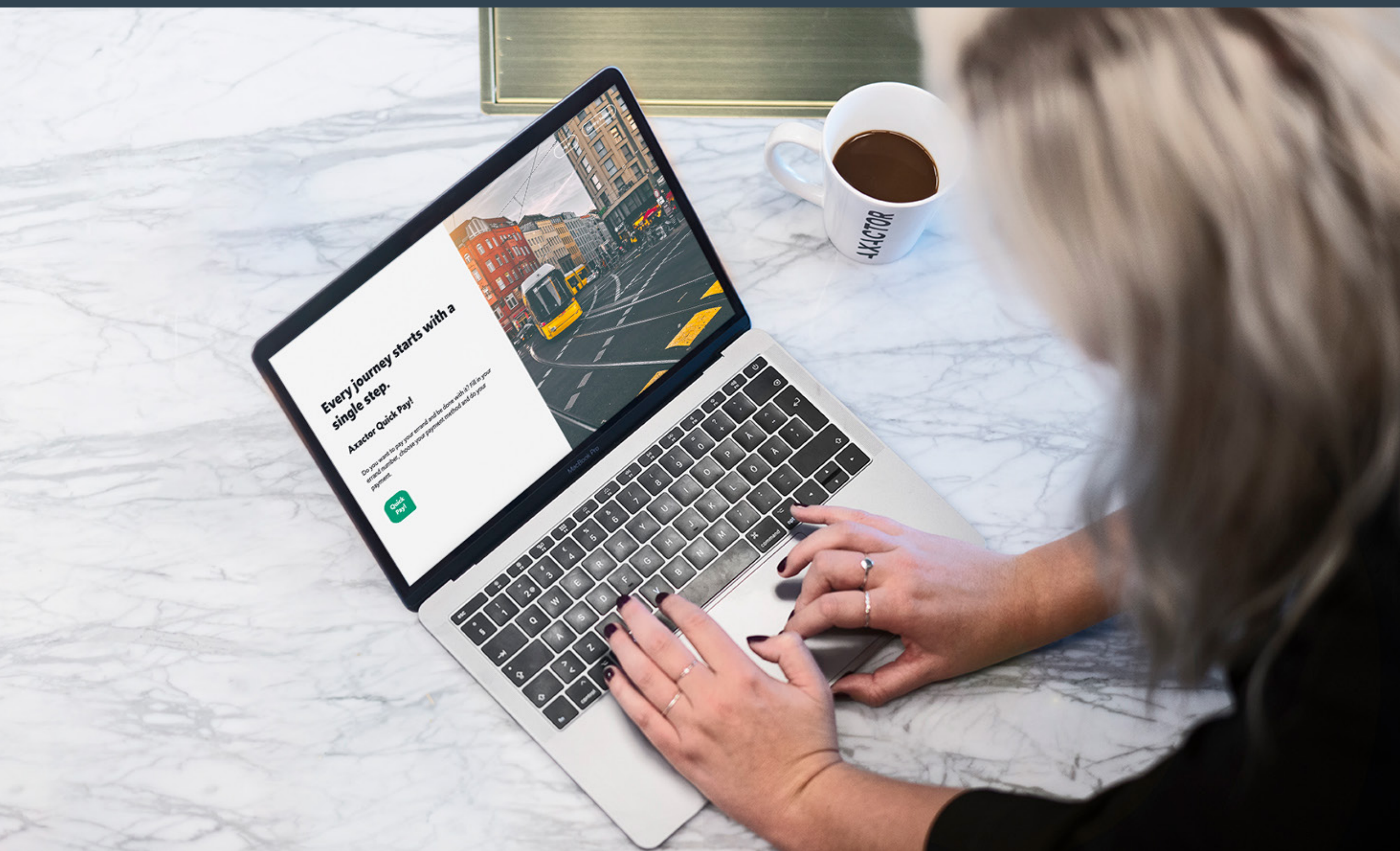
AXACTOR

Report

Q4 2020



Highlights

Fourth quarter and full year 2020

- Axactor continued the good trend on gross revenue in the fourth quarter of 2020. In a year of turmoil caused by the ongoing Covid-19 pandemic and the mitigating measures to contain it, ordinary seasonality patterns do not apply. The third quarter was unusually strong, and the fourth quarter represents a return to a more normalized seasonality

- Gross revenue increased by 14% from the third quarter 2020 to EUR 94.9 million for the fourth quarter 2020, down from EUR 98.8 million in the fourth quarter 2019. Due to a net negative impact from NPL curve revisions, total income decreased compared to the previous quarter, ending at EUR 58.5 million (74.8). For the full year 2020, gross revenue fell 11% compared to 2019, to EUR 328.2 million (368.1). Correspondingly, total income fell by 28% to EUR 205.0 million (285.2)

- All three business segments recorded growth compared to the previous quarter in terms of gross revenue, with 3PC delivering the strongest numbers. The 3PC gross revenue grew by 22% compared to the previous quarter, ending at EUR 13.8 million. This was a decline from EUR 15.6 million in the corresponding quarter of 2019, mainly explained by the implications of the Covid-19 pandemic. The NPL segment gross revenue grew to EUR 68.9 million (60.8), 11% above the third quarter 2020. The forward flow contracts entered into are accounting wise treated as financial instruments and the value of the instruments is assessed on a quarterly basis. The NPL segment gross revenue for the fourth quarter includes a net amount of EUR 3.0 million in positive impact from the revaluation of forward flow agreements. REO sales continue to perform ahead of expectations with gross revenue of EUR 12.2 million (21.3), up 20% from the third quarter 2020. For the full year 2020 the segment gross revenue ended at EUR 48.3 million (57.7) for 3PC, at EUR 239.5 million (217.1) for NPL and at EUR 40.4 million (91.2) for REO

- Following completion of external valuation of the REO assets, a further EUR 5.9 million of the impairment accrual booked during the second quarter 2020 has been reversed in the fourth quarter. The REO sales and asset prices have held up significantly better than anticipated and the pipeline for the next quarters remains healthy. The total REO impairment for 2020 ended at EUR 16.1 million, up from EUR 0.4 million in 2019

- EBITDA ended at EUR 21.3 million (23.8), including EUR 5.9 million reversal of REO impairment and a net negative NPL portfolio revaluation of EUR 8.9 million, resulting in an EBITDA margin of 36% (32%). EBITDA for the full year 2020 ended at EUR 35.9 million (92.1), resulting in an EBITDA margin of 17% (32%)

- Cash EBITDA was EUR 63.8 million (66.8), up from EUR 56.2 million in the previous quarter. The company has obtained a waiver on its main credit facility for a covenant relating to the Cash EBITDA level for Q4 2020. Cash EBITDA for the full year 2020 ended at EUR 212.5 million (250.8)

- Earnings before tax ended at EUR 0.7 million (8.5), including write-down of capitalized loan fees in connection with the refinancing announced during the fourth quarter 2020 of EUR 7.1m, due to reduced timing. Net profit came in at EUR 3.3 million (6.5). Adjusting for minorities, this translates to an annualized return on equity for shareholders of 3.6% for the quarter, down from 7.5% in the same period last year. For the full year 2020, earnings before tax ended at negative EUR 28.4 million (+32.6), net profit ended at negative EUR 31.1 million (+21.0), while the return to shareholders excluding minorities ended at negative 5.1% (+6.0%)

- Due to the uncertainty around liquidity and cash flow during the Covid-19 pandemic, Axactor held back on new investments through 2020. Total NPL investments for the year ended at EUR 208.2 million (398.3), of which EUR 21.9 million were deployed during the fourth quarter (95.4). No new REO portfolios were acquired in 2020 as the REO segment is not considered as core business for Axactor

Events after the balance date

- During the fourth quarter 2020 Axactor announced a large restructuring of its balance sheet. The restructuring involves a number of transactions that were approved by an extraordinary general meeting on 5 January, 2021. The transactions will be closed during the first quarter 2021

    - A share capital increase by contribution in kind was done as payment for the minority stake in the co-invest vehicle Axactor Invest I. After the transaction Axactor owns 100% of shares and A-notes in Axactor Invest I. As part of the transaction, the B-notes currently held by Sterna Finance were converted into a bond-like debt instrument with Axactor SE as counterpart

    - Axactor's main funding line, a revolving credit facility from DNB and Nordea, has been refinanced with its maturity extended to 2024. As part of the refinancing, the revolving credit facility in Axactor Invest I was merged with the main funding line. The new loan agreement has similar terms as the previous main funding line, but with a pricing mechanism dependent on the portfolio loan-to-value. The total facility is of EUR 620 million, of which EUR 75 million in the form of an accordion option

    - The outstanding bond loan, AXA01, was refinanced with a new bond issue, AXACTOR02. The vast majority of the AXA01 bonds were rolled into AXACTOR02 bonds, with the remaining AXA01 bonds settled in the first quarter 2021. Pricing and general terms for AXACTOR02 are similar as for AXA01

    - Subsequent to the share capital increase by contribution in kind, a private placement of EUR 30 million was carried out. Following the private placement, an additional EUR 20 million was raised through a repair issue

    - As a consequence of the purchase of outstanding shares and A-notes in Axactor Invest I from Geveran, settled through consideration shares, Geveran exceeded 33.3% of voting rights in Axactor. This triggered a mandatory offer for the remaining outstanding shares of NOK 8.00 per share. The Axactor Board of Directors has recommended shareholders to reject the offer

- Effective from January 21, 2021, Axactor has changed its ticker on the Oslo Stock Exchange from AXA to ACR to avoid confusion with companies with a similar name

Key Figures Axactor Group

	For the quarter end		Year to date	
EUR million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Gross revenue	**94.9**	98.8	328.2	368.1
Total income	**58.5**	74.8	205.0	285.2
EBITDA	**21.3**	23.8	35.9	92.1
Cash EBITDA [1)]	**63.8**	66.8	212.5	250.8
Depreciation and amortization (excl Portfolio Amortization)	**-3.0**	-2.8	-10.8	-10.1
Net financial items	**-17.7**	-12.5	-53.4	-49.4
Tax (expense)	**2.7**	-2.0	-2.7	-11.7
Net profit/(loss) after tax	**3.3**	6.5	-31.1	21.0
Return on Equity, excluding Non-controlling interests, annualized	**3.6 %**	7.5 %	-5.1 %	6.0 %
Return on Equity, including Non-controlling interests, annualized	**3.6 %**	6.9 %	-8.3 %	5.6 %
Cash and Cash Equivalents, end of period [2)]	**47.8**	71.7	47.8	71.7
Gross revenue from NPL Portfolios	**68.9**	60.8	239.5	217.1
Gross revenue from REO Portfolios	**12.2**	21.3	40.4	91.2
Acquired NPL portfolios during the period	**21.9**	95.4	208.2	398.3
Acquired REO portfolios during the period	**0.1**	0.3	0.4	0.7
Book value of NPL, end of period	**1,124.7**	1,041.9	1,124.7	1,041.9
Book value of REO, end of period	**78.8**	129.0	78.8	129.0
Estimated Remaining Collection, NPL	**2,169.2**	2,038.4	2,169.2	2,038.4
Interest bearing debt, end of period	**936.2**	929.9	936.2	929.9
Number of Employees (FTEs), end of period	**1,128**	1,152	1,128	1,152
Price per share, last day of period	**10.70**	19.00	10.70	19.00

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

2) Restricted cash excluded

Operations

The fourth quarter delivered solid performance, with most markets improving operational deliveries within all business segments. Even though the number of employees working from home office increased compared to the third quarter 2020, this did not significantly affect the collection capabilities. The NPL segment had the highest gross revenue ever achieved, mainly driven by the ability to get in contact with debtors, as well as improved cash flow from the legal collection activities. Year-end campaigns gave positive results, but the main factor for the increased performance is a strong base of repeating payers on fixed instalment plans. As 3PC volumes from banks are returning, a lot of activity was initiated on behalf of clients as well. Axactor is steadily gaining trust from new banks throughout Europe, and the mix of existing clients and new business increased 3PC income by 22% compared to the previous quarter. The REO segment continued the positive trend from the third quarter 2020, with sales volumes above expectations, and at acceptable price levels.

As the pandemic regained strength during the fourth quarter, the focus and attention within Axactor's operational units has been directed towards internal process improvements, improved effectiveness and securing operational deliveries. This has been a success and the company encountered no significant operational issues regarding the pandemic situation during the quarter.

At the end of the fourth quarter 2020, 84% of the total employees were operational resources. The majority of these were "front line" resources, meaning cash generating resources in direct contact with debtors. Out of all employees, 75% were front line resources.

The employees are perceived as the most important success factor by Axactor. The company is highly dependent on having skilled and motivated employees to maintain a high performance. To ensure the well being of the employees, the company introduced a number of initiatives to ease the difficult situation caused by the Covid-19 pandemic, such as daily steps challenges, digital after-work events, management visits to home offices (outside and in accordance with local recommendations), free covid-19 tests and more.

The investment in state of the art, high quality infrastructure secured no issues for the employees working through remote solutions. Axactor experienced a total of 3.5 hours downtime in total for the central network, equaling an availability percentage of 99.84 for the fourth quarter. The infrastructure platform has been audited, and is documented through audit reports "ISAE 3402 type II" and "ISAE 3000 type II", covering information security and GDPR.

Operational performance

The NPL segment continued to improve in the fourth quarter 2020, recording a gross revenue growth of 11% compared to the previous quarter and 13% compared to the fourth quarter last year. One important explanation is the collaboration between operational managers and internal business intelligence analysts. In-depth analysis of claims under management enable an improved selection of segments or specific cases for which increased activity level or legal actions are initiated. This improves the return on time and money spent on each case. With the growth in NPL gross revenue, a trend of improving collections on older portfolio vintages is clear, as well as the effects of the investments made over the last twelve months.

Within the 3PC segment, a high focus is maintained on benchmark contracts in the bank/finance segment. With positive Q4 results on several important benchmark contracts, Axactor has been allocated additional volumes through such contracts in Norway, Germany, and Spain. The 3PC total income for the fourth quarter 2020 was EUR 13.8 million. In terms of income, the fourth quarter was the strongest quarter in 2020 and although volumes are still below pre-Covid-19 levels, the good trend is expected to continue into 2021.

Being available for the debtors and clients is one of the top priorities for Axactor. Key performance indicators show a response rate of 95% for inbound calls in the quarter. This is in line with the internal target in Axactor and above the industry average.

Increased usage of the self-service portal

Five out of six Axactor countries have an operational debtor portal and are actively promoting its usage in the written correspondence (letters, e-mails and text messages) and on phone as well as through the local Axactor websites. The usage is steadily increasing even though the usage continues to be a relatively marginal part of the contact Axactor has with the debtors.

Comparing the cash flow received through the debtor portal in the fourth quarter 2020 with the previous quarter, there was a 47% increase. The cash flow is expected to continue to increase going forward. In addition, this will improve cost efficiency and free up time for operational staff to perform other more complex tasks. The use of digital channels will also further reduce the paper consumption.

The plan is to increase the debtor portal functionality step-by-step based on needs and input from the countries as well as user feedback from the debtors. The debtor portal is a priority project for system development investments for 2021.

Utilization of machine learning

The Group advanced analytics team has implemented contactability scorecards in Spain, Italy and Germany. Industry leading software is used to continuously improve and develop new scorecards. The same methodology has been used on payment probability scorecards in Spain, and during the fourth quarter new projects were initiated in Germany and Sweden to implement payment probability and segmentation solutions.

Updated strategy plan to support improved profitability

Axactor was incepted based on a perception that the debt collection industry was inefficient with unnecessary large support functions, too complex processes and fragmented IT-systems – all driving cost to unsustainable levels. Axactor believed it could be done more efficient to the benefit of clients, debtors and investors. A recent sponsored research report published by ABG Sundal Collier (available on www.axactor.com) clearly show that Axactor in 2019, after only four years in business, already are industry leading on cost-to-collect on NPL portfolios.

Axactor performed a strategy update during the fall. The goal is to achieve a shift from growing scale, which has been the main focus for the company during the last five years, to grow return on equity. The new plan spans over a five-year period, and pinpoints the key focus areas for the years to come. Axactor will increase the focus on its key competence areas in existing markets – both with regards to products, industries and type of debt. As a natural consequence a group wide cost reduction program was launched during the fourth quarter to secure that the company's resources are deployed on the strategic core. During the first half of 2021, the results of this cost reduction program will be announced, which is expected to be meaningful.

Sustainable operations

Axactor adhere to good collection practices. To balance financial targets with fair debtor treatment is an important factor to achieve this. All debtors are treated with respect while at the same time keeping the client's best interest in mind. To achieve this, an integrated part of the call center activities in Sweden is a monthly debtor satisfaction survey. The results for the fourth quarter was an average score above 4, on a scale of 1-5. The debtor satisfaction survey is planned to be rolled-out to all countries in 2021.

An ESG materiality analysis was conducted in the fourth quarter to align the challenges and issues that Axactor and external stakeholders perceive as most essential and where the company has the most significant impact on society and the environment. The survey covered key factors for Axactor's daily operations and long-term value creation related to governance, people and the environment. Axactor sees the United Nations Sustainability Development Goals (SDGs) as important guidelines for its business. The Board has decided that the goals considered most material, i.e. those where the group can have the most significant impact, are #5 gender equality, #8 decent work and economic growth and #16 peace, justice and strong institutions. Axactor contribute to other SDGs as well, but estimates its potential impact on these to be less significant.

Axactor is continuously working to enhance sustainable operations and secure good corporate governance through solid internal control. In addition to the regular internal control activities, a bottom-up/top-down risk assessment covering all areas of the business has been carried out during the fourth quarter 2020. All feedback was promptly received and the results have been documented, analyzed and reported to the Board of Directors together with a mitigation plan. The risks and mitigations will be monitored through monthly business reviews and quarterly reporting to the Board of Director's audit committee. Based on the results from the risk assessment all policies were reviewed, updated and approved by the Board of Directors. To strengthen information security, clarify responsibilities, improve the OneAxactor framework, internal control and HR processes, all titles have been aligned throughout the group and all role descriptions have been updated.

The company's internal auditor has assessed the risks of misuse of funds and evaluated the processes and internal control structure for client funds handling and cash collected handling in Italy and Spain. No critical findings have been reported as part of these internal control activities.

Data privacy & information security.

A major focus point within all areas of Axactor is the way the information entrusted to the company is treated and to ensure good routines and systems are in place to prevent leakage and external threats. Throughout the fourth quarter many activities to secure data privacy were put in place. The company continuously works to further develop organizational and technical measures strengthening information security, such as update of policies and procedures, awareness campaigns, employee training, risk assessments and vulnerability testing and integration between key platforms to improve access management.

The training sessions have been conducted through Axactor's internal communication platform as well as through an external training software. The training combines the theoretical data processing and the GDPR compliance point of view with the practical aspects of technical IT measures to preserve data confidentiality, integrity and availability.

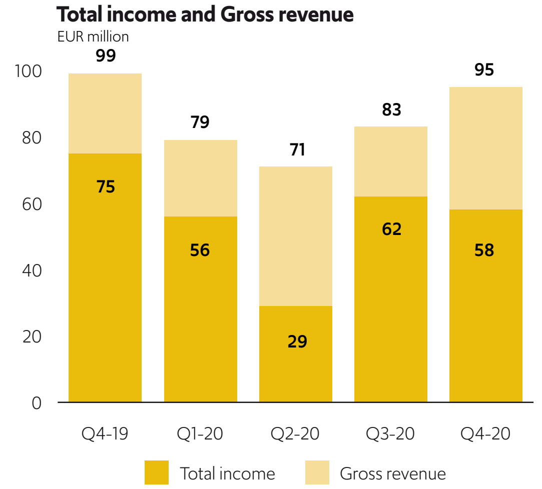
An anti phishing campaign was conducted in two countries in collaboration with an external provider in the quarter which not only raises security awareness for the employees involved, but also gives important insight to our information security awareness program. This will continue to be done for all countries on a regular basis.

The annual training wheel has been updated during December and will ensure a strong privacy and security focus also for 2021, aiming to continue to build a strong data privacy and information security culture across the whole organization.

Axactor's privacy and cookie polices have been updated to ensure accurate information regarding Axactor's data processing. Due to the Schrems II verdict affected data processing agreements have been updated.

Financials

Income



Gross revenue grew for the second consecutive quarter and ended at EUR 94.9 million (98.8) for the fourth quarter 2020. The main reason for the decline compared to the fourth quarter 2019 was the decline in the REO segment and one-off revenue items of EUR 1.1 million in 2019. Excluding the REO segment and the one-off revenue items, gross revenue grew by 8% in the fourth quarter 2020 compared to the corresponding period last year.

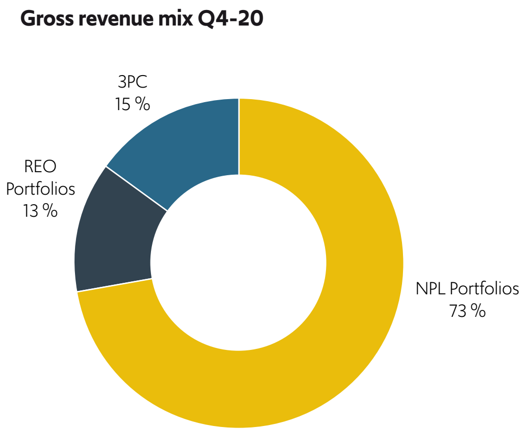
The NPL forward flow contracts entered into are treated as financial instruments accounting wise, and the value of the instruments is assessed on a quarterly basis. The gross revenue for the fourth quarter includes a net amount of EUR 3.0 million in positive impact from the revaluation of forward flow agreements. This comes as a result of improved collection estimates for certain agreements, for which the purchase price and internal rate of return is pre-determined.

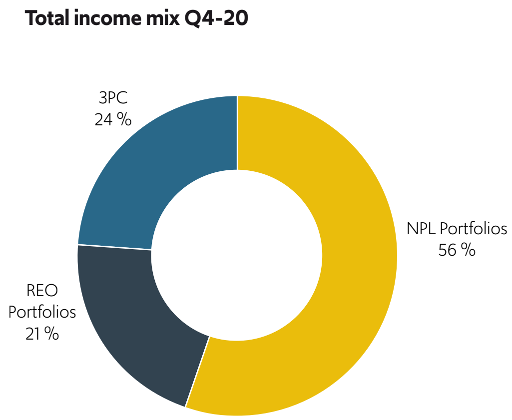
When the Covid-19 pandemic hit Europe with full force in March 2020, it was hard to predict the economic impacts. Consequently, in the second quarter Axactor did a revision of its NPL collection curves for the remainder of 2020 resulting in a net NPL revaluation of EUR -27.0 million. Based on the current knowledge of the pandemic and its short- and mid-term impacts on economic factors, an updated revision has been made for future periods. The fourth quarter results thus include a net amount of EUR -8.9 million in NPL revaluations (3.3).

Total income came in at EUR 58.5 million (74.8) for the fourth quarter 2020, down from EUR 62.3 million in the third quarter 2020. Total income includes NPL portfolio amortization and revaluation of EUR 36.4 million (24.0), which is EUR 15.4 million more than the previous quarter. The increase in NPL portfolio amortization and revaluation compared to the previous quarter is partly due to an increase in amortization rate as collection levels improve, and partly due to the net negative NPL revaluations in the quarter.

NPL gross revenue for the fourth quarter 2020 amounted to EUR 68.9 million (60.8), up 13% from the fourth quarter last year. The 11% growth from the third quarter 2020 comes partly from a continued improvement of the collection environment after the first Covid-19 induced lockdown and partly as a result of continued investments in NPL portfolios. Total income for the NPL segment was 32.5 million, down from EUR 36.8 million in the fourth quarter last year, and from EUR 40.9 million in the previous quarter. The decline comes as a result of a net negative revaluation of EUR 8.9 million, partly offset by a positive effect from valuation of forward flow contracts of EUR 3.0 million.

The 3PC segment recorded a growth of 22% compared to the previous quarter and ended at EUR 13.8 million (15.6). Although the activity level is not yet back to the pre-Covid-19 level, the segment continues to show a positive trend. The market for new 3PC deals shows signs of increasing activity after a slow period during the last two quarters.





REO sales have held up far better than Axactor anticipated when the first wave of the Covid-19 pandemic swept across Spain. The fourth quarter total income ended at EUR 12.2 million, up from EUR 10.1 million in the third quarter. Compared to the fourth quarter last year, total income dropped 43% from EUR 21.3 million. The REO segment is treated as a run-off segment and the number of assets in inventory has declined by 33% over the past twelve months.

For the full year 2020, gross revenue decreased 11%, from EUR 368.1 million to EUR 328.2 million. Total income decreased 28%, from EUR 285.2 million to EUR 205.0 million. The decrease came as a consequence of reduced income from the 3PC and REO segments, as well as negative revaluations of NPL portfolios.

Operating expenses

Total operating expenses before depreciation and amortization amounted to EUR 37.1 million for the fourth quarter (51.0), including a EUR 5.9 million net reversal of impairment of REO assets.

Measured as percent of gross revenue, the operating expenses declined from 52% for the fourth quarter 2019 to 39% for the fourth quarter 2020. The positive development compared to last year was visible for all three business segments, as well as in the SG&A, IT and corporate cost. It should be noted that the REO segment includes a reversal of impairments, and has a negative development compared to last year excluding impairments. Axactor continues to focus on cost and efficiency and expect to see a further reduction in the cost level relative to gross revenue going forward.

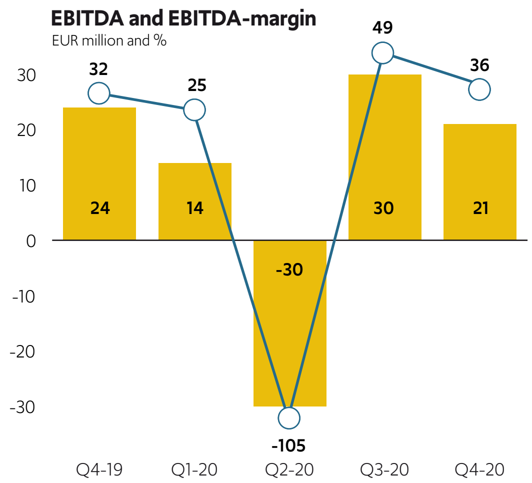
With the continued improvement in the sale of REO assets, the annual external valuation of the assets ended on a far more positive note than what Axactor envisioned when the Spanish real estate market more or less closed during the initial phase of the Covid-19 pandemic. The impairment accrual of EUR 26.0 million that was booked in the second quarter 2020 was reduced by a net amount of EUR 5.1 million during the third quarter. With the final valuation in hand, an additional net amount of EUR 5.9 million has been released in the fourth quarter 2020. This compares to an impairment of EUR 0.2 million in the fourth quarter of 2019.

For the full year 2020, total operating expenses amounted to EUR 169.2 million, down from EUR 193.0 million in 2019. This includes REO impairments for of EUR 16.1 million, up from EUR 0.4 million in 2019.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 3.0 million for the fourth quarter (2.8) and EUR 10.8 million (10.1) for the full year 2020.

Operating results

Total contribution from the business segments amounted to EUR 32.1 million in the fourth quarter (35.6). The 10% reduction is mainly attributable to the net negative revaluation of NPL portfolios in the



fourth quarter, partly offset by the REO impairment reversal of EUR 5.9 million. Positive one-off income items of total EUR 1.1 million were booked during the fourth quarter last year, contributing to the negative development year over year.

Contribution from the NPL segment was EUR 22.1 million in the fourth quarter (27.6). This corresponded to 68% margin on segment income (75%). The decline in margin is explained by negative revaluations booked in the fourth quarter 2020 to adjust the curves for a somewhat lower collection level in 2021 than previously anticipated.

Contribution from 3PC was EUR 6.1 million (6.3), continuing the positive trend with a 36% increase from the previous quarter. The margin on total segment revenue was 44% (40%).

Contribution from the REO segment was EUR 3.8 million in the fourth quarter (0.6), including reversal of impairment of EUR 5.9 million. This compares to contributions of EUR -0.5 million in the first quarter, EUR -27.0 million in the second quarter and EUR 2.6 million in the third quarter.

For the full year 2020, contribution from the business segments ended at EUR 75.6 million (133.4), of which NPL contributed EUR 79.1 million (101.9), REO EUR -21.0 (7.1), 3PC EUR 17.4 (22.4) and no significant unallocated items (2.0).

EBITDA was EUR 21.3 million in the fourth quarter, compared to EUR 23.8 million in the corresponding quarter last year. The EBITDA margin ended at 36% (32%). Excluding the REO impairment reversal, the EBITDA margin would have been 26%.

For the full year 2020, EBITDA ended at 35.9 million, down from EUR 92.1 million in 2019. The EBITDA margin fell from 32% in 2019 to 17% in 2020.

The difference between contribution margin and EBITDA comprises unallocated SG&A and IT costs, which amounted to EUR 10.7 million in the fourth quarter (11.7). Axactor has implemented a number of cost reducing initiatives during the year, which is well illustrated by the 9% decrease in overhead cost compared to the fourth quarter last year.

For the full year, unallocated SG&A, IT and corporate costs amounted to EUR 39.7 million (41.3) and thus increased from 14% of total income in 2019 to 19% in 2020. This negative development is expected to turn in 2021.

Cash EBITDA amounted to EUR 63.8 million (66.8), compared to EUR 56.2 million in the third quarter. The 4% decline compared to the fourth quarter last year is primarily explained by lower REO sales. 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.

Cash EBITDA for the full year 2020 ended at EUR 212.5 million, down from EUR 250.8 million in 2019 mainly due to lower REO sales.

Operating profit (EBIT) was EUR 18.4 million in the fourth quarter 2020 (21.0), and EUR 25.0 million for the full year 2020 (82.0).

Net financial items

Total net financial items were a negative EUR 17.7 million for the fourth quarter (12.5), comprising interest expense on borrowings of EUR 21.3 million (13.9), a net foreign exchange gain of EUR 3.7 million (-0.1) and other financial items of a negative EUR 0.1 million (+1.5). The interest expense for the quarter includes EUR 7.1 million in write-down of capitalized loan fees related to the loan tranches that will be refinanced as part of the large balance sheet restructuring announced in the quarter.

For the full year 2020, total net financial items amounted to negative EUR 53.4 million (49.4). The main part of the financial items was made up of interest expense on borrowings of EUR 63.6 million (51.3). The remaining items comprise a net foreign exchange gain of EUR 11.5 million (2.0) and other financial items of negative EUR 1.3 million (0.1)

Earnings and taxes

Earnings before tax was EUR 0.7 million for the fourth quarter 2020 (8.5), whereas net profit was EUR 3.3 million (6.5). For the full year 2020, earnings before tax amounted to EUR -28.4 (32.6), while net profit was EUR -31.1 (21.0).

Net profit to non-controlling interests amounted to EUR 0.6 million for the fourth quarter 2020, versus EUR 1.3 million in the fourth quarter 2019. For the full year 2020, net profit to non-controlling interests came in at EUR -15.9 million (4.6).

Net profit to equity holders for the quarter amounted to EUR 2.7 million, compared to a net profit of EUR 5.2 million in the fourth quarter 2019. For the full year, net profit to equity holders ended at EUR -15.2 million, compared to EUR 16.3 million last year.

Earnings per share was hence EUR 0.015 on a reported basis (0.034), and EUR 0.014 on a fully diluted basis (0.029), based on the average number of shares outstanding in each period. Correspondingly earnings per share for the full year 2020 was EUR -0.084 on a reported basis (0.106) and EUR -0.084 (0.093) on a fully diluted basis.

Cash flow

Cash flow from operating activities amounted to EUR 59.7 million (74.8) in the fourth quarter 2020. The deviation from cash EBITDA reflects changes in working capital and taxes paid. For the full year 2020, cash flow from operating activities were EUR 206.5 million, down from EUR 242.1 million in 2019.

The total amount paid for NPL portfolio acquisitions was EUR 23.1 million (95.4) in the fourth quarter, and total net cash flow from investments EUR -23.1 million (-98.8). For the full year 2020, a total amount of EUR 213.0 million (401.6) was paid for NPL portfolios, while total net cash flow from investments ended at EUR -217.5 million (411.2).

Total cash flow from financing activities was EUR -21.3 million (36.6) in the fourth quarter, mainly reflecting repayments and interest payments on outstanding loans. For the full year 2020, total cash flow from financing activities was EUR -12.5 million (173.7).

Total net cash flow was EUR 15.2 million (12.5) for the quarter and EUR -23.5 million (4.6) for the full year. Total cash and cash equivalents were thus EUR 50.7 million at the end of the fourth quarter 2020 (75.4), including EUR 2.9 million in restricted cash (3.7).

Equity position and balance sheet considerations

Total equity for the Group was EUR 378.6 million at the end of the fourth quarter 2020 (377.6), including minority interests of EUR 74.1 million (97.0). This compares to EUR 364.9 million at the end of the third quarter 2020.

The equity ratio was 28% at the end of 2020, same level as at the end of 2019.

Improved 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 segment 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.

The annualized return on equity in the fourth quarter 2020 was 3.6% on a reported basis (6.9%), and 3.6% excluding non-controlling interests (7.5%). For the full year 2020 the return on equity was -8.3% on a reported basis (5.6%) and -5.1% excluding non-controlling interests (6.0%).

Capital expenditure and Funding

Axactor invested EUR 21.9 million (95.4) in NPL portfolios during the fourth quarter of 2020, down from EUR 34.6 million in the previous quarter. For the full year 2020, total NPL portfolio investments amounted to EUR 208.2 million, down from EUR 398.3 million last year. No new REO portfolios were acquired in 2019 or 2020. The investments have been financed with own cash flow and drawdowns on existing credit facilities.

With the uncertainty arising from the Covid-19 pandemic, Axactor decided to decrease its investment level and safeguard liquidity. The vast majority of NPL investments in 2020 reflected investment obligations under forward flow contracts. With the balance sheet restructuring announced in the fourth quarter 2020, Axactor is in a much better position liquidity wise with an improved maturity profile on its loans. Axactor will, however, continue to be strict in prioritizing deals and keep its forward flow obligations on a lower level than historically. Overall, the company estimates the capex requirement for its current forward flow agreements to be in the region of EUR 45-50 million for 2021.

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 fourth quarter 2020 the company had drawn EUR 409.9 million on the RCF. In February 2021, the revolving credit facility was increased to include the former Axactor Invest 1 bank facility, increasing the total size up to EUR 620 million.

Due to the financial impact of the Covid-19 situation, Axactor has been granted a waiver for an RCF covenant pertaining to NIBD/Pro-forma adjusted Cash EBITDA for the fourth quarter of 2020. The company was thus not in breach with any loan covenant as per the end of the fourth quarter of 2020.

Axactor's outstanding bond loan of EUR 200.0 million matures 23 June 2021. The bond loan was re-financed during the first quarter 2021, with the majority of the bond holders agreeing to roll their investment into a new bond. The remaining outstanding amount was paid out in February 2021.

Axactor's Italian entity is locally funded through different facilities with a number of Italian banks, with a total outstanding amount of EUR 42 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, both of which are fully drawn. In the first quarter 2021, as part of a larger transaction where Axactor acquired Geverans shares and A-notes in Axactor Invest I, the mezzanine loan was re-financed with a new credit line from Sterna with Axactor SE as counterpart. The senior debt loan was merged with the revolving credit facility with the main banking partners as part of the same transaction.

Axactor also has a balance of EUR 24.5 million on a REO financing arrangement in Reolux with Nomura.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 936.2 million per the end of the fourth quarter 2020 (929.9), up from EUR 925.0 million at the end of the third quarter 2020.

Restructuring of the balance sheet

On 9 December 2020, Axactor announced a large restructuring of the balance sheet. The restructuring involved several separate transactions, all of which will be completed during the first quarter 2021.

Axactor acquired Geverans shares and A-notes in Axactor Invest I, with the transaction settled through 50 million consideration shares. The shares were issued at a price of NOK 8 per share. After the transaction, Axactor has 100% ownership of Axactor Invest I. As part of the roll-up of Axactor Invest I, the EUR 140 million B-notes issued by Sterna were re-financed with a new EUR 140 million credit line from Sterna with Axactor SE as counterpart. The EUR 120 million revolving credit facility from DNB and Nordea was merged with Axactor's main credit line from the same banks.

The EUR 500 million revolving credit facility from DNB and Nordea had a maturity in 2021. This facility has been renegotiated to include the former Axactor Invest I bank facility and extended maturity to 2024. The new facility also has a new price mechanism, where Axactor is able to achieve a lower funding cost depending on the NPL loan-to-value ratio.

The current bond loan, AXA01, had a maturity in June 2021. A new EUR 200m bond, AXACTOR02, was placed in January 2021. The majority of the AXA01 holders have agreed to roll their investment into the new bond, while the remaining outstanding amount was paid down in January 2021. AXACTOR02 has a similar structure, price and covenants as AXA01, and matures in 2024.

Through a private placement, Axactor raised EUR 30 million in January 2021. The private placement was done at a price of NOK 8 per share. In February 2021, Axactor issued another EUR 20 million worth of shares through a subsequent offering.

Through the roll-up of Axactor Invest I, Geveran increased their ownership share in Axactor to 44.31%, triggering a mandatory offer for the remaining Axactor shares. The offer was placed at NOK 8 per share. The Axactor Board of Directors has decided not to recommend shareholders to accept the offer.

The above transactions have significantly increased equity and pushed the majority of debt maturities to 2024, leaving Axactor in a comfortable liquidity position. Combined, the transactions will decrease Axactor's average cost of debt from the current level. The roll-up of Axactor Invest I will be accretive for the shareholder's return on equity and simplify the legal structure of Axactor.

Outlook

Axactor sees the positive trend of the second half of 2020 continue into 2021. Although the Covid-19 pandemic is far from over, the company considers the risk of a similar setback as was observed at the end of the first quarter and into the second quarter 2020 as low. There is however still a high degree of uncertainty in the situation, and short-term economic shocks could impact Axactor's results.

After an unusually strong third quarter, the fourth quarter saw a return to a more normalized seasonal trend. The first quarter is usually seasonally soft, and the next quarter is thus expected to be below the fourth quarter 2020.

With the restructuring of the balance sheet completed in the first quarter 2021, Axactor is in a comfortable liquidity position. The company will, however, continue to strictly prioritize the most attractive NPL deals. Axactor expects a significant deal flow to the market in 2021, although it might take some time to materialize. With a limited number of expected active buyers prices are expected to come down, benefitting the market participants that have capital to deploy. Axactor expects to deploy in excess of EUR 200 million in fresh consumer debt NPL portfolios in 2021.

The current situation is expected to boost demand for 3PC services, which represents an asset light revenue opportunity for the company. Axactor already saw signs of this trend towards the end of 2020 and expect the 3PC market to become increasingly more active throughout 2021.

Axactor has launched an updated strategy plan to improve the shareholders return on equity going forward. A combination of lower NPL portfolio prizes, improved scale benefits and efficiency, and a normalization of the effective average tax rate should over time increase the return on equity. The balance sheet restructuring in the first quarter 2021 will contribute positively through improved funding cost and the roll-up of Axactor Invest I will be accretive to shareholders. Favorable changes to the business mix will also have a positive impact, through growth in the capital light 3PC segment and a decreasing REO portfolio.

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited Financial Statements for the fourth quarter of 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, 23 February 2021
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
Hans Harén Board Member		Johnny Tsolis Chief Executive Officer

Consolidated Statement of Profit and Loss

		For the quarter end		Year to date	
EUR thousand	Note	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Interest income from purchased loan portfolios	6	**41,758**	37,239	163,093	134,531
Net gain/loss purchased loan portfolios	6	**-12,241**	-412	-49,813	-319
Other operating revenue		**29,003**	36,865	91,724	148,926
Other income		**-24**	1,137	24	2,021
Total income	3, 5	**58,496**	74,830	205,029	285,159
Cost of REO's sold, incl impairment	7	**-5,976**	-18,371	-52,932	-74,464
Personnel expenses		**-13,794**	-15,237	-54,872	-57,708
Operating expenses		**-17,381**	-17,397	-61,372	-60,847
Total operating expense		**-37,150**	-51,004	-169,176	-193,019
EBITDA		**21,346**	23,826	35,853	92,140
Amortization and depreciation		**-2,981**	-2,828	-10,838	-10,115
EBIT		**18,365**	20,998	25,015	82,025
Financial revenue	4	**3,773**	526	12,650	2,787
Financial expenses	4	**-21,469**	-13,011	-66,039	-52,176
Net financial items		**-17,697**	-12,485	-53,390	-49,389
Profit/(loss) before tax		**668**	8,513	-28,375	32,636
Tax (expense)		**2.669**	-1,979	-2.733	-11,667
Net profit/(loss) after tax		**3.337**	6,534	-31,108	20,969
Net profit/(loss) to Non-controlling interests	4	**629**	1,310	-15,871	4,643
Net profit/(loss) to equity holders		**2,708**	5,223	-15,237	16,326
Earnings per share: basic		**0.015**	0.034	-0.084	0.106
Earnings per share: diluted		**0.014**	0.029	-0.084	0.093

Consolidated Statement of Comprehensive Profit and Loss

	For the quarter end		Year to date	
EUR thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net profit/(loss) after tax	**3,337**	6,534	-31,108	20,969
Items that will not be classified subsequently to profit and loss				
Remeasurement of pension plans	**-58**	0	-58	0
Items that may be classified subsequently to profit and loss				
Foreign currency translation differences - foreign operations	**11,868**	3,002	-11,254	-1,904
Other comprehensive income/(loss) afer tax	**11,810**	3,002	-11,312	-1,904
Total comprehensive income for the period	**15,147**	9,536	-42,420	19,065
Attributable to:				
Non-controlling interests	**629**	1,310	-15,871	4,643
Equity holders of the parent company	**14,518**	8,226	-26,549	14,422

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible non-current assets			
Intangible Assets		**19,989**	21,486
Goodwill		**54,879**	56,170
Deferred tax assets		**7,753**	9,742
Tangible non-current assets			
Property, plant and equipment		**2,530**	2,903
Right-of-use assets	9	**4,826**	5,846
Financial non-current assets			
Purchased debt portfolios	6	**1,124,699**	1,041,919
Other non-current receivables		**458**	765
Other non-current investments		**196**	193
Total non-current assets		**1,215,330**	1,139,025
Current assets			
Stock of Secured Assets	7	**78,786**	129,040
Accounts Receivable		**7,124**	13,135
Other current assets		**14,723**	14,960
Restricted cash		**2,946**	3,739
Cash and Cash Equivalents		**47,779**	71,657
Total current assets		**151,358**	232,531
TOTAL ASSETS		**1,366,688**	1,371,556

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share Capital		**97,040**	81,338
Other paid-in equity		**236,562**	201,879
Retained Earnings		**-13,142**	2,153
Reserves		**-15,975**	-4,721
Non-controlling interests		**74,113**	96,977
Total Equity		**378,598**	377,626
Non-current Liabilities			
Interest bearing debt	8	**579,282**	466,378
Deferred tax liabilities		**7,388**	17,591
Lease liabilities	9	**2,804**	3,481
Other non-current liabilities		**1,433**	1,415
Total non-current liabilities		**590,906**	488,864
Current Liabilities			
Accounts Payable		**6,147**	5,902
Current portion of interest bearing debt	8	**356,903**	463,555
Taxes Payable		**12,002**	6,570
Lease liabilities	9	**2,282**	2,549
Other current liabilities		**19,849**	26,491
Total current liabilities		**397,184**	505,066
Total Liabilities		**988,090**	993,930
TOTAL EQUITY AND LIABILITIES		**1,366,688**	1,371,556

Interim Consolidated Statement of Cash Flow

		For the quarter end		Year to date	
EUR thousand	Note	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Operating actitvities					
Profit/(loss) before tax		**668**	8,513	-28,375	32,636
Taxes paid		**-1,272**	-300	-5,515	-4,741
Adjustments for:					
- Finance income and expense		**17,697**	12,485	53,390	49,389
- Portfolio amortization and revaluation		**36,443**	23,992	123,179	82,934
- Cost of secured assets sold, incl. Impairment		**5,976**	18,371	52,932	74,464
- Depreciation and amortization		**2,981**	2,828	10,838	10,115
- Calculated cost of employee share options		**60**	376	578	1,256
Change in Working capital		**-2,892**	8,528	-544	-3,941
Net cash flows operating activities		**59,661**	74,792	206,483	242,112
Investing actitvities					
Purchase of debt portfolios	6	**-23,126**	-95,437	-213,032	-401,646
Sale of debt portfolio	6	**1,150**	366	2,050	885
Purchase of REO's	7	**-74**	-363	-399	-668
Investment in subsidiaries		**0**	-250	0	-250
Purchase of intangible and tangible assets		**-1,072**	-3,163	-6,114	-9,642
Interest received		**3**	0	25	98
Net cash flows investing activities		**-23,119**	-98,847	-217,470	-411,222
Financing actitvities					
Proceeds from borrowings	8	**0**	68,043	81,631	303,984
Repayment of debt	8	**-7,787**	-15,037	-84,395	-80,089
Interest paid	8	**-12,062**	-12,016	-48,058	-44,149
Loan fees paid	8	**0**	-987	-4,503	-5,168
New Share issues		**0**	0	50,767	547
Proceeds (repayments) from (to) Non-controlling interests		**-1,475**	-3,400	-6,994	-1,412
Cost related to share issues		**0**	0	-959	0
Net cash flows financing activities		**-21,325**	36,603	-12,512	173,713
Net change in cash and cash equivalents		**15,217**	12,549	-23,499	4,604
Cash and cash equivalents at the beginning of period		**35,801**	63,092	75,396	70,776
Currency translation		**-293**	-244	-1,172	16
Cash and cash equivalents at end of period, incl. restricted funds		**50,725**	75,396	50,725	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**
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				-15,237	**-15,237**	-15,871	**-31,108**
Remeasurement of pension plans				-58	**-58**		**-58**
Foreign currency translation differences - foreign operations			-11,254		**-11,254**		**-11,254**
Total comprehensive income for the period	0	0	-11,254	-15,295	**-26,549**	-15,871	**-42,420**
Proceeds from Non-controlling interests					**0**	-6,994	**-6,994**
New Share issues	15,703	35,064			**50,767**		**50,767**
Cost related to share issues		-959			**-959**		**-959**
Share based payment		578			**578**		**578**
Closing balance on 31 Dec 2020	97,040	236,562	-15,975	-13,142	**304,485**	74,113	**378,598**

Notes to the Financial Report

Note 1 Reporting entity and Accounting Principles

The Parent Company Axactor SE (Company) is a company domiciled in Norway. These condensed consolidated interim statements ("interim financial statements") comprise the Company and its subsidiaries (together referred to as "the Group"). The group is primarily involved in debt management, 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 Axactor's website: www. axactor.com.

The significant judgements made by management 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, considering the uncertainty arising from the Covid-19 pandemic there is clearly a high level of judgement required in the assessment of future collection/cash flows/forecasts. Especially considering the uncertainty around the duration and intensity of the crisis at this stage. The management has assessed the data and information available at the balance date and made impairments on NPL portfolios and REO, ref Note 6 in this quarterly report for impairment on NPL and Note 7 for impairment of REO.

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. Following the Covid-19 pandemic, the Group tightly monitors its different risks in all countries were Axactor companies are present. All counties experienced a lock down period in Q1, that was gradually opened in Q2 and further normalized from Q3, with many employees still working partly from home offices. 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's website: www.axactor.com (Note 3 of the Group financial statement).

The Group tightly monitors its risk relating to meet its contractual obligations when due. The Group had cash and cash equivalent of EUR 50.7 million at 31 December 2020 (31.12.2019 EUR 75.4 million). The following table detail the Group's remaining contractual quarterly maturity for its financial liabilities based on the most likely date on which cash flows can be required to pay.

EUR thousand	Q1-21	Q2-21	Q3-21	Q4-21	2022 ->	Total
Forward flow NPL agreements [1]	12,702	12,205	9,636	7,173	21,518	**63,234**
Interest bearing loans DNB/Nordea	20,092	22,312	18,446	20,996	328,022	**409,868**
Interest bearing loans Italy	1,721	2,665	3,331	3,294	30,979	**41,991**
Interest bearing loans Nomura	7,404	6,806	6,465	3,790	0	**24,465**
Bond loan [2]	200,000	0	0	0	0	**200,000**
Interest bearing A & B notes	0	0	0	0	140,000	**140,000**
Interest bearing loans DNB/Nordea (Axactor Invest 1)	7,490	8,651	13,635	10,382	80,281	**120,438**
Accrued interest	705	0	0	0	0	**705**
Deferred tax liabilities	0	0	0	0	7,388	**7,388**
Leasing liabilities	736	668	615	476	2,997	**5,492**
Other non-current liabilities	0	0	0	0	1,433	**1,433**
Accounts payable	6,148	0	0	0	0	**6,148**
Taxes payable	1,409	213	341	10,039	0	**12,002**
Other current liabilities	15,753	3,895	200	0	0	**19,848**
Total	274,158	57,415	52,670	56,150	612,619	**1,053,013**

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

Norway	*93 %*
Sweden	*4 %*
Finland	*3 %*

2) *Bond loan has maturity in June 2021 but due to refinancing in February it is defined as payable in Q1. See more details in Note 8 Loans and borrowings.*

The table above shows an estimated calculation of repayment on interest bearing loans of EUR 158.2 million for 2021. The calculation is made under the assumption that no new portfolios are acquired 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 above does not reflect any repayments based on impairment. The Interest-bearing loans DNB/Nordea reflects the projected repayment schedule for the portfolios owned as of end of Q4 2020. See Note 8 Loan and borrowing for more information.

As the Covid-19 situation will continue to impact the financials in 2021, the Group proceed to ensure a satisfactory liquidity situation. During the fall Axactor has developed a new strategy and this has led to a group wide cost reduction program. The result will be announced in the first quarter 2021.

Goodwill

As stated in Note 4 in the 2019 annual financial statement the Group tests whether goodwill has suffered any impairment when impairment indicators are identified. The recoverable amount of cash-generating units has been calculated based on a discounted cash flow model reflecting the value-in-use. The cash flows are derived from the five years business plan approved by the board of directors, and do not include significant investments that will enhance the performance of the CGU being tested, except from already committed.

The test result and conclusion are that the Value-in-use exceeds carrying amount for each the tested CGUs. The impairment test did not indicate any required impairment of goodwill.

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 segment's 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 Dec 2020

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	65,961	12,179	0	0	**78,140**
Portfolio amortization and revaluation	-36,443	0	0	0	**-36,443**
Other operating income:					
-Change in forward flow derivatives	2,986	0	0	0	**2,986**
-Other operating revenue and other income	0	0	13,838	-24	**13,814**
Total income	32,503	12,179	13,838	-24	**58,496**
REO cost of sales	0	-11,858	0	0	**-11,858**
Impairment REOs	0	5,882	0	0	**5,882**
Direct operating expenses	-10,380	-2,373	-7,707	0	**-20,459**
Contribution margin	22,123	3,831	6,132	-24	**32,062**
SG&A, IT and corporate cost				-10,715	**-10,715**
EBITDA					**21,346**
Total opex	-10,380	-8,348	-7,707	-10,715	**-37,150**
CM1 Margin	68.1 %	31.5 %	44.3 %	na	**54.8 %**
EBITDA Margin					**36.5 %**
Opex ex SG&A, IT and corp.cost / Gross revenue	15.1 %	68.5 %	55.7 %	na	**27.8 %**
SG&A, IT and corporate cost / Gross revenue					**11.3 %**

For the quarter end 31 Dec 2019

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	60,819	21,286	0	0	**82,105**
Portfolio amortization and revaluation	-23,992	0	0	0	**-23,992**
Other operating income:					
-Change in forward flow derivatives	0	0	0	0	**0**
-Other operating revenue and other income	0	0	15,579	1,137	**16,716**
Total income	36,828	21,286	15,579	1,137	**74,830**
REO cost of sales	0	-18,171	0	0	**-18,171**
Impairment REOs	0	-199	0	0	**-199**
Direct operating expenses	-9 275	-2 313	-9 315	0	**-20 902**
Contribution margin	27 553	603	6 264	1 137	**35 557**
SG&A, IT and corporate cost				-11 731	**-11 731**
EBITDA					**23,826**
Total opex	-9 275	-20 683	-9 315	-11 731	**-51 004**
CM1 Margin	74.8 %	2.8 %	40.2 %	na	**47.5 %**
EBITDA Margin					**31.8 %**
Opex ex SG&A, IT and corp.cost / Gross revenue	15.2 %	97.2 %	59.8 %	na	**39.7 %**
SG&A, IT and corporate cost / Gross revenue					**11.9 %**

Year to date 31 Dec 2020

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	236,459	40,407	0	0	**276,866**
Portfolio amortization and revaluation	-123,179	0	0	0	**-123,179**
Other operating income:					
-Change in forward flow derivatives	3,028	0	0	0	**3,028**
-Other operating revenue and other income	0	0	48,290	24	**48,314**
Total income	116,308	40,407	48,290	24	**205,029**
REO cost of sales	0	-36,818	0	0	**-36,818**
Impairment REOs	0	-16,114	0	0	**-16,114**
Direct operating expenses	-37,174	-8,433	-30,938	0	**-76,546**
Contribution margin	79,133	-20,958	17,352	24	**75,551**
SG&A, IT and corporate cost				-39,699	**-39,699**
EBITDA					**35,853**
Total opex	-37,174	-61,365	-30,938	-39,699	**-169,176**
CM1 Margin	68.0 %	-51.9 %	35.9 %	na	**36.8 %**
EBITDA Margin					**17.5 %**
Opex ex SG&A, IT and corp.cost / Gross revenue	15.5 %	151.9 %	64.1 %	na	**39.4 %**
SG&A, IT and corporate cost / Gross revenue					**12.1 %**

Year to date 31 Dec 2019

EUR thousand	NPL	REO	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	217,147	91,249	0	0	**308,396**
Portfolio amortization and revaluation	-82,934	0	0	0	**-82,934**
Other operating income:					
-Change in forward flow derivatives	0	0	0	0	**0**
-Other operating revenue and other income	0	0	57,677	2,021	**59,698**
Total income	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**
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 %**
Opex ex SG&A, IT and corp.cost / Gross revenue	14.9 %	92.2 %	61.2 %	na	**41.2 %**
SG&A, IT and corporate cost / Gross revenue					**11.2 %**

Note 4 Financial items

	For the quarter end		Year to date	
EUR thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Financial revenue				
Interest on bank deposits	**3**	-17	25	81
Exchange gains realized	**124**	40	705	47
Net unrealized exchange gain	**3,640**	483	11,901	2,604
Other financial income	**6**	20	20	55
Total financial revenue	**3,773**	526	12,650	2,787
Financial expense				
Interest expense on borrowings [1]	**-21,268**	-13,937	-63,554	-51,251
Interest on Notes to NCI [2]	**0**	2,080	0	2,080
Exchange losses realized	**-74**	-573	-1,153	-696
Net unrealized exchange loss	**0**	0	0	0
Other financial expense [3] [4]	**-127**	-580	-1,332	-2,310
Total financial expense	**-21,469**	-13,011	-66,039	-52,176
Net financial items	**-17,697**	-12,485	-53,390	-49,389

1) *Includes expensed capitalized loan fees of 7.1m related to the refinancing. See note 8 Loans and borrowings for more information.*
2) *Interest on Notes classified as Debt instruments in 2018, reversed in 2019.*
3) *Includes interest from negative bankaccounts in group multicurrency cash pool.*
4) *Includes amortization of warrants of 0.4m in each Q, Q1-3 2019.*

Note 5 Income

Portfolio Revenue

	For the quarter end		Year to date	
EUR thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Yield [1]	**41,758**	37,239	163,093	134,531
CU1 [2]	**-3,348**	-3,697	-12,945	-8,408
CU2 [3]	**-10,332**	1,876	-42,755	3,654
CU2 tail [4]	**1,439**	1,409	5,888	4,434
Total revenue	**29,517**	36,828	113,280	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 6 Non-performing loans

EUR thousand	Year to date 31 Dec 2020	31 Dec 2019
Balance at 1 Jan	**1,041,919**	728,819
Acquisitions during the year [2]	**208,250**	398,286
Collection	**-236,459**	-217,147
Yield - Interest income from purchased loan portfolios	**163,093**	134,531
Net gain/loss purchased loan portfolios [1]	**-49,813**	-319
Repossession of secured NPL to REO	**-2,279**	-2,823
Disposals [1]	**-403**	-187
Translation difference	**392**	758
Balance at end of period	**1,124,699**	1,041,919
Payments during the year for investments in purchased debt amounted to EUR	**213,032**	401,646
Deferred payment	**5,504**	10,286

1) Gain on disposals is netted in P&L as 'Net gain/loss purchased loan portfolios'
2) Reconciliation of credit impaired acquisitions during the year;

Nominal value acquired portfolios	***424,062***	*1,370,163*
Expected credit losses at acquisition	***-215,812***	*-971,877*
Credit impaired acquisitions during the year	***208,250***	*398,286*

Non-performing loans consist of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. NPLs are recognized at fair value at the date of purchase. Since the loans are measured at fair value, which includes an estimate of future credit losses, no allowance for credit losses is recorded in the consolidated balance sheet on the day of acquisition of the loans. The loans are measured at amortized cost applying a credit adjusted effective interest rate. Since the delinquent consumer debt are a homogenous group, the future cash flows are projected on a portfolio basis.

The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired. The total cash flows (both principal and interest) expected to be collected on purchased credit impaired loans are regularly reviewed. Changes in expected cash flow are adjusted in the carrying amount and are recognized in the profit or loss as income or expense in 'Net gain/loss purchased loan portfolios'. Interest income is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'.

The bulk of the non-performing loans are unsecured. Only an immaterial part of the loans, approximately 2% are secured by a property object.

Market	Book value	Factors affecting the estimation of future cash flow: Market specific	All markets
Finland	118,225	· Level of settlements vs payment agreements · Efficient legal system · Interest charges · High recovery rate · Interest level · House pricing	· Documentation of claims · Operational efficiency · Economic growth · Unemployment rate · Debtor contact information
Norway	230,338		
Sweden	267,532		
Germany	126,689		
Italy	122,832	· Discounts · Economic growth · Tracing activity · Legal activities costly and time consuming	
Spain	259,183		
Total	1,124,699		

As at the end of Q4 2020, Axactor has incorporated into the ERC the effect of the economic factors and conditions that is expected to influence collections going forward, based on the continued Covid-19 crisis and its development. An analysis of the effects of historical crisis like the financial crisis in 2008 and the experience on collections of the Covid-19 over the last three quarters of 2020 has formed the basis for the current ERC.

Note 7 Stock of secured assets - REO

EUR thousand	Year to date 31 Dec 2020	31 Dec 2019
Acquisition cost at 1 Jan	**129,041**	200,009
Acquisitions during the year [1]	**399**	668
Repossession of secured NPL	**2,279**	2,823
Cost of sold secured assets	**-36,818**	-74,052
Total acquisition cost	**94,901**	129,448
Impairment	**-16,114**	-412
Disposals	**0**	5
Balance at end of period	**78,787**	129,041
Number of assets	**2,694**	4,024

1) Capex includes expenses for registry, inscription and upgrades to existing assets in inventory.

REO assets are held for sale and therefore considered as stock of secured assets in accordance to IAS 2 Inventories, valued at the lower of cost price and net realizable value.

The challenging pricing conditions have affected the projected estimates for this business after the state of emergency due to Covid-19 pandemic. In Q2, a rough estimated impairment was made amounting to EUR 26.0 million to reflect the net fair value. During the second half of 2020 Axactor experienced improved sales and sales prices for which a reversed impairment was made in Q3, amounting to EUR 5.1 million. During Q4, external valuations have been made of the assets and the estimate booked has been replaced with actual impairments based on those, with a positive effect amounting to EUR 5.9 million.

Note 8 Loans and borrowings

EUR thousand	Currency	Facility limit	Nominal value	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility								
ISIN NO 0010819725	EUR		200,000	-28	311	200,283	3m EURIBOR+700pbs	23.06.2021
Total Bond loan						200,283		
Revolving credit facility DNB/Nordea	EUR	500,000	231,556	-71	47	231,532	EURIBOR+ margin	21.12.2021
(multiple currency facility)	NOK		98,833			98,833	NIBOR+ margin	21.12.2021
	SEK		79,480			79,480	STIBOR+ margin	21.12.2021
Revolving credit facility DNB/Nordea	EUR	120,000	105,000	-17	12	104,995	EURIBOR+ margin	24.11.2021
	SEK		15,438			15,438	STIBOR+ margin	24.11.2021
Total Credit facilities						530,278		
Sterna	EUR	na	140,000	-2	0	139,998	6.500 %	24.11.2022
Nomura	EUR	na	24,465	-1,165	111	23,411	EURIBOR+ margin	02.08.2022
Italian banks	EUR	na	41,991	0	224	42,215	EURIBOR+ margin	2021-2026
Total Other borrowings						205,625		
Total Borrowings at end of period						936,185		
whereof:								
Non-current borrowings						579,282		
Current borrowings						356,903		
of which in currency:								
NOK						98,833		
SEK						94,918		
EUR						742,435		

EUR thousand	Bond loan	Credit facilities	Other borrowings	Total Borrowings
Balance at 1 Jan	199,069	495,318	235,546	**929,933**
Proceeds from loans and borrowings	0	73,302	8,329	**81,631**
Repayment of loans and borrowings	0	-43,251	-41,144	**-84,395**
Loan fees	0	-4,503	0	**-4,503**
Total changes in financial cashflow	0	25,548	-32,815	**-7,267**
Change in accrued interest	0	-2	94	**92**
Amortization capitalized loan fees [1)]	1,214	11,521	2,799	**15,534**
Currency translation differences	0	-2,106	0	**-2,106**
Total Borrowings at end of period	200,283	530,278	205,625	**936,185**

1) Includes expensed capitalized loan fees of 7.1m related to the refinancing.

Maturity

				Estimated future cash flow within			
EUR thousand	Currency	Carrying amount	Total future cashflow	6 months or less	6-12 months	1-2 years	2-5 years
ISIN NO 0010819725	EUR	200,283	200,311	200,311	0	0	0
Total Bond loan		200,283	200,311	200,311	0	0	0
Revolving credit facility DNB/Nordea (multiple currency facility)	NOK/SEK/EUR	409,845	409,916	42,452	39,442	73,434	254,588
Revolving credit facility DNB/Nordea	EUR/SEK	120,433	120,450	16,153	24,017	34,436	45,845
Total Credit facilities		530,278	530,366	58,604	63,459	107,870	300,433
Sterna	EUR	139,998	140,000	0	0	140,000	0
Nomura	EUR	23,411	24,576	14,321	10,255	0	0
Italian banks	EUR	42,215	42,215	4,610	6,626	12,125	18,854
Total Other borrowings		205,625	206,791	18,931	16,881	152,125	18,854
Total Borrowings at end of period		936,185	937,468	277,846	80,340	259,995	319,287

The estimated maturity calculation is made under the assumption that no new portfolios or forward flow agreements are acquired 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 above does not reflect any repayments based on impairment.

Bond loan

In March 2019, Axactor SE completed a tap issue of EUR 50 million in its outstanding senior unsecured bonds due 23 June 2021 (ISIN NO 0010819725). 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 apply:
- 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

During the fourth quarter 2020, a refinancing of the AXA01 bond loan was announced. A new bond, AXACTOR02 (ISIN NO 0010914666), was fully subscribed in December 2020 with the majority of AXA01 holders agreeing to roll the debt into the new bond. AXACTOR02 is placed on similar terms as AXA01, at 7.00% interest, the same covenant structure and a maturity date in January 2024. The deal will be effective as of the first quarter 2021 and is thus not included in the above table.

The AXA01 bonds that were not rolled into AXACTOR02 will be liquidated during the first quarter 2021. Due to the refinancing, remaining capitalized loan fees relating to AXA01, except the ones relating to the days in 2021 until the refinancing took place, has been expensed during the fourth quarter 2020.

Revolving credit facility DNB/Nordea

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:
- Group NIBD Ratio to Pro-Forma Adjusted Cash EBITDA < 3:1
- Portfolio Loan to Value Ratio < 60 %
- Portfolio 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.

During the fourth quarter 2020, a refinancing of the revolving credit facility with DNB/Nordea was announced. As part of a larger restructuring of the balance sheet, Axactor SE acquired the minority stake in Axactor Invest I. The revolving credit facility in Axactor Invest will during the first quarter 2021 be merged with this revolving credit facility and has a total limit of EUR 620 million, whereof EUR 75 million in the form of accordion options. The new facility will have a similar covenant structure as the existing one, and a price mechanism that is dependent on the portfolio loan to value ratio. The maturity date for the new facility is January 2024. The new loan agreement was signed in Q4 with effective date in January 2021. The maturity table above reflects the projected repayment schedule for the portfolios owned as of end of Q4 2020. Due to the refinancing, remaining capitalized loan fees relating to the current revolving credit facility, except the ones relating to the days in 2021 until the refinancing took place, has been expensed during the fourth quarter 2020.

Sterna and Revolving credit facility DNB/Nordea

Following the co-investment partnership with Geveran, Notes in the amount of EUR 230 million have 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. 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 co-investment partnership is required to comply with the following financial covenants:
- NIBD to Pro-Forma Adjusted Cash EBITDA < 3:1
- Senior Portfolio Loan to Value Ratio < 40 %
- Total Portfolio Loan to Value Ratio < 80 %
- Portfolio Collection performance > 90 %

During the fourth quarter 2020, Axactor announced that they will acquire the minority stake in Axactor Invest I, as well as the remaining outstanding A-notes. The transaction will be settled by a conversion to shares in Axactor SE. The class B-notes of EUR 140 million will be settled, funded by a new facility from Sterna Finance to Axactor SE of the same amount. This new facility matures in the second quarter 2024 and has a similar cost level as the current class B-notes. As part of the transaction, the EUR 120 million revolving credit facility with DNB/Nordea will be merged with Axactors main revolving credit facility (further information is given under the heading Revolving credit facility DNB/Nordea). All of these transactions are effective from the first quarter 2021 and are thus not reflected in the above table, exempt the facility agreement with DNB Bank ASA and Nordea Bank AB. See comment under Revolving credit facility DNB/Nordea. Due to the refinancing, remaining capitalized loan fees relating to the class B-notes and the Axactor Invest I revolving credit facility, except the ones relating to the days in 2021 until the refinancing took place, has been expensed during the fourth quarter 2020.

Nomura

In August 2018, Reolux Holding S.à.r.l signed a EUR 96 million 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.

Italian Banks

The facilities of the Italian banks relate to different facilities and agreements with several Italian banks. The loans carry variable interest rates based on the interbank rate with a margin. Some of the loans are secured with collaterals worth EUR 34 million.

Note 9 Leasing

Right-of-use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right-of-use assets per 1 Jan 2019	5,043	611	89	**5,743**
New leases	2,290	274	388	**2,952**
Depreciation of the year	-2,264	-336	-211	**-2,811**
Disposals	0	-5	0	**-5**
Currency exchange effects	-31	-2	0	**-33**
Right-of-use assets per 1 Jan 2020	5,039	541	267	**5,846**
New leases	1,421	780	0	**2,201**
Depreciation of the year	-2,358	-502	-187	**-3,048**
Disposals	-94	-18	0	**-112**
Currency exchange effects	-58	-3	0	**-61**
Carrying amount of right-of-use assets, end of period	3,949	797	80	**4,826**
Remaining lease term	1-6 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	31 Dec 2020	31 Dec 2019
Undiscounted lease liabilities and maturity of cash outflow		
< 1 year	**2,496**	2,816
1-2 years	**1,396**	1,935
2-3 years	**1,027**	845
3-4 years	**368**	646
4-5 years	**125**	152
> 5 years	**78**	145
Total undiscounted lease liabilities, end of period	**5,492**	6,538
Discount element	**-405**	-509
Total discounted lease liabilities, end of period	**5,086**	6,029

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 Dec 2020	**185,395,464**	97,040,286

30 largest shareholders as at 31 Dec 2020

Name	Shareholding	% Share
Geveran Trading Co Ltd	59,237,772	32.0 %
Torstein Ingvald Tvenge	9,000,000	4.9 %
Ferd AS	6,364,139	3.4 %
Skandinaviska Enskilda Banken AB	2,090,700	1.1 %
Verdipapirfondet Nordea Norge Verd	2,086,030	1.1 %
Gvepseborg AS	2,036,494	1.1 %
Nordnet Livsforsikring AS	1,932,634	1.0 %
Alpette AS	1,661,643	0.9 %
Stavern Helse Og Forvaltning AS	1,600,000	0.9 %
Endre Rangnes	1,364,000	0.7 %
VPF DNB AM Norske Aksjer	1,355,827	0.7 %
Verdipapirfondet KLP Aksjenorge In	1,305,613	0.7 %
Andres Lopez Sanchez	1,177,525	0.6 %
David Martin Ibeas	1,177,525	0.6 %
Norus AS	1,100,000	0.6 %
Latino Invest AS	1,030,000	0.6 %
Verdipapirfondet Nordea Avkastning	998,028	0.5 %
Nordnet Bank AB	991,691	0.5 %
Vardfjell AS	891,401	0.5 %
Svein Dugstad	885,000	0.5 %
Verdipapirfondet Nordea Kapital	805,137	0.4 %
Titas Eiendom AS	784,000	0.4 %
Cam AS	750,000	0.4 %
Elena Holding AS	720,000	0.4 %
Klotind AS	718,162	0.4 %
Velde Holding AS	701,250	0.4 %
Magnus Tvenge	635,000	0.3 %
Banca Sistema S.P.A	604,504	0.3 %
Marianne Tvenge	599,689	0.3 %
Citibank	598,332	0.3 %
Total 30 largest shareholders	105,202,096	56.7 %
Other shareholders	80,193,368	43.3 %
Total number of shares	185,395,464	100 %

Total number of shareholders	10,805	

Shares owned by related parties

Name	Shareholding	% Share
Geveran Trading Co Ltd [1]	59,237,772	32.0 %
Andres Lopez Sanchez [2]	1,177,525	0.6 %
David Martin Ibeas [2]	1,177,525	0.6 %
Latino Invest AS [3]	1,030,000	0.6 %
Johnny Tsolis Vasili [3]	540,000	0.3 %
Robin Knowles [2]	278,180	0.2 %
Terje Mjøs Holding AS [4]	100,000	0.1 %
Kyrre Svae [2]	79,000	0.0 %
Arnt Andre Dullum [2]	70,674	0.0 %
Anders Gulbrandsen [5]	22,375	0.0 %
Hans Olov Harén [4]	22,150	0.0 %
Sicubi AS / Bente Brocks [5] [6]	16,200	0.0 %
Lars Valseth [5]	12,188	0.0 %
Brita Eilertsen [4]	10,000	0.0 %
Teemu Alaviitala [2]	1,400	0.0 %
Lars Holmen [5]	370	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) Member of the Executive Management Team of Axactor.

3) CEO/Related to the CEO of Axactor.

4) Member of the Board of Directors of Axactor / controlled by member of the Board of Directors of Axactor.

5) Primary insider of Axactor.

6) Company controlled by primary insider of Axactor.

Alternative Performance Measures

Alternative Performance Measures (APM) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	3PC revenue, REO sale, cash collected on own portfolios and other revenue	To review the revenue before split into interest and amortization (for own portfolios)	Total income, P&L
Cash EBITDA	EBITDA adjusted for calculated cost of share option program, portfolio amortizations and revaluations, REO cost of sales and REO impairments	To reflect cash from operating activites, excluding timing of taxes paid and movement in working capital	EBITDA in P&L and Net cash flows operating activities in the Cash flow statement
ERC	Estimated Remaining Collection express the expected future cash collection on own portfolios (NPLs) in nominal values, over the next 180 months.	ERC is a standard APM within the industry with the purpose to illustrate the future cash collection including estimated interest revenue and opex	Purchased debt portfolios in Balance sheet
Net interest bearing debt (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	NIBD is used as an indication of the group's ability to pay off all of its debt	Note 8, Borrowings

APM tables

	For the quarter end		Year to date	
EUR million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Total income	**58.5**	74.8	205.0	285.2
Portfolio amortizations and revaluations	**36.4**	24.0	123.2	82.9
Gross revenue	**94.9**	98.8	328.2	368.1

	For the quarter end		Year to date	
EUR million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
EBITDA	**21.3**	23.8	35.9	92.1
Calculated cost of share option program	**0.1**	0.6	0.6	1.3
Portfolio amortizations and revaluations	**36.4**	24.0	123.2	82.9
REO Cost of sale, including impairment	**6.0**	18.4	52.9	74.5
Cash EBITDA	**63.8**	66.8	212.5	250.8
Taxes paid	**-1.3**	-0.3	-5.5	-4.7
Change in Working capital	**-2.9**	8.5	-0.5	-3.9
Net cash flows operating activities	**59.7**	75.0	206.5	242.1

	For the quarter end		Year to date	
EUR million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Purchased debt portfolios	**1,124.7**	1,041.9	1,124.7	1,041.9
Estimated opex for future collection at time of acquisition	**303.7**	307.6	303.7	307.6
Estimated discounted gain (after tax)	**740.7**	688.9	740.7	688.9
Estimated Remaining Collection, NPL	**2,169.2**	2,038.4	2,169.2	2,038.4

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 income
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 income
Economic growth	GDP (Gross Domestic Product) growth
Efficient Legal system	Governmental bailiff exchanging information electronically
Equity ratio	Total equity as a percentage of total equity and liabilities
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.
Total income	Gross revenue minus portfolio amortizations and revaluations
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

Financial calendar 2020

Annual report 2020	*25.03.2021*

Financial calendar 2021

Quarterly Report - Q1	*30.04.2021*
Quarterly Report - Q2	*17.08.2021*
Quarterly Report - Q3	*27.10.2021*
Quarterly Report - Q4	*24.02.2022*

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