Company						
	Restricted	Non-restricted					
EUR thousand	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total	Non-controlling interest	Total Equity
Closing balance on 31 Dec 2018	81,115	200,298	-2,817	-14,172	**264,423**	63,746	**328,170**
Result of the period				16,326	**16,326**	4,643	**20,969**
Remeasurement of pension plans					**0**		**0**
Foreign currency translation differences - foreign operations			-1,904		**-1,904**		**-1,904**
Total comprehensive income for the period	0	0	-1,904	16,326	**14,422**	4,643	**19,065**
Proceeds from Non-controlling interests					**0**	28,588	**28,588**
New Share issues (exercise of share options)	222	325			**548**		**548**
Share based payment		1,256			**1,256**		**1,256**
Closing balance on 31 Dec 2019	81,338	201,879	-4,721	2,153	**280,648**	96,977	**377,626**
Result of the period				5,166	**5,166**	-1,716	**3,450**
Foreign currency translation differences - foreign operations			-31,969		**-31,969**		**-31,969**
Total comprehensive income for the period	0	0	-31,969	5,166	**-26,803**	-1,716	**-28,519**
Proceeds from Non-controlling interests					**0**	-2,813	**-2,813**
New Share issues	15,703	35,064			**50,767**		**50,767**
Cost related to share issues		-959			**-959**		**-959**
Share based payment		306			**306**		**306**
Closing balance on 31 Mar 2020	97,040	236,289	-36,690	7,319	**303,958**	92,449	**396,408**

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 primery involved in debt management, specializing 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 2019. 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 2019.

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 2019, 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. However, in the light of the uncertainty arising from the COVID-19 pandemic there is clearly a high level of judgement required in the assessment of future collections/cash flows/forecasts. Especially considering the uncertainty around the duration and intensity of the crisis at this seemingly early stage. The management have assessed the data and information available at the balance date. The work is still ongoing and will continue in Q2.

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 2019, which is available on Axactor website: www.axactor.com (note 3 and 4 of the Group financial statement).

In the current covid 19 circumstances, the Group tightly monitors its risk relating to meet its contractual obligations when due. The Group had cash and cash equivalent of EUR 48.8 Million at 31 March 2020 (31.12.2019 75.4 Million). The following table detail the Group's remaining contractual quarterly maturity for its non-derivative financial liabilities based on the most likely date on which cash flows can be required to pay.

EUR thousand	Q2-20	Q3-20	Q4-20	2021 ->	Total
Interest bearing loans DnB/Nordea	0	0	348,106	0	**348,106**
Interest bearing loans Italy	1,500	1,500	1,500	40,500	**45,000**
Interest bearing loans Nomura	6,000	4,300	7,900	23,447	**41,647**
Bond loan	0	0	0	200,000	**200,000**
Interest bearing A & B notes	0	0	0	140,000	**140,000**
Interest bearing loans DnB/Nordea (Axactor Invest 1)	0	0	0	118,981	**118,981**
Accrued interest	509	0	0	0	**509**
Trade Payables	4,418	0	0	0	**4,418**
Other Liabilities	20,400	5,393	3820	1,735	**31,347**
Taxes payables	0	2,895	2,895	4,201	**9,990**
Deferred tax liabilities	0	0	0	15,458	**15,458**
Forward flow NPL agreements [1]	62,331	46,459	36,794	54,703	**200,288**
Leasing agreements	768	735	724	3,908	**6,135**
Accruals	1,385	0	0	0	**1,385**
Total	97,311	61,281	401,739	602,932	**1,163,263**

1) *Forward flow NPL agreements split by country:*

Norway	*67 %*
Sweden	*22 %*
Finland	*6 %*
Germany	*4 %*
Italy	*1 %*

The above table shows an estimated calculation of repayment on interest bearing loans of EUR 371 Million for the rest of 2020. The calculation is made under the assumption that no new portfolios are aqcuired in 2020 and that Axactor therefore partly need to repay the facility to stay below the LTV covenant (Loan to Value) in order to match portfolio amortization and decrease in portfolio value. The same mechanism as for amortization applies for any impairment situation. The table does not reflect any repayment arising from impairment.

As the covid 19 situation will impact the 2020 financials, the Group has implemented a wide range of initiatives to ensure a satisfactory liquidity situation, whereof one of the initiatives is to reduce the investment activity.

Note 3 Segment note

Axactor delivers credit management services and the company's revenue is derived from the following three operating segments: Non-Performing Loans (NPL), Real Estate Own (REO), and Third Party Collection (3PC). Axactor's operations are managed through these three 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. With effect from Q2 2019, Accounts Receivables Management (ARM) is subordinated under the 3PC segment. The ARM services include the handling of invoices between the invoice date and the default date, as well as sending out reminders.

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.

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

For the quarter end 31 Mar 2020

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	54,154	11,523	0	0	**65,677**
Other operating revenue	0	0	13,480	28	**13,508**
Portfolio amortization and revaluation	-23,586	0	0	0	**-23,586**
Net revenue	30,568	11,523	13,480	28	**55,599**
REO cost of sales	0	-9,073	0	0	**-9,073**
Impairment REOs	0	-1,102	0	0	**-1,102**
Direct operating expenses	-9,471	-1,824	-8,689	0	**-19,984**
Contribution margin	21,097	-476	4,791	28	**25,441**
Local SG&A, IT and corporate cost				-11,312	**-11,312**
EBITDA					**14,129**
Total opex	-9,471	-11,998	-8,689	-11,312	**-41,470**
CM1 Margin	69.0 %	-4.1 %	35.5 %	na	**45.8 %**
EBITDA Margin					**25.4 %**
Dopex / Gross revenue	17.5 %	104.1 %	64.5 %	na	**38.1 %**
SG&A, IT and corporate cost / Gross revenue					**14.3 %**

For the quarter end 31 Mar 2019

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	52,371	24,665	0	0	**77,036**
Other operating revenue	0	0	13,594	30	**13,625**
Portfolio amortization and revaluation	-17,012	0	0	0	**-17,012**
Net revenue	35,359	24,665	13,594	30	**73,649**
REO cost of sales	0	-19,302	0	0	**-19,302**
Impairment REOs	0	-213	0	0	**-213**
Direct operating expenses	-8,294	-2,357	-9,656	0	**-20,307**
Contribution margin	27,065	2,793	3,939	30	**33,828**
Local SG&A, IT and corporate cost				-11,687	**-11,687**
EBITDA					**22,140**
Total opex	-8,294	-21,871	-9,656	-11,687	**-51,508**
CM1 Margin	76.5 %	11.3 %	29.0 %	na	**45.9 %**
EBITDA Margin					**30.1 %**
Dopex / Gross revenue	15.8 %	88.7 %	71.0 %	na	**43.9 %**
SG&A, IT and corporate cost / Gross revenue					**12.9 %**

Full Year 2019

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	217,147	91,249	0	0	**308,396**
Other operating revenue	0	0	57,677	2,021	**59,698**
Portfolio amortization and revaluation	-82,934	0	0	0	**-82,934**
Net revenue	134,212	91,249	57,677	2,021	**285,159**
REO cost of sales	0	-74,052	0	0	**-74,052**
Impairment REOs	0	-412	0	0	**-412**
Direct operating expenses	-32,321	-9,656	-35,279	0	**-77,256**
Contribution margin	101,891	7,129	22,398	2,021	**133,439**
Local SG&A, IT and corporate cost				-41,299	**-41,299**
EBITDA					**92,140**
Total opex	-32,321	-84,120	-35,279	-41,299	**-193,019**
CM1 Margin	75.9 %	7.8 %	38.8 %	na	**46.8 %**
EBITDA Margin					**32.3 %**
Dopex / Gross revenue	14.9 %	92.2 %	61.2 %	na	**41.2 %**
SG&A, IT and corporate cost / Gross revenue					**11.2 %**

Note 4 Revenue

Portfolio Revenue

	For the quarter end / YTD		
EUR thousand	31 Mar 2020	31 Mar 2019	Full year 2019
Yield 1)	**39,326**	28,989	134,531
CU1 2)	**-8,251**	5,896	-8,408
CU2 3)	**-1,968**	-342	3,654
CU2 tail 4)	**1,461**	816	4,434
Net revenue	**30,568**	35,359	134,212

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 Mar 2020	31 Mar 2019	Full year 2019
Financial revenue			
Interest on bank deposits	**21**	8	81
Exchange gains realized	**97**	0	47
Net unrealized exchange gain	**9,608**	0	2,604
Other financial income	**6**	8	55
Total financial revenue	**9,733**	16	2,787
Financial expense			
Interest expense on borrowings	**-14,319**	-10,863	-51,251
Interest on Notes to NCI [1)]	**0**	0	2,080
Exchange losses realized	**-846**	-36	-696
Net unrealized exchange loss	**0**	-402	0
Other financial expense [2)]	**-490**	-618	-2,310
Total financial expense	**-15,654**	-11,919	-52,176
Net financial items	**-5,922**	-11,903	-49,389

1) *Interest on Notes classified as Debt instruments in 2018, reversed in 2019*

2) *Includes amortization of warrants of 0.4m in each Q, Q1-3 2019*

Note 6 Non-performing loans

EUR thousand	Year to date 31 Mar 2020	31 Mar 2019	Full year 2019
Opening balance	**1,041,919**	728,819	728,819
Acquisitions during the year	**89,737**	68,593	398,286
Collection	**-54,154**	-52,371	-217,147
Yield - Interest income from purchased loan portfolios	**39,326**	28,989	134,531
Net gain/loss purchased loan portfolios [1)]	**-8,758**	6,371	-319
Repossession of secured NPL to REO	**-1,322**	-570	-2,823
Disposals [1)]	**-384**	-1	-187
Translation difference	**-41,745**	1,532	758
Closing balance	**1,064,618**	781,361	1,041,919
Payments during the year for investments in purchased debt amounted to EUR	**83,097**	73,231	401,646
Deferred payment	**16,926**	934	10,286

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

Note 7 Stock of secured assets - REO

EUR thousand	Year to date 31 Mar 2020	Year to date 31 Mar 2019	Full year 2019
Acquisition cost, opening balance	**129,041**	200,009	200,009
Acquisitions during the year	**158**	56	668
Repossession of secured NPL	**1,322**	570	2,823
Cost of sold secured assets	**-9,073**	-19,302	-74,052
Total acquisition cost	**121,448**	181,333	129,448
Impairment	**-1,102**	-213	-412
Disposals	**0**	0	5
Closing balance	**120,346**	181,121	129,041
Number of assets	**3,740**	5,773	4,024

Note 8 Loans and borrowings

EUR thousand	Currency	Interest rate	Carrying amount	Year of maturity
Balance at 1 Jan 2020	EUR / NOK / SEK	Variable	929,933	2020-2024
New issues				
Italian Banks [2]	EUR		8,457	2020-2024
DnB/Nordea [1]	Various		27,239	2020-2021
Listed Bond Loan [4]	EUR		0	2021
Nomura [5]	EUR		0	2022
Repayments				
Italian Banks	EUR		-9,936	
DnB/Nordea [1]	Various		-43,251	
Nomura [5]	EUR		-11,247	
Other [3]	EUR		0	
Other movements				
Capitalized loan fees			-131	
Amortized loan fees on loans			2,332	
Accrued interest			-43	
Currency translations			-19,220	
Balance at 31 Mar 2020			884,134	
Non-current portion of interest bearing debt			464,350	
Current portion of interest bearing debt			419,784	
Of which in currency				
NOK			75,277	
SEK			83,254	
EUR			725,603	

EUR thousand	DNB/Nordea RCF	Bond	Sterna	DNB/Nordea RCF	Nomura	Local banks	Total
Borrowings per facility							
Gross interest bearing debt	348,106	200,000	140,000	118,981	41,647	45,000	**893,734**
Capitalized loan fee	-4,489	-1,045	-442	-2,138	-1,995	0	**-10,109**
Accrued interest	0	311	0	13	185	0	**509**
Interest bearing debt, end of period	343,617	199,266	139,558	116,856	39,837	45,001	**884,134**

1) *The debt facility agreement with DNB Bank ASA and Nordea Bank AB is EUR 500 million, whereof 75 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 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 36 million.*

3) *Following the co-investment partnership with Geveran, Notes in the amount of EUR 230 million has been issued, of which for EUR 185 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 140 million class B Notes, subordinated secured Note, fully subscribed by Geveran. The maturity is in 2022. In addition there is a EUR 120 million facility agreement with DNB Bank ASA and Nordea Bank AB with maturity in Q4 2021.*

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.*

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 2019 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	5,039	541	267	**5,846**
New leases	129	443	0	**572**
Depreciation of the year	-563	-135	-50	**-748**
Currency exchange effects	-182	-11	-1	**-195**
Carrying amount of right-of-use assets 31 Mar 2020	4,422	837	216	**5,475**
Remaining lease term	1-6 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	Total
Undiscounted lease liabilities and maturity of cash outflow	
< 1 year	**2,824**
1-2 years	**1,689**
2-3 years	**840**
3-4 years	**552**
4-5 years	**101**
> 5 years	**128**
Total undiscounted lease liabilities at 31 Mar 2020	**6,135**
Discount element	**-450**
Total discounted lease liabilities at 31 Mar 2020	**5,685**

Note 10 Shares

Issued shares and share capital

	Number of shares	Share capital (EUR)
At 31 Dec 2018	**154,971,114**	81,115,475
New share issues, May	**424,350**	222,115
At 31 Dec 2019	**155,395,464**	81,337,590
New share issues, Feb	**30,000,000**	15,702,696
At 31 Mar 2020	**185,395,464**	97,040,286

30 largest shareholders as at 31 Mar 2020

Name	Shareholding	% Share
Geveran Trading Co Ltd	59,237,772	32.0 %
Torstein Ingvald Tvenge	7,150,000	3.9 %
Ferd AS	6,364,139	3.4 %
Verdipapirfondet Alfred Berg Gamba	3,055,376	1.6 %
Verdipapirfondet DNB Norge	3,036,202	1.6 %
VPF DNB AM Norske Aksjer	2,612,862	1.4 %
Verdipapirfondet Alfred Berg Norge	2,314,248	1.2 %
Vatne Equity AS	2,121,599	1.1 %
Verdipapirfondet Nordea Norge Verd	2,086,030	1.1 %
Gvepseborg AS	2,036,494	1.1 %
Verdipapirfondet Alfred Berg Aktiv	2,006,706	1.1 %
Alpette AS	1,661,643	0.9 %
Nordnet Livsforsikring AS	1,450,581	0.8 %
Klotind AS	1,365,244	0.7 %
Endre Rangnes	1,364,000	0.7 %
Andres Lopez Sanchez	1,177,525	0.6 %
David Martin Ibeas	1,177,525	0.6 %
Latino Invest AS	1,030,000	0.6 %
KLP Aksjenorge Indeks	1,005,394	0.5 %
Verdipapirfondet Nordea Kapital	1,005,137	0.5 %
Norus AS	1,000,000	0.5 %
Verdipapirfondet Nordea Avkastning	998,028	0.5 %
Tveco AS	903,541	0.5 %
JP Morgan Securities PLC	900,000	0.5 %
Citibank (Nominee)	897,393	0.5 %
Vardfjell AS	891,401	0.5 %
BNP Paribas Securities Services	890,000	0.5 %
Citibank (Nominee)	865,166	0.5 %
Elena Holding AS	860,000	0.5 %
Svein Dugstad	825,000	0.4 %
Total 30 largest shareholders	112,289,006	60.6 %
Other shareholders	73,106,458	39.4 %
Total number of shares	185,395,464	100 %

Total number of shareholders	9,148	

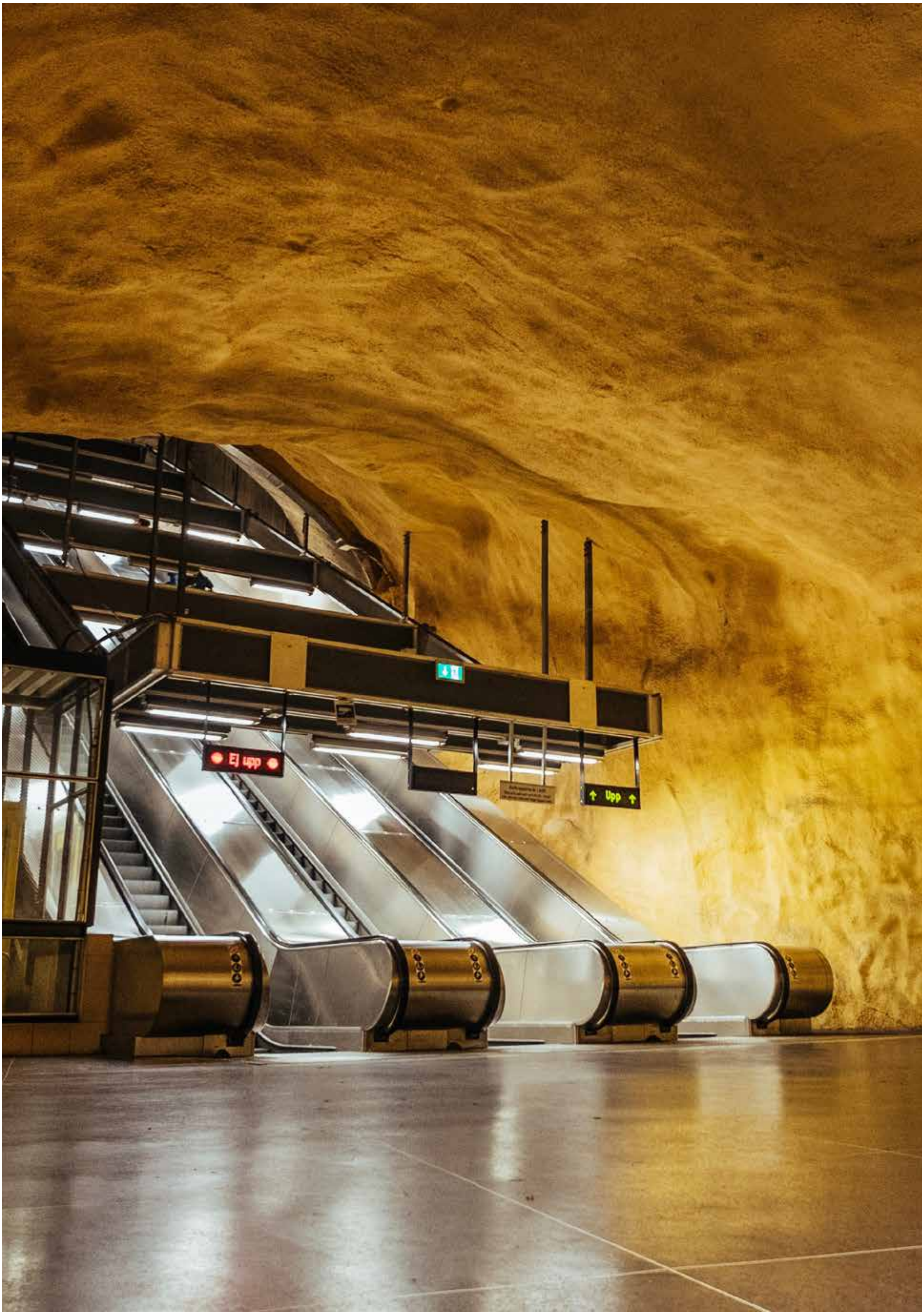
Shares owned by related parties

Name	Shareholding	% Share
Geveran Trading Co Ltd [1]	59,237,772	32.0 %
Alpette AS [2]	1,661,643	0.9 %
Endre Rangnes [2]	1,364,000	0.7 %
Andres Lopez Sanchez [3]	1,177,525	0.6 %
David Martin Ibeas [3]	1,177,525	0.6 %
Latino Invest AS [4]	1,030,000	0.6 %
Fryden AS / Oddgeir Hansen [5]	576,000	0.3 %
Johnny Tsolis Vasili [4]	540,000	0.3 %
Susanne Lene Rangnes Schneider [2]	339,832	0.2 %
Robin Knowles [5]	278,180	0.2 %
Terje Mjøs Holding AS [6]	100,000	0.1 %
Anders Gulbrandsen [7]	22,375	0.0 %
Sicubi AS / Bente Brocks [7] [8]	16,200	0.0 %
Lars Valseth [7]	12,188	0.0 %
Brita Eilertsen [6]	10,000	0.0 %

1) *Geveran Trading Co Ltd owns 50% of Luxco Invest 1 Sarl. and Reolux Holding S.à.r.l., companies controlled by Axactor Group*
2) *CEO/Related to the CEO of Axactor, CEO until 02.04.2020*
3) *Member of the executive management team of Axactor*
4) *CFO/Related to the CFO of Axactor*
5) *Member of the executive management team of Axactor*
6) *Member of the Board of Directors of Axactor / controlled by member of the Board of Directors of Axactor*
7) *Primary insider of Axactor*
8) *Company controlled by primary insider of Axactor*

Terms and abbreviations

3PC	Third-party collection
ARM	Accounts receivable management
B2B	Business to Business
B2C	Business to Consumer
BoD	Board of Directors
Cash EBITDA	EBITDA adjusted for calculated cost of share option program, portfolio amortizations, revaluations, REO cost of sales and REO impairments
CGU	Cash Generating Unit
CM1	Contribution Margin
Dopex	Direct Operating expenses
EBITDA	Earnings Before Interest, Tax, Depreciation and amortization
ECL	Expected credit loss
ERC	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
EPS	Earnings Per Share
EUR	Euro
FTE	Full Time Equivalent
IFRS	International Financial Reporting Standards
NIBD	Net Interest Bearing Debt - Interest bearing debt less cash
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
Pro-forma Cash EBITDA	Cash EBITDA adjusted for acquired/sold business (and portfolios in regards of covenants)
REO	Real Estate Owned
SEK	Swedish Krone
SG&A	Selling, General & Administrative Expenses
SPV	Special Purpose Vehicle
VIU	Value in Use
WACC	Weighted Average Cost of Capital
WAEP	Weighted average exercise price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Financial calendar 2020

Quarterly Report - Q1	*21.04.2020*
Quarterly Report - Q2	*23.07.2020*
Quarterly Report - Q3	*28.10.2020*
Quarterly Report - Q4	*11.02.2021*

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