AXACTOR

Q3 2021

27 October 2021

Agenda

1 **Company introduction**

2 Highlights

3 Financials

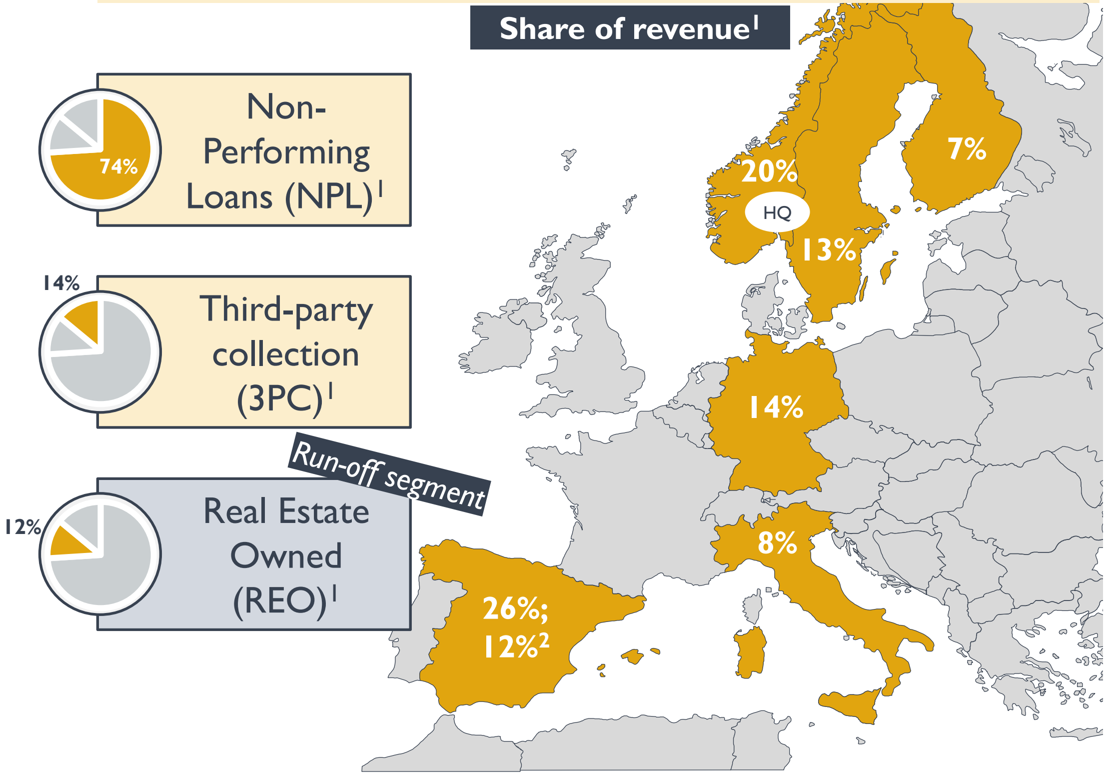
4 Outlook

Axactor is an established European debt collection company that has grown rapidly in targeted markets

A leading European debt collector

- Established in Q4 2015 with headquarters in Oslo, Norway, and is one of Europe's top-ten debt collectors
- Main focus on collection and acquisition of unsecured non-performing loans ("NPL") and third-party collection ("3PC")
- Operations in six countries; Finland, Germany, Italy, Norway, Spain and Sweden, with 1,112 FTEs
- Geveran owns 46% of Oslo-listed Axactor SE

Operating in a few, stable and well developed markets



1) Share of Gross revenue last twelve months Q3 2021
2) Spain excl. REO 26%; REO 12%

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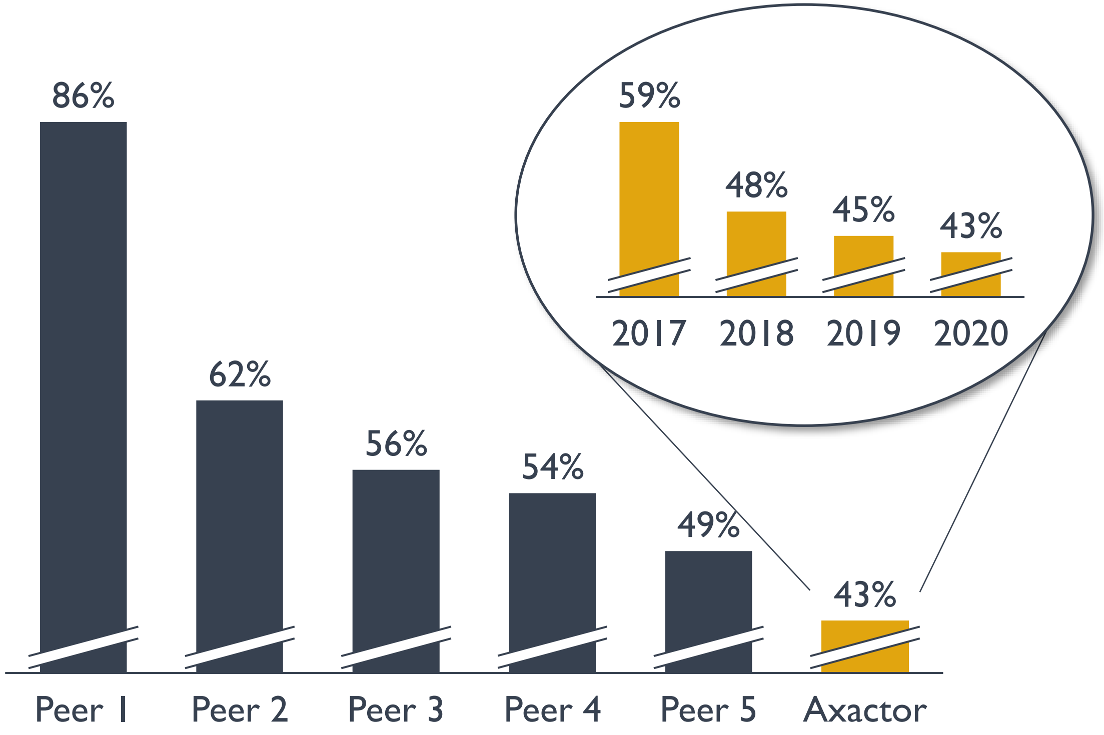
Strategic focus has shifted from growing scale during the start-up phase to growing return on equity

Start-up (2016-2020)	Established player (2021-2024)	Steady state (2025→)
Grow scale	**Grow return on equity**	**Grow presence**
• Aggressive growth • Market entries • Establish IT and operations	• Grow size in existing markets • Operational excellence • Initiate dividend payments • Take part in consolidation of the NPL industry	• Steady state • Competitive cash return to shareholders • Use superior operations to enter new markets and segments

Axactor is pursuing a niche strategy to disrupt the industry on cost-to-collect

NPL Cost-to-Collect for selected peers in 2020[1]
(EURm)



- Axactor incepted to disrupt the industry on cost-to-collect
- Continued innovation and growing economies of scale to fuel further improvements
- Niche strategy supporting long-term competitiveness
  - Countries: Organic growth in current countries
  - Products: NPL & 3PC
  - Debt origination: Bank and finance
  - Debt type: Fresh, unsecured, business to consumer

1) Cost is calculated as DOPEX + allocation of unallocated OPEX and Depreciation & Amortization (excluding amortization of NPL portfolios). DOPEX is used as allocation key. Income is calculated as Total income adjusted for revaluations to show income excluding one-time effects based on changes in future expectations. Additional adjustments made on two peers to make numbers comparable, e.g. due to reporting numbers as a bank

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Key financial highlights Q3 2021
- Seasonally weak quarter further impacted by society re-opening

All numbers in EUR

		YoY growth
Gross revenue	78m	-6%
Total income	47m	-25%
EBITDA	10m	-66%
Cash EBITDA	51m	-9%
ROE[1]	-3%	-8ppt
NPL investment	32m	-7%

YoY growth

- Debtors prioritizing private consumption over repayment
- Q3 2020 was relatively strong driven by rebound after Covid-19 first wave
- NPL investments increasing from EUR 12m in Q2 to EUR 32m in Q3
- Successfully placed 5-year, rated bond of EUR 300m in Q3

1) ROE excluding non-controlling interest, annualized

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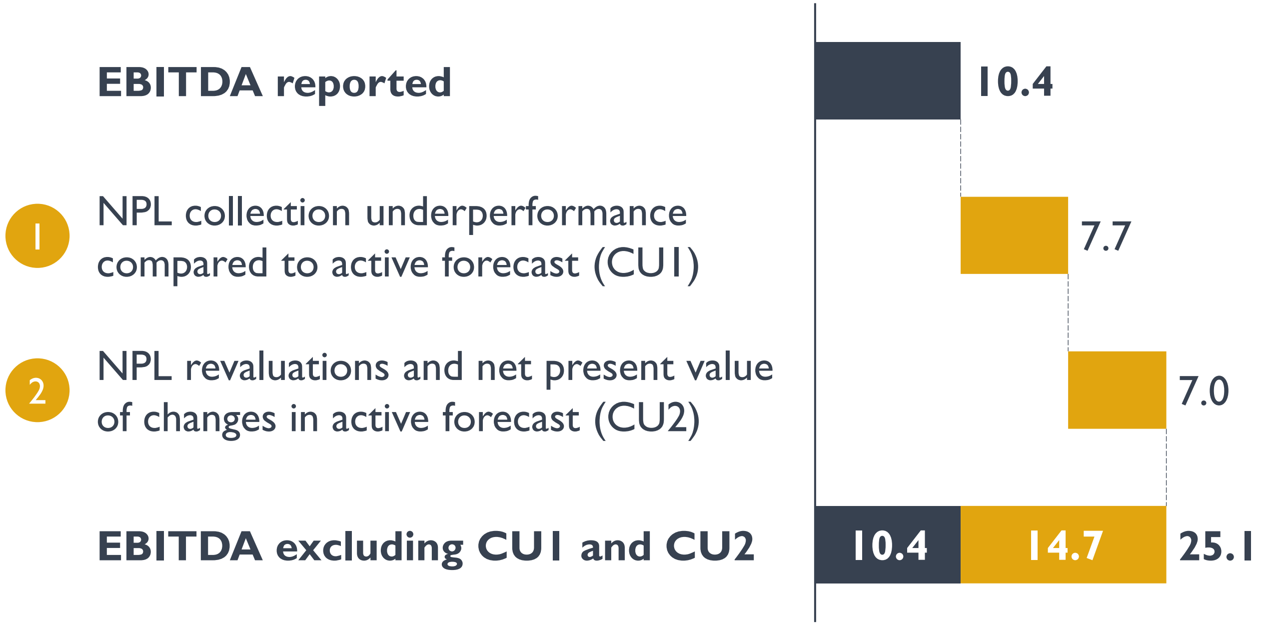
Weak quarterly result can be explained by two main factors

Illustration of main challenges for the quarter
(EUR million)



- Debtors are prioritizing private consumption over repayment in a quarter of society re-opening
- Leads to NPL collection underperformance compared to active forecast and negative revaluations on NPL

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Axactor strengthening the 3PC-position in Italy through the acquisition of Credit Recovery Service

"The acquisition will give a fantastic operational platform to enable future 3PC-growth" says Antonio Cataneo, Country Manager, Axactor Italy

- Successful bid to secure 100% of the shares in the Italian debt collection agency Credit Recovery Service (CRS)
- Top-5 independent 3PC-player in the Italian bank and finance segment with headquarter in Grosseto (Tuscany), contact center in Milazzo (Sicily) and in total 155 employees
- In line with Axactor's strategy
  - Strengthening the position in an existing country, improving capabilities on 3PC and preparing for post-pandemic volumes and new signed contracts in Italy
- CRS had a total income of EUR 6.2m in 2020, with an EBITDA of EUR 0.9m

Axactor placed a new bond in Q3 and is strengthening the financial position

- New 5-year rated bond of EUR 300m at EURIBOR + 5.35% successfully placed in Q3
- Reducing interest rate by 1.65%-points compared to the bond placement in December 2020
- Axactor is strengthening the financial position
  - 32% equity ratio
  - Material headroom to covenants - leverage ratio of 3.3[1]
  - EUR 249m in unutilized credit lines and EUR 39m in cash[2]

1) Please see supporting information/covenants for definition of covenants
2) And cash equivalents. Excluding restricted cash

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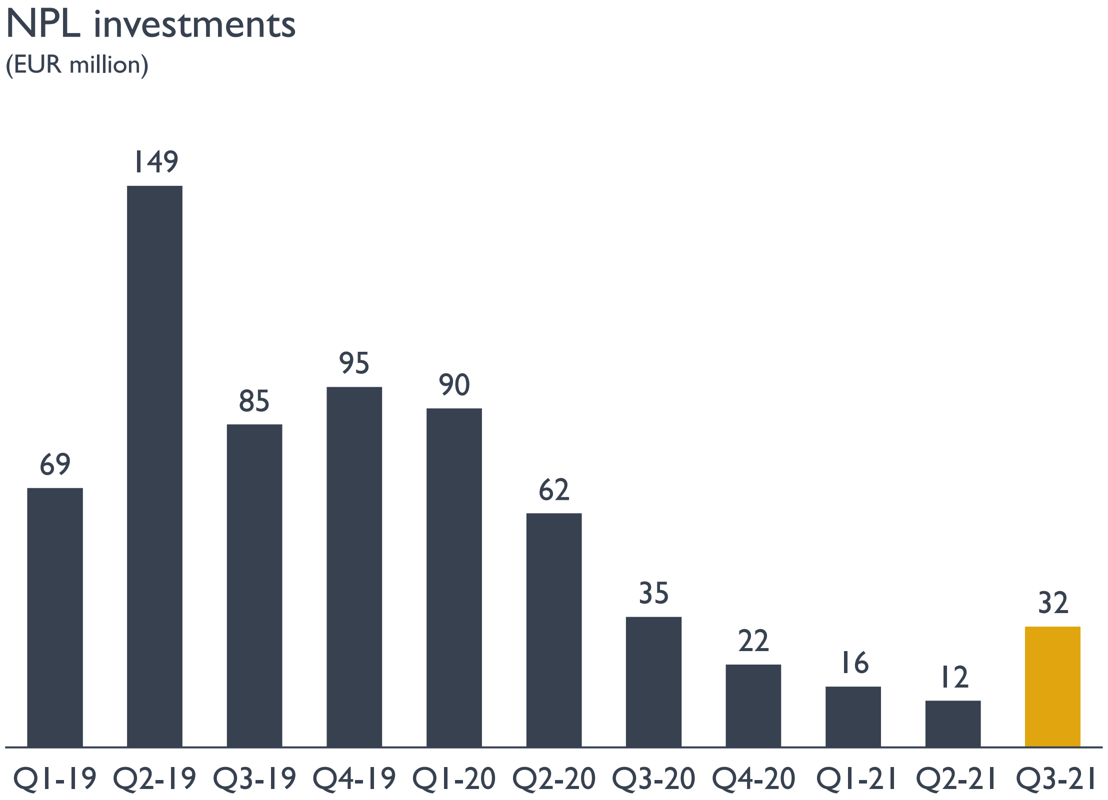
NPL investments significantly above previous quarters and slightly above replacement CAPEX



- NPL investments in 2021 expected to be in the region of EUR 150m, given attractive prices
- Replacement CAPEX of EUR 126m next twelve months
  - EUR 86m already committed through forward flow agreements
- Expect to invest more than replacement CAPEX going forward

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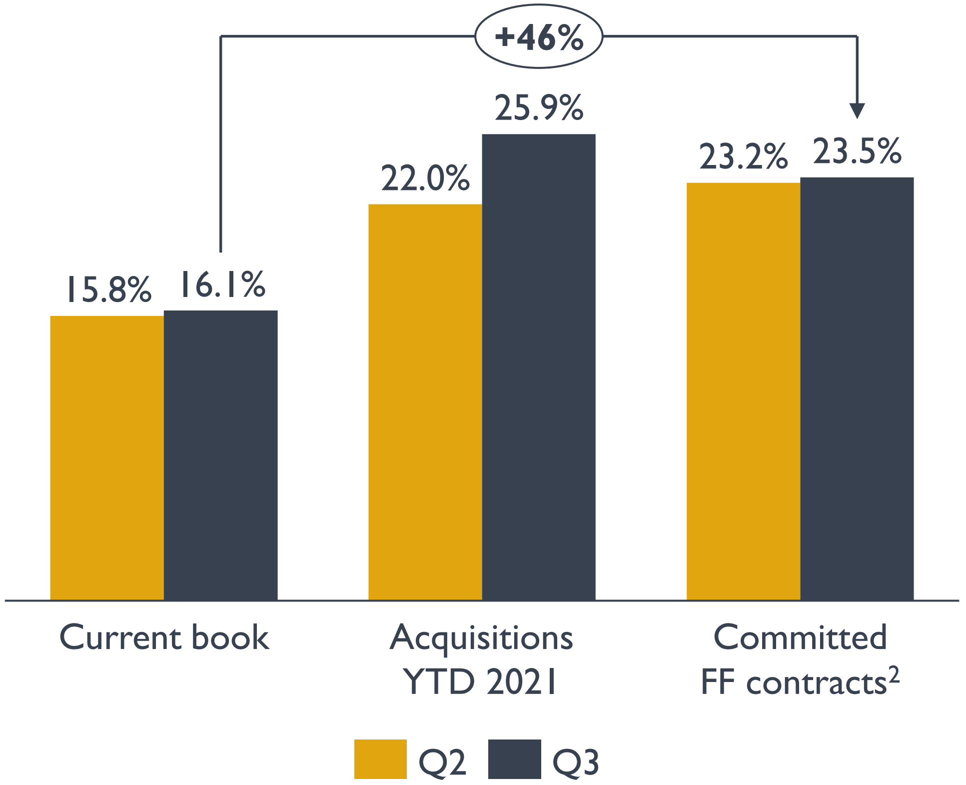
Axactor is currently acquiring portfolios at attractive rates

- Expect current book gross IRR to improve over time

Gross IRR on NPL[1]
(% and EUR million)



- Gross IRR on signed forward flow contracts 46% higher than on the current book
- Expect prices to stabilize at 18% - 22% gross IRR in our markets over time
- Estimated cost-to-collect is comparable to current level

1) Gross IRR is calculated using monthly cash flows over a 180-month period. Gross IRR is defined as the internal rate of return that makes the net present value of ERC equal to NPL book value
2) FF = Forward Flow

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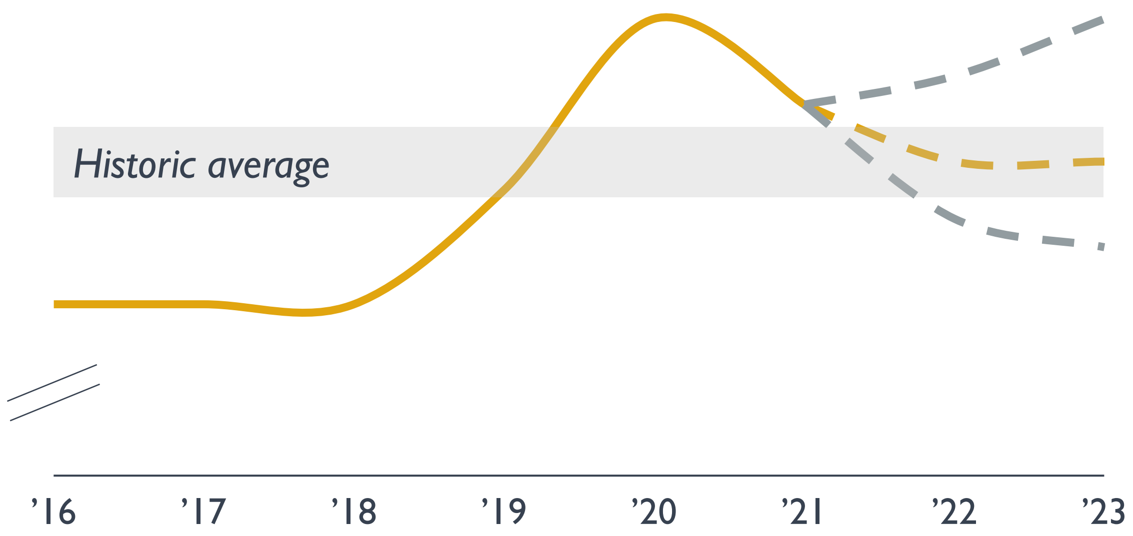
Expect IRR to converge to historic average

- Significantly above historic IRR for Axactor

Estimated IRR development 2016 - 2023



Comments

- Declining IRR's throughout 2021, but significantly above historic IRR for Axactor
- High number of deals, but smaller volumes due to lower 2020 and 2021 vintages
- Stronger competition on one-offs than on forward flows – probably driven by the need for instant new volumes among peers
- Significant price differences across markets

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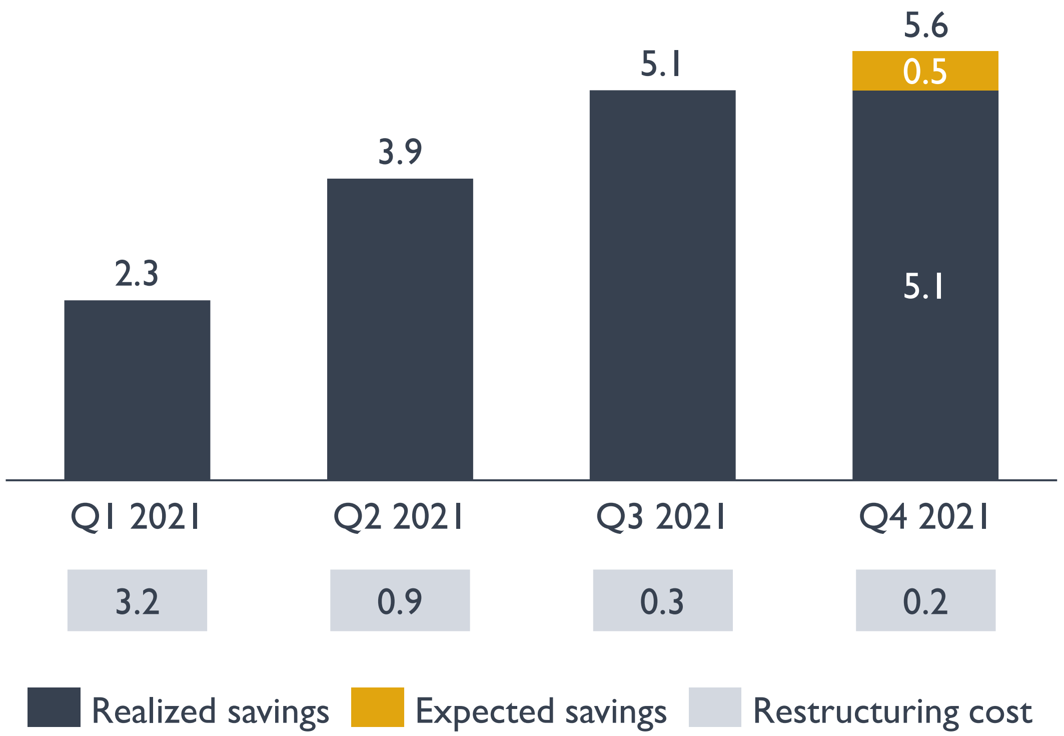
Cost reduction program ahead of plan

Cost reduction program, annualized[1)]
(EUR million)



- Realized higher savings than estimated in Q3
  - Site consolidation in Norway
  - Higher impact of previously implemented initiatives
  - Various smaller improvement initiatives
- Cost reduction program expected to reach full P&L-effect in Q4

[1)]Measured against Q4 2020, adjusted for quarter-specific cost items such as year-end adjustment of bonus accruals etc.

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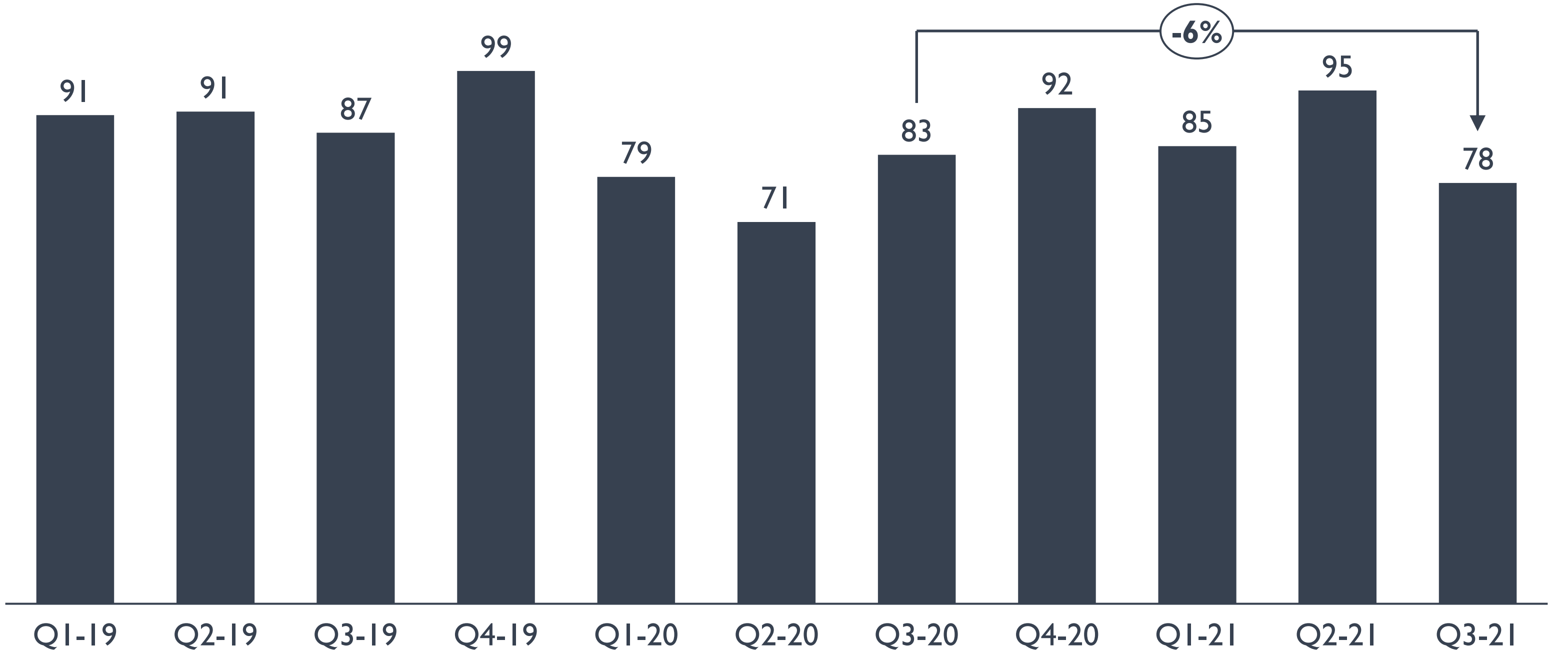
Gross revenue impacted by a seasonally weak quarter with vacation period in Europe and society re-opening

Gross revenue
(EUR million)



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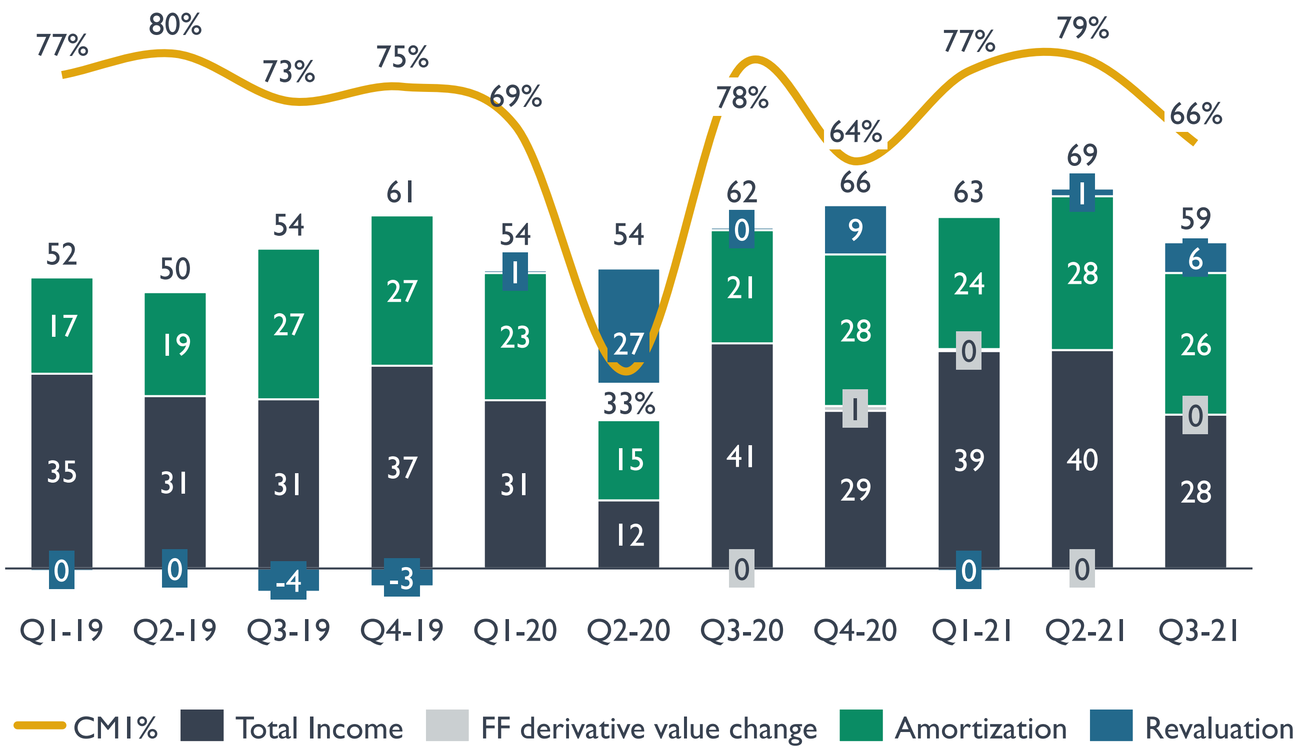
NPL segment with a seasonally weak quarter and net negative portfolio revaluations

NPL Gross Revenue and CM1%
(EUR million and %)



- Portfolio amortization rate of 43%
- CM1 margin impacted by top line development and negative revaluation
  - CM1 margin excluding revaluation of 72%
- Net negative revaluations of EUR 5.6m reducing total income

Note: Please note that negative revaluations and negative amortization will appear as positive numbers in the graph

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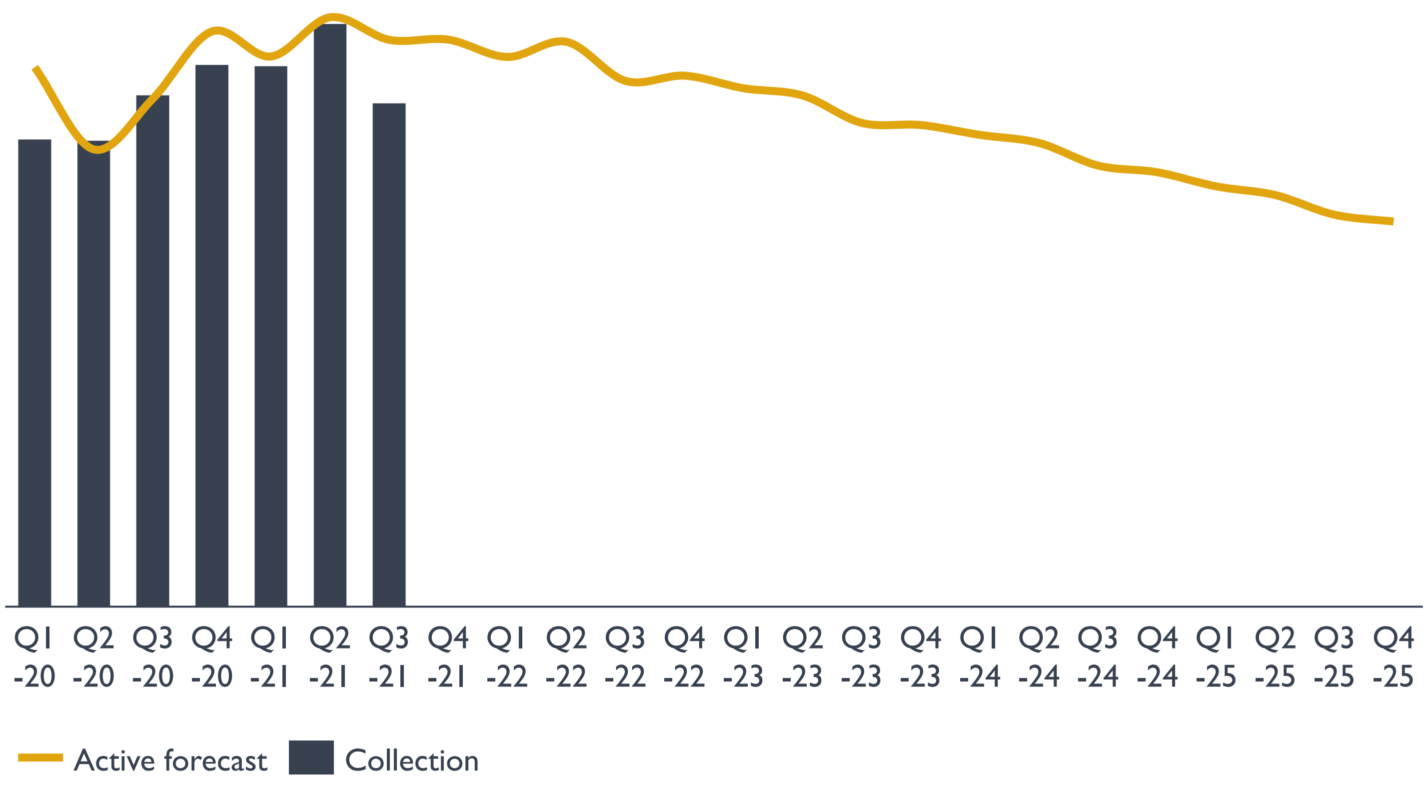
A sharp decline in debtors' willingness to pay yielded collections below active forecast in Q3

NPL unsecured active forecast versus collection



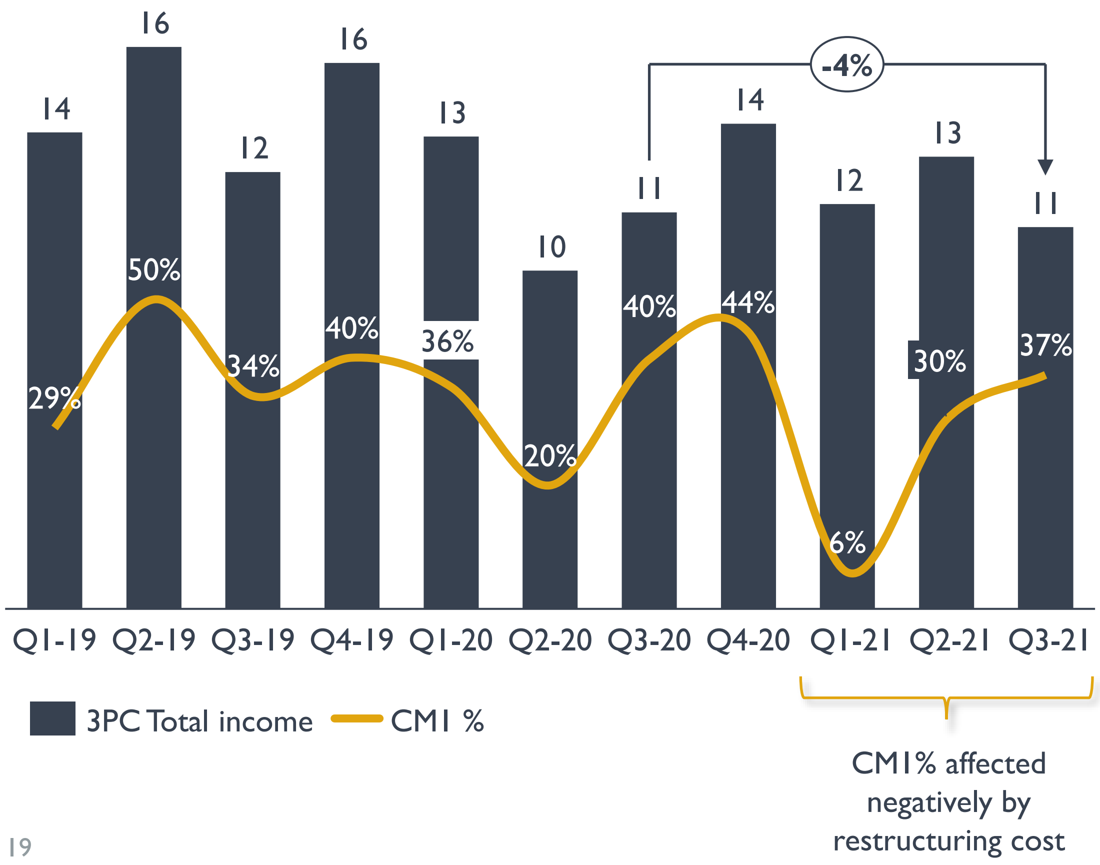
- Unsecured collection performance in Q3 2021 of 89%
- Sharp decline in debtor willingness to repay in Q3 during society re-opening in Europe
- Reduced short-term visibility on collection performance

3PC development

- Margins are improving. Structuring organization to be positioned for volume ramp-up

3PC total income and CM1%

(EUR million and %)



- Market is improving with increasing pipeline
- Negative impacts related to Covid-19 continue, particularly for Spain and Italy
  - High customer retention during the pandemic, but lower volumes
  - Expect volume reversion as default rates increases again following society re-opening
  - Sales processes take longer time during the pandemic

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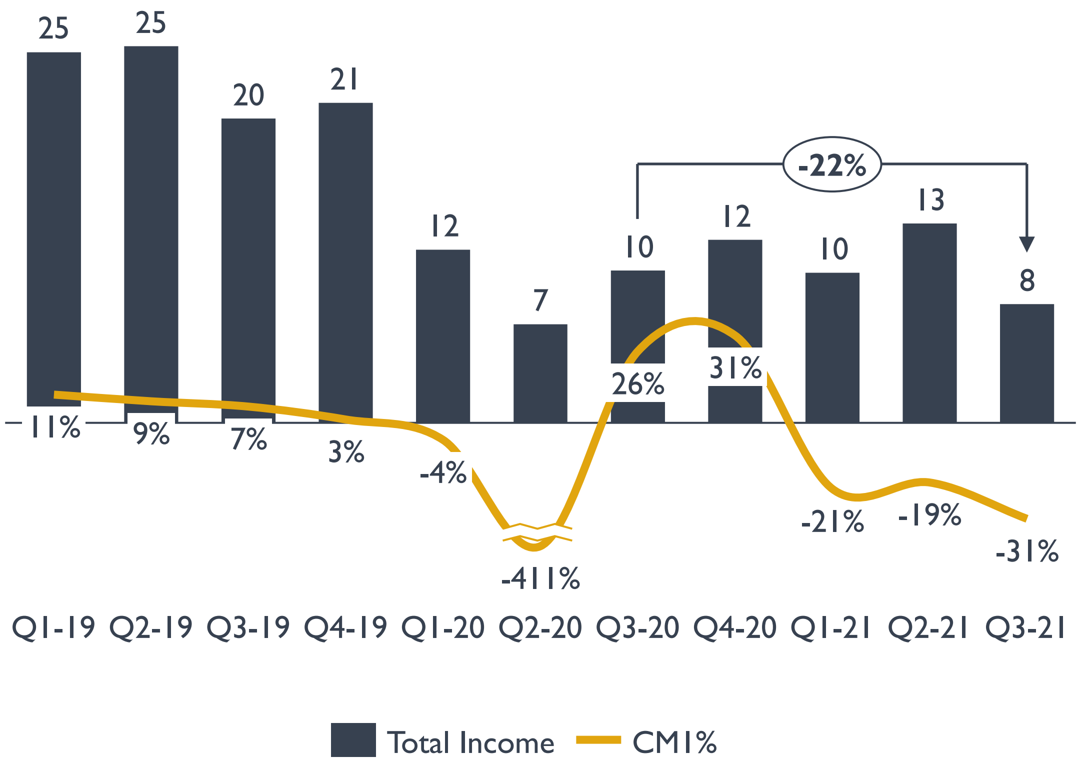
REO development (run-off segment)

- Good sales momentum on a declining asset base, but with negative margins

REO total income and CM1%

(EUR million and %)



- Revenue upheld on a good level despite declining asset base and vacation period
  - Inventory down 42% since Q3 2020
  - 267 assets sold during Q3 2021
  - 1,773 assets in inventory at quarter-end
- Book value down to EUR 46m at quarter-end

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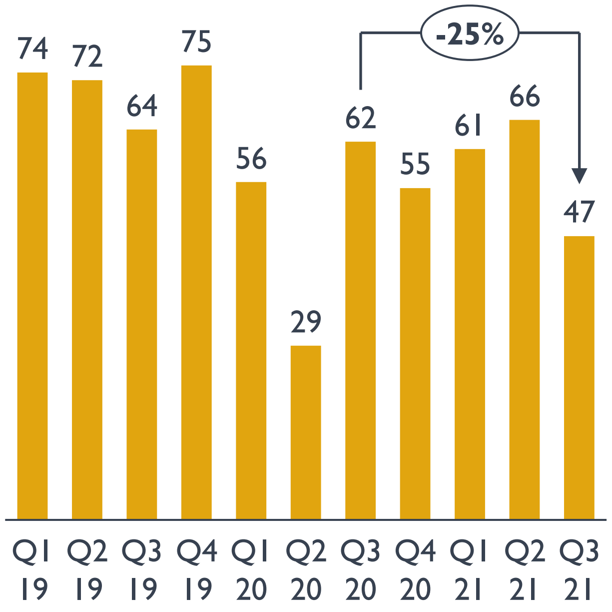
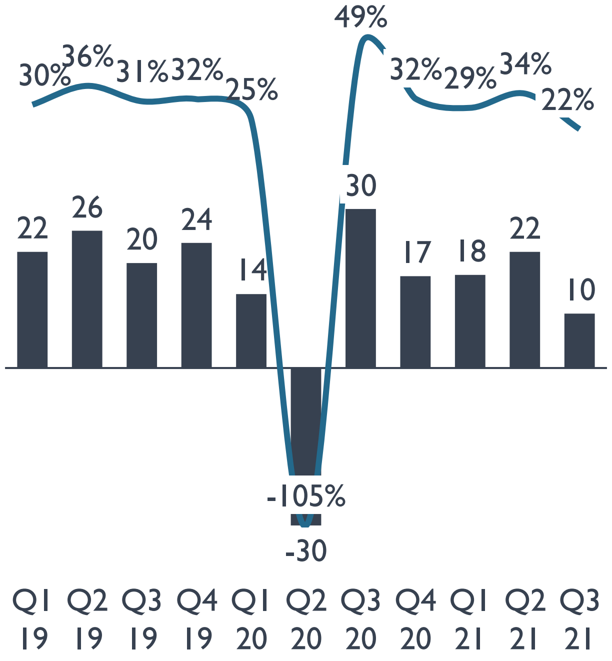
Summary: A soft quarter, but Cash EBITDA upheld on a reasonable level despite challenges and low NPL investments in 2021

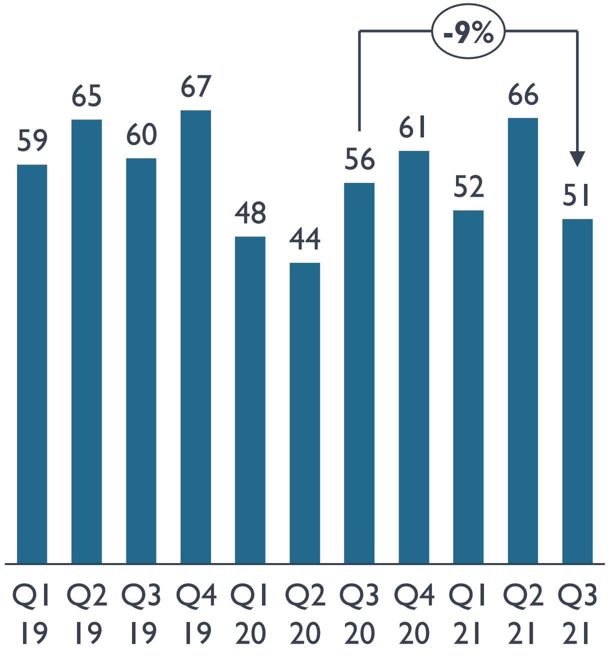
Total Income
(EUR million)



EBITDA and EBITDA-margin
(EUR million and %)



Cash EBITDA
(EUR million)



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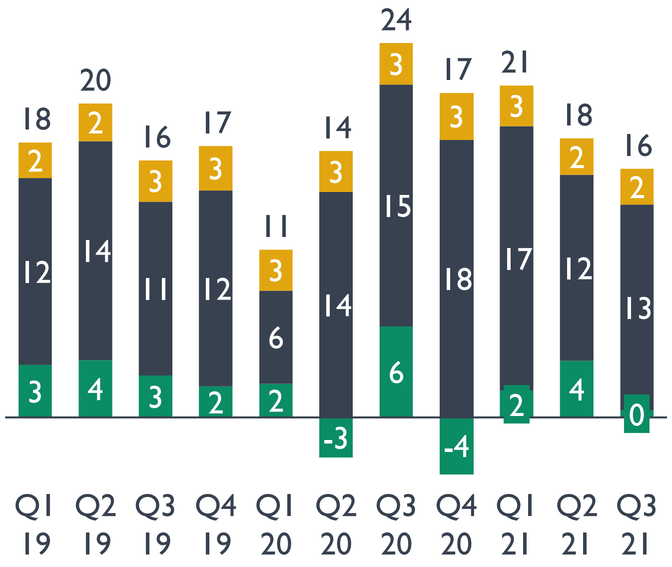
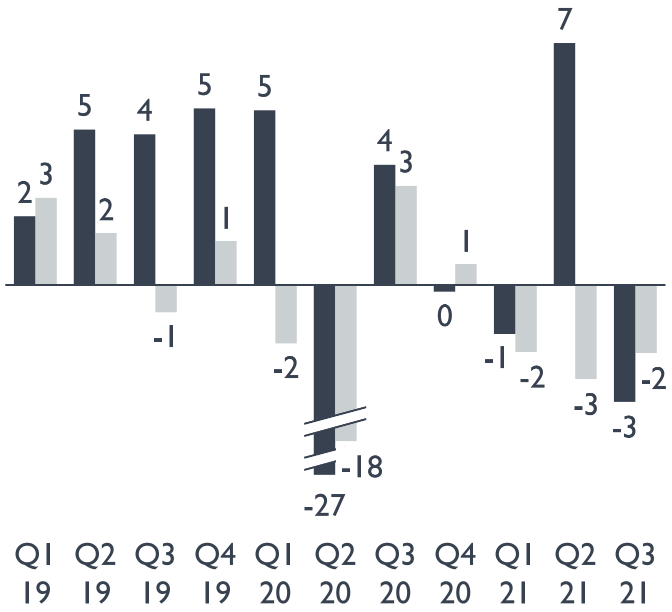
Positive trend on depreciations, financial cost and tax, but ending the quarter with losses after tax

D&A[1], Net financials and tax
(EUR million)



Net profit after tax
(EUR million)



- Positive development in net financial items YoY
  - Interest expense of EUR 12.8m in the quarter (14.0)
  - Balance sheet restructuring in Q1 2021
  - Issued EUR 300m bond, partly used to refinance existing facilities
- Effective tax rate of -9% (47%)
  - Negative effective tax rate mainly caused by losses in the REO companies that are not tax deductible

1) Excluding amortization of NPL portfolios

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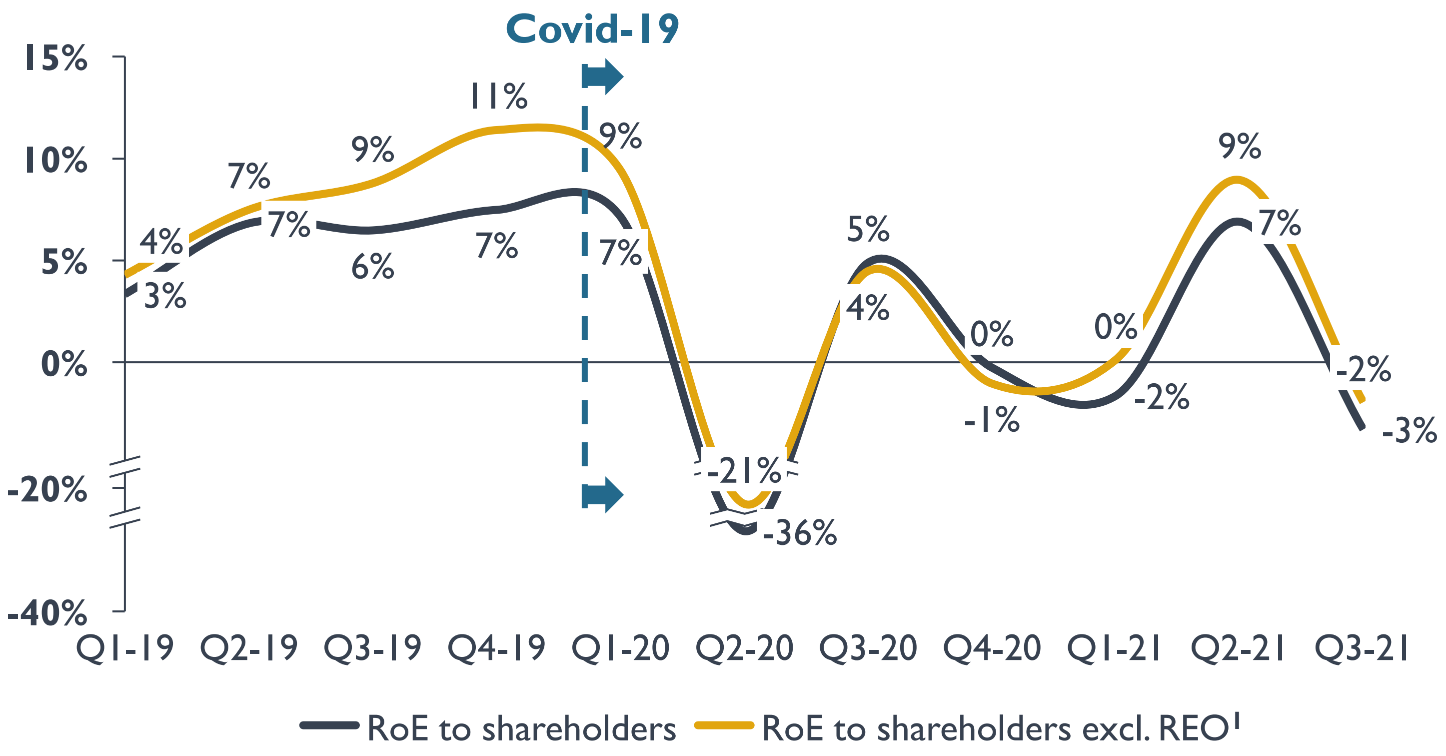
Volatile RoE to shareholders during the pandemic

Return on Equity excl. non-controlling interest per quarter (annualized)



- Expect short term **fluctuations** in RoE driven by seasonality, Covid-19 and business performance
- Expect RoE to **improve** over time as the underlying business improves and as societies slowly defeat the pandemic

1) Calculated by excluding Reolux which is our investment vehicle for REO's (certain intercompany eliminations and other consolidation effects have not been considered)

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Outlook

- Reduced short-term visibility on collection performance following a sharp decline in debtors' willingness to pay as societies re-opened
- 3PC volume expected to return to pre-pandemic levels over time as societies re-open and default rates increases again
- Increasing market activity for both 3PC and NPL
- Axactor strictly prioritizes the best NPL investments
  - NPL investment guiding of EUR ~150m for 2021
    - but highly dependent on one-offs in Q4

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Supporting information

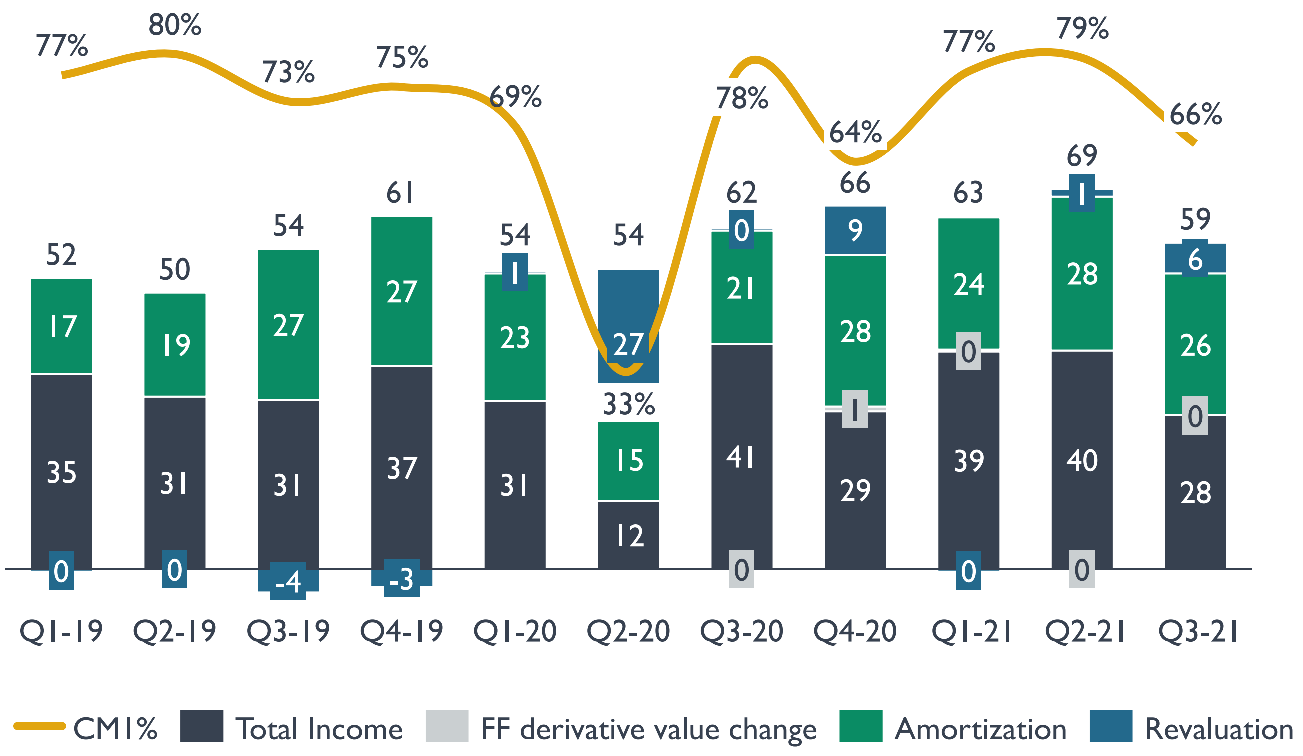
NPL portfolio

Q3 2021

NPL segment with a seasonally weak quarter and net negative portfolio revaluations

NPL Gross Revenue and CM1%

(EUR million and %)



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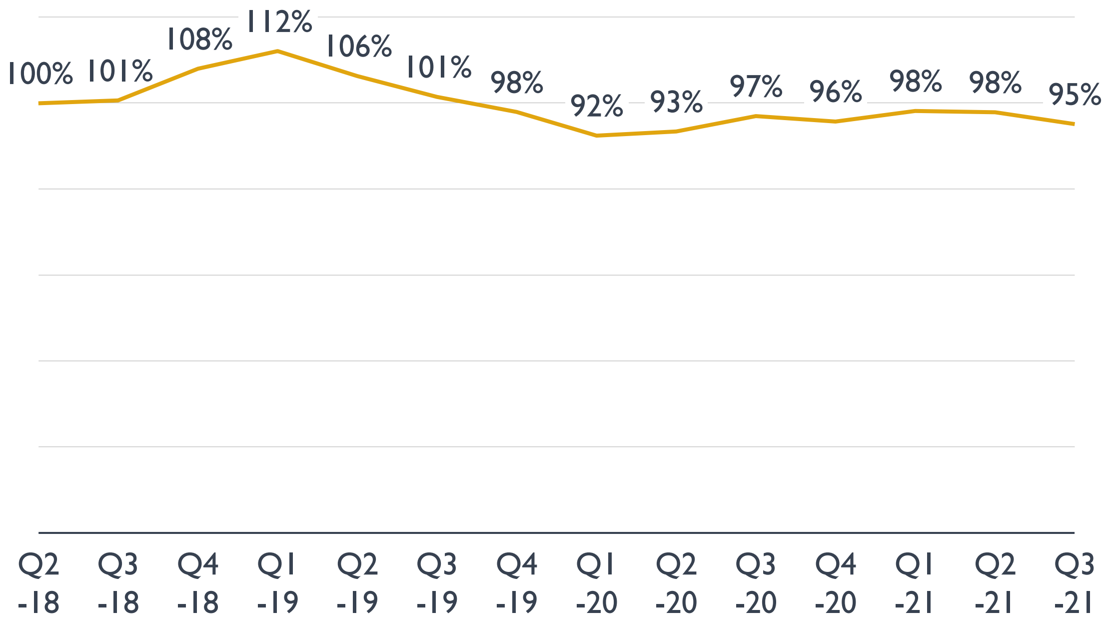
Declining collection performance after a weak Q3

Actual collection vs. active forecast[1]
(LTM, rolling)



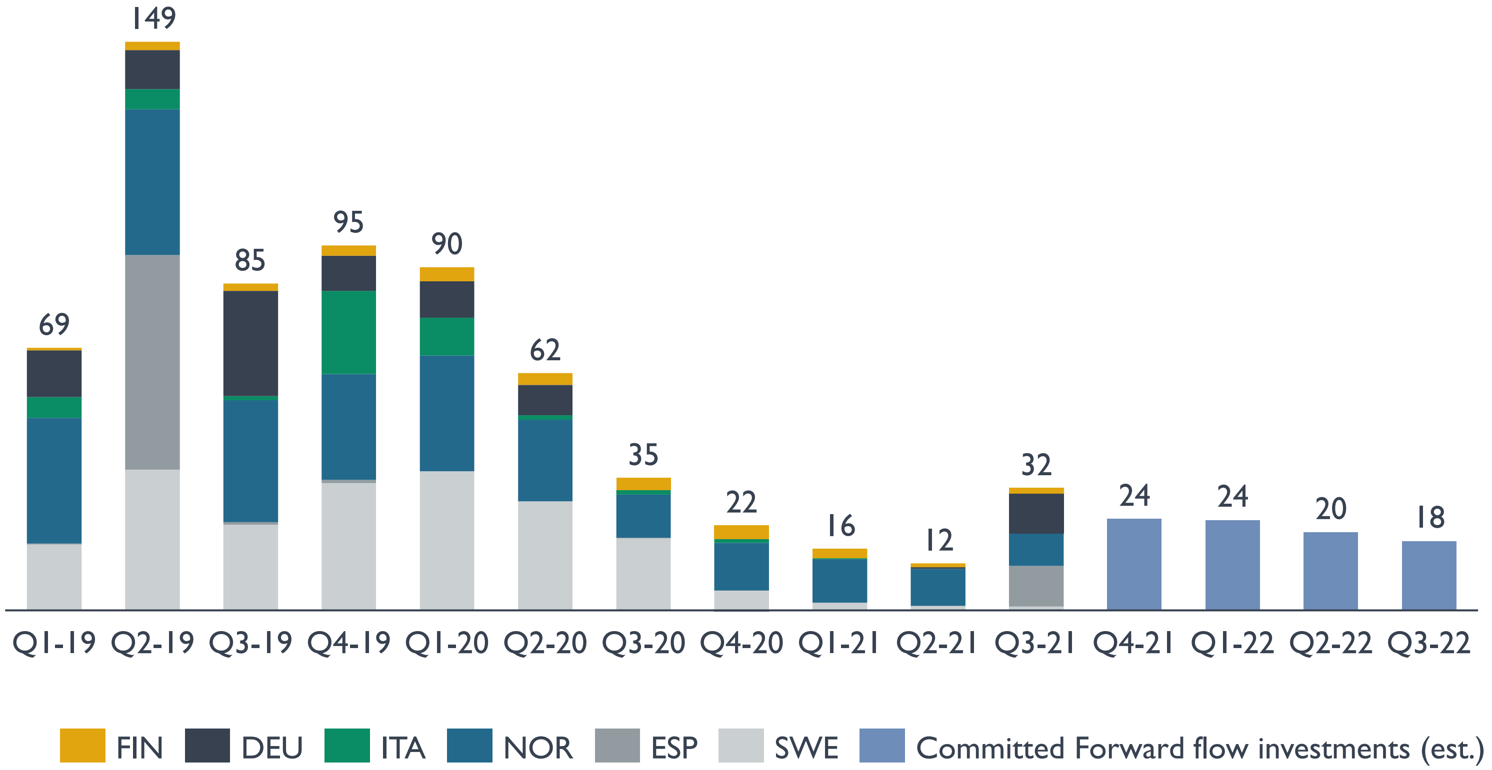
- Q3 collection performance of 89%
  - LTM collection performance of 95%
- Long term average performance expected to fluctuate around 100%

1)Active forecast reflects changes made to the ERC curves on an ongoing basis
Adjustments to portfolio values have been taken over the P&L on an ongoing basis as deviations have occurred

NPL investment commitments of EUR 86m next 12 months

- Prioritizing high IRR portfolios, and expecting significant volumes to be offered in Q4 2021

Quarterly NPL investments
(EUR million)



- Expect significant one-off volumes to be offered in Q4 2021
- Commitments decrease towards the end of the period as contracts expire – expect to sign new volumes offsetting the decline

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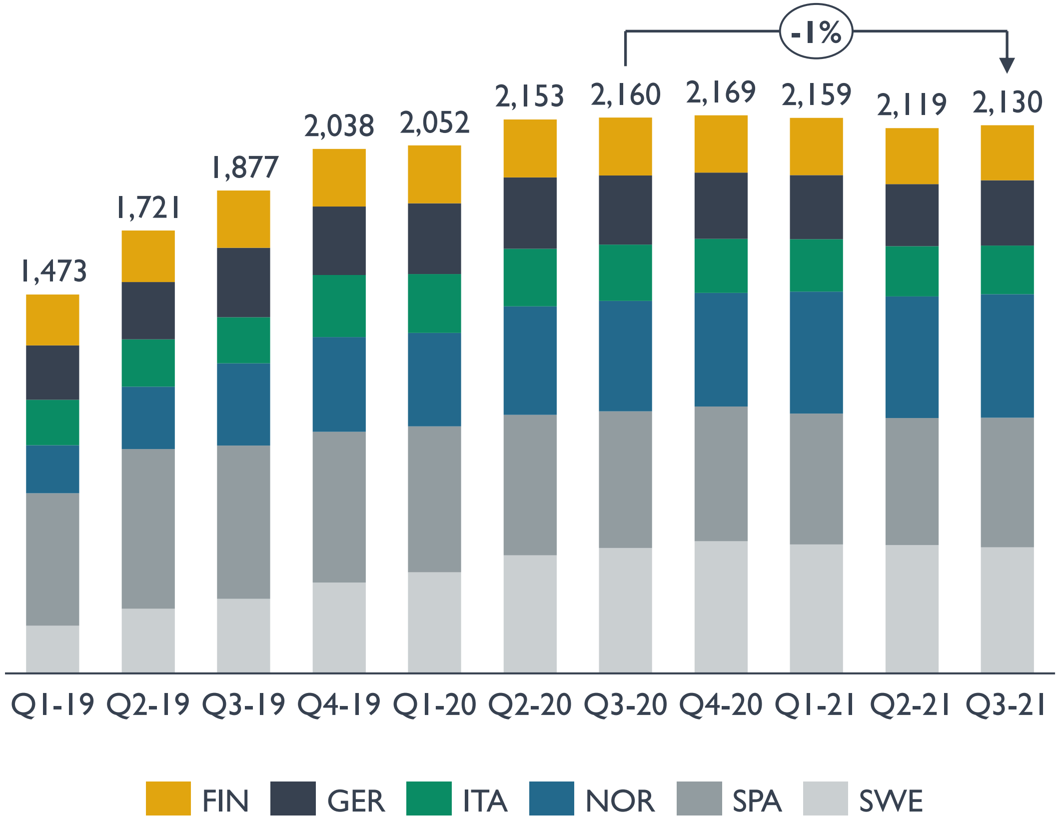
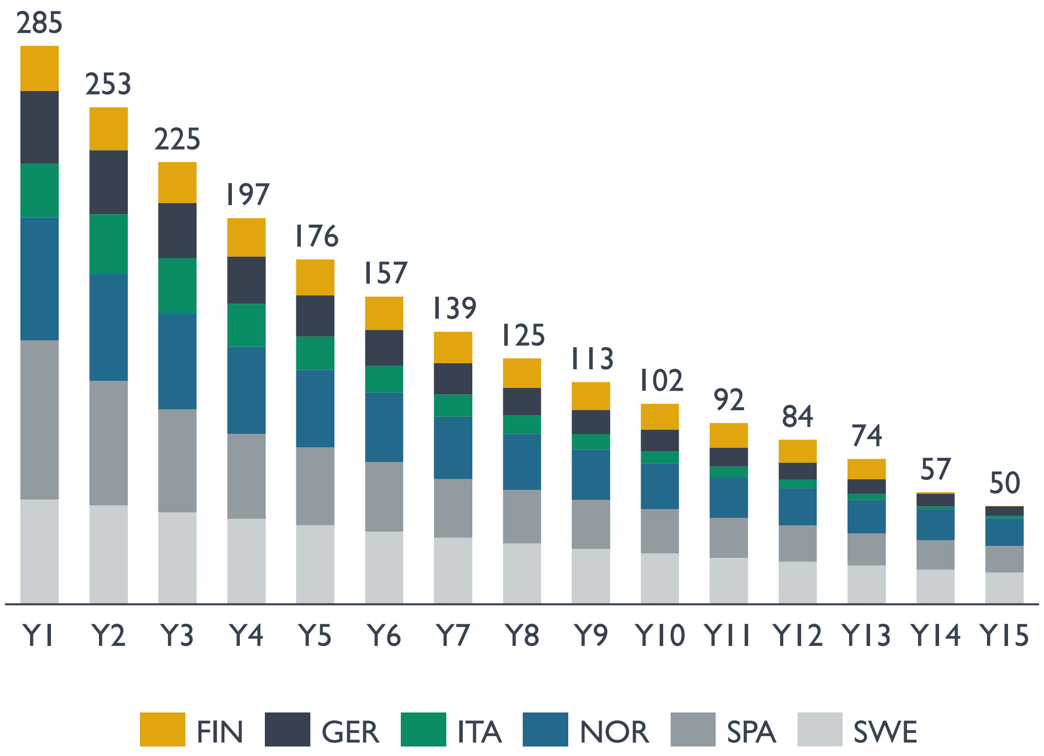
ERC decreasing by 1% YoY due to low NPL investment levels and net negative revaluations

Estimated ERC development
(EUR million)



Forward ERC profile by year
(EUR million)



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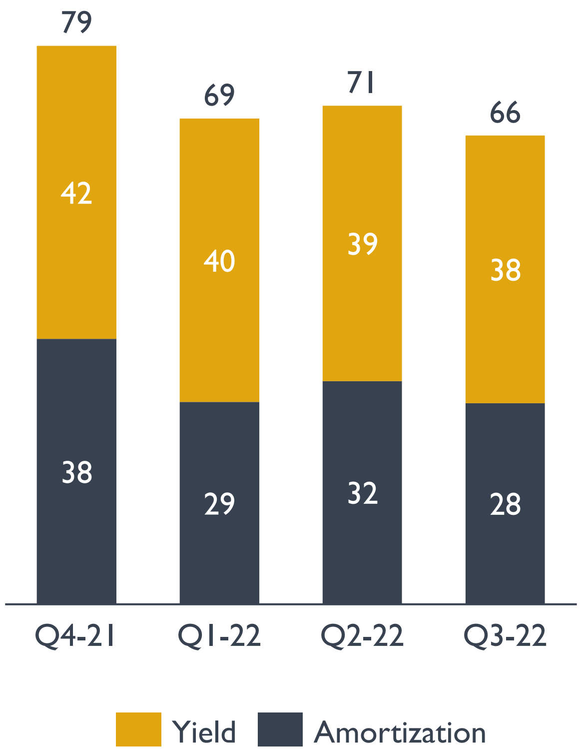
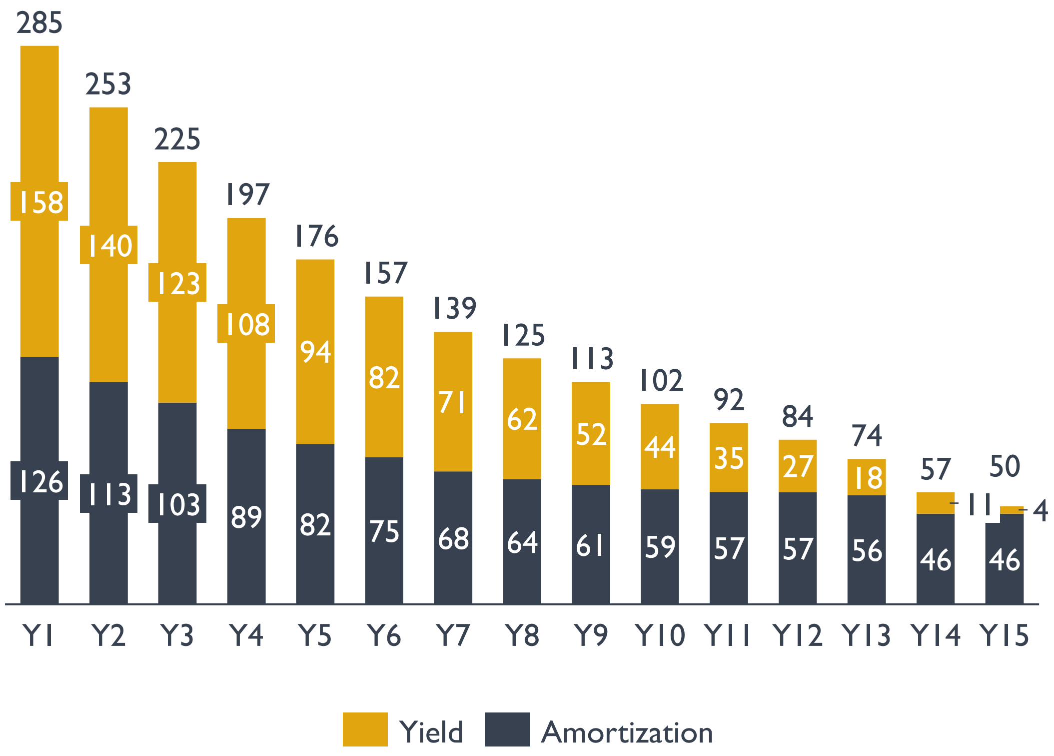
ERC split on estimated yield and amortization

- Axactor uses the IFRS industry standard, the effective interest method, to calculate amortization

ERC next four quarters
(EUR million)



ERC next 15 years
(EUR million)



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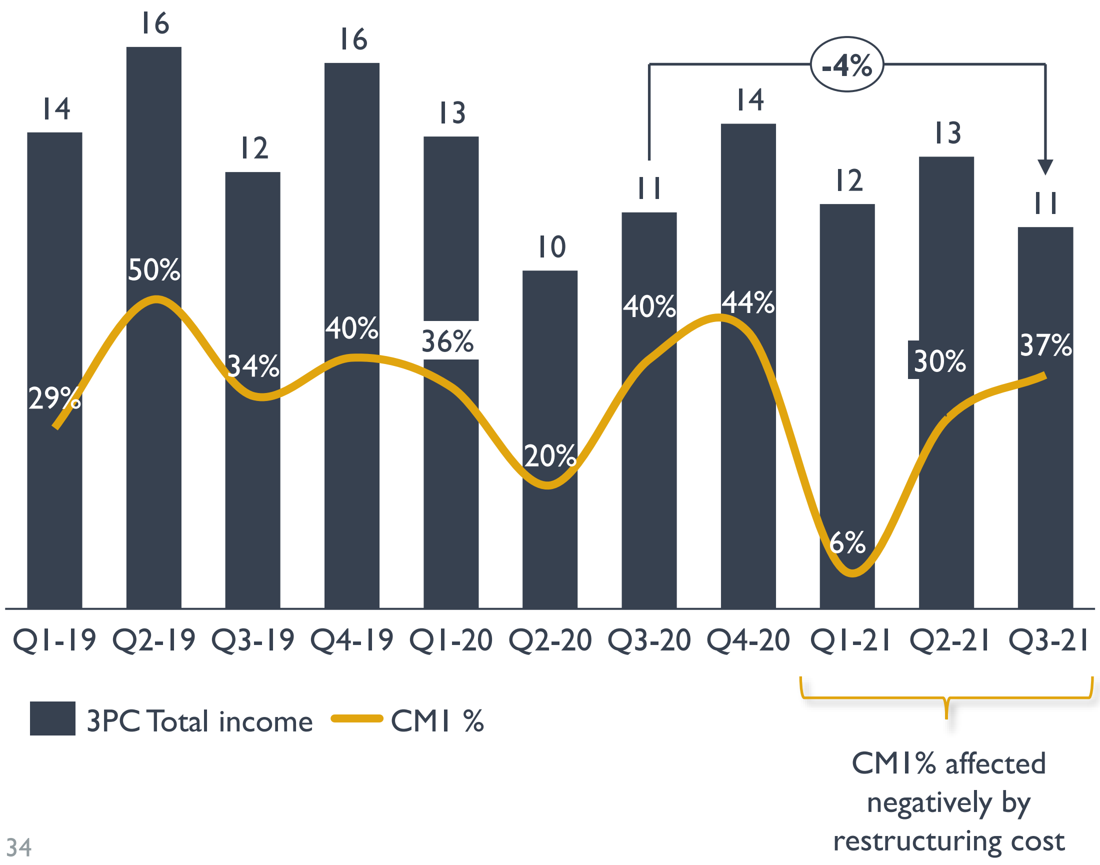
3PC

Q3 2021

3PC development

- Margins are improving. Structuring organization to be positioned for volume ramp-up

3PC total income and CM1%
(EUR million and %)



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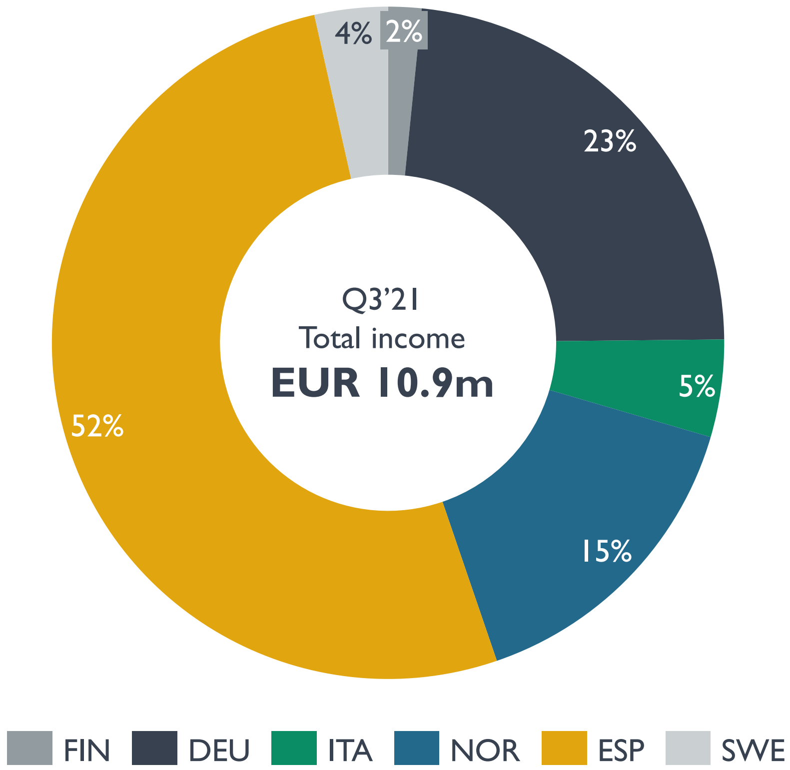
3PC volumes by geographic region

3PC total income split by geographic region



- Spain generate majority of 3PC income
- Nordics accounting for 20% of revenue

REO portfolio (run-off segment)

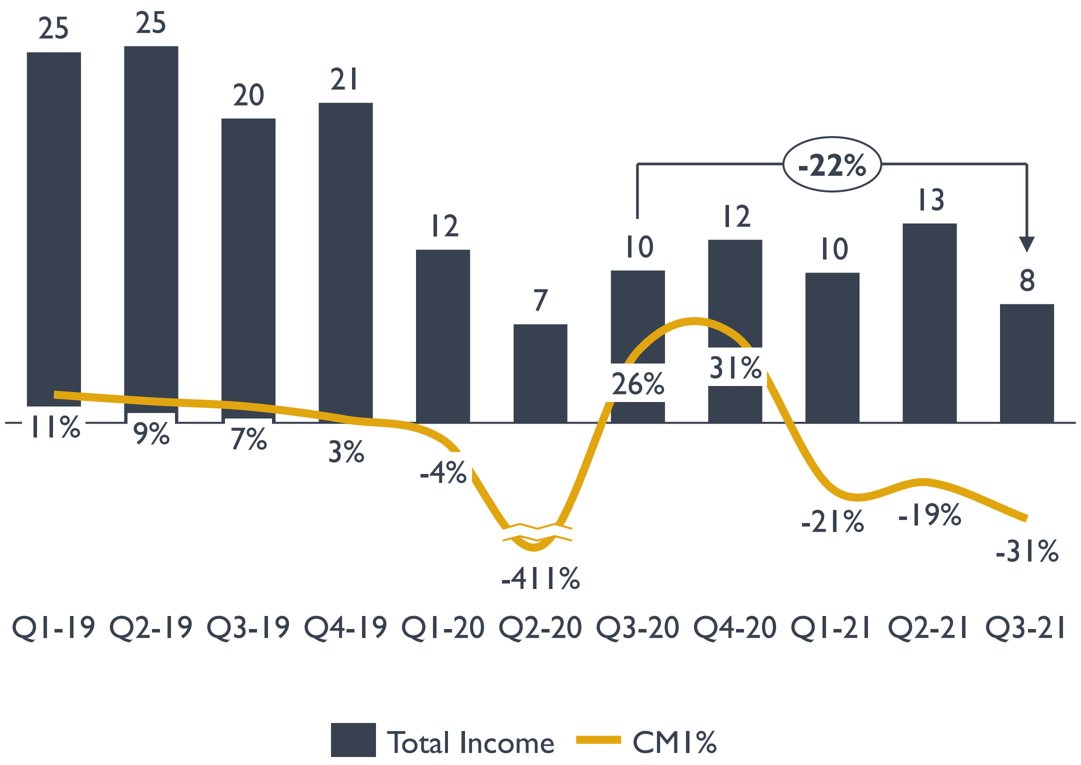
Q3 2021

REO development (run-off segment)

- Good sales momentum on a declining asset base, but with negative margins

REO total income and CM1%

(EUR million and %)



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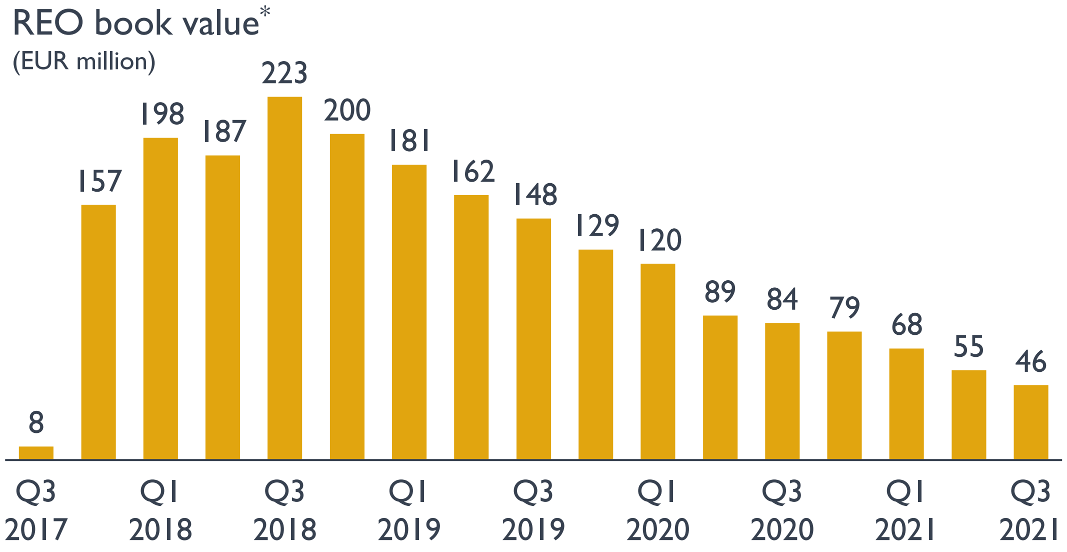
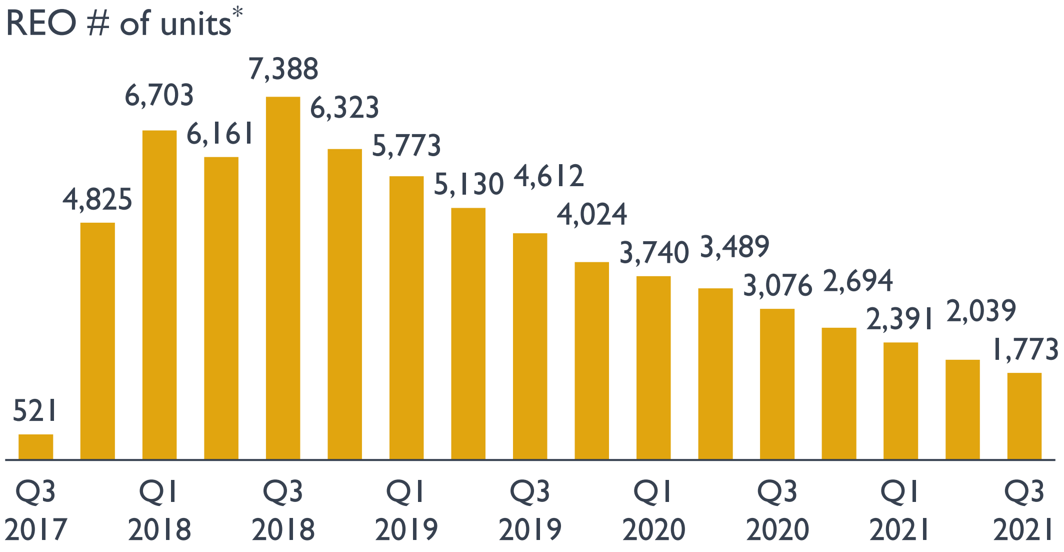
REO portfolio moving towards the tail



- Total portfolio investments of EUR 287m*
- Last portfolio acquisition in Q3 2018
  - 79% decline in book value since peak



- A total of 8,664 assets acquired*
- 6,891 assets sold

*Adjusted for assets pending legal transfer

REO statistics*

(EUR million)

Current book				
Asset class	**# assets**	**% of total**	**Book value**	**% of total**
Housing	677	38 %	23.6	51 %
Parking, annex etc.	605	34 %	2.1	5 %
Land	227	13 %	3.7	8 %
Commercial	264	15 %	17.8	39 %
Eliminations	0	0 %	-1.1	-2 %
Total	**1,773**	**100 %**	**46.0**	**100 %**

Originally acquired				
Asset class	**# assets**	**% of total**	**Book value**	**% of total**
Housing	4,040	47 %	195.7	68 %
Parking, annex etc.	3,395	39 %	15.8	6 %
Land	357	4 %	9.4	3 %
Commercial	872	10 %	66.5	23 %
Total	**8,664**	**100 %**	**287.4**	**100 %**

- Housing represent >50% of current book value
- Average book value per remaining asset EUR 26k
  - Average book value per sold asset of EUR 32k
  - Average sale price per sold asset of EUR 38k

*Adjusted for assets pending legal transfer

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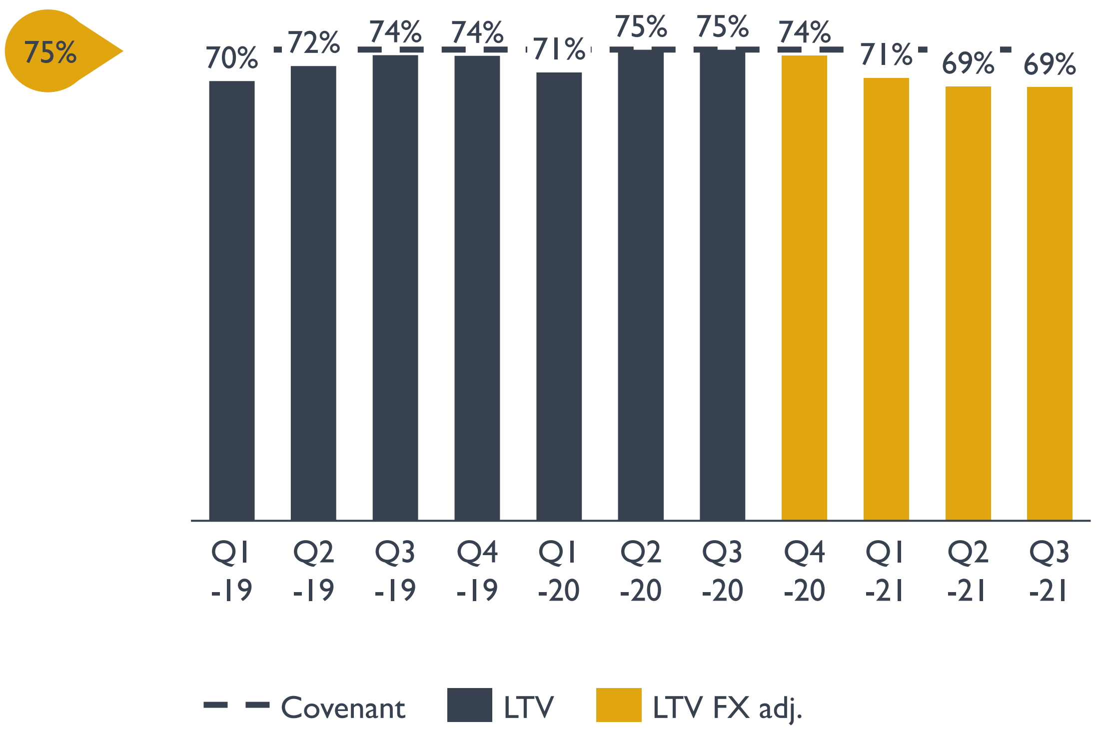
Covenants

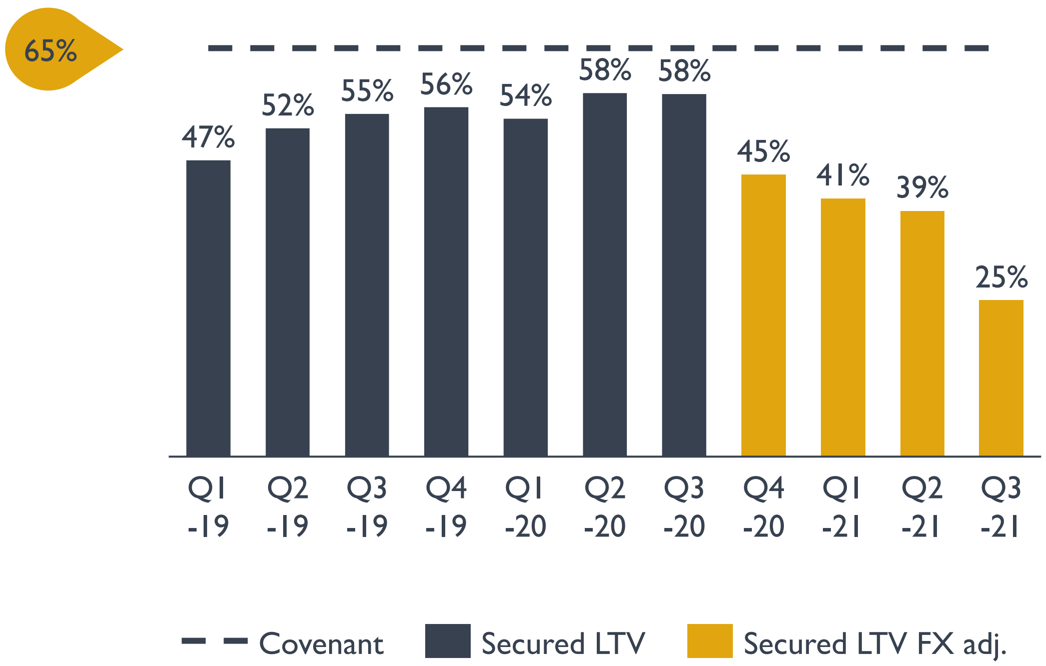
Q3 2021

Bond covenants (1/2)

Loan-to-value[1] - Covenant ≤75%
(Total portfolio book value divided by net interest-bearing debt)



Secured Loan-to-value[1]- Covenant ≤65%
(Total portfolio book value divided by secured net interest-bearing debt)



1) From Q4 2020 NOK and SEK part of portfolio value, cash & cash equivalents and interest-bearing debt are adjusted to the last six months average FX rates

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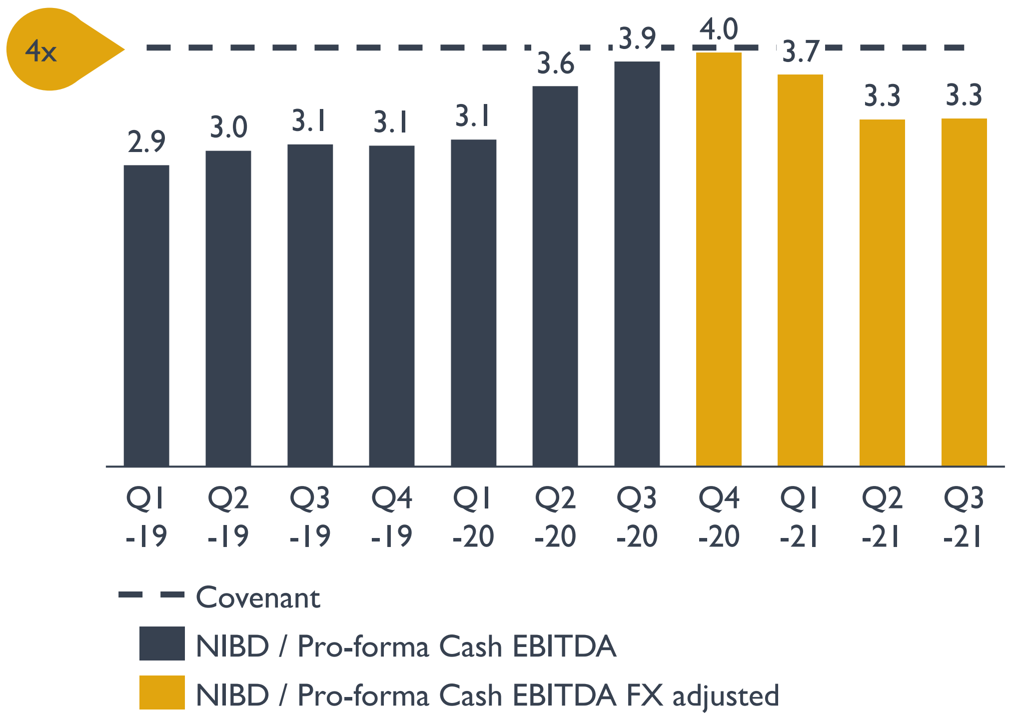
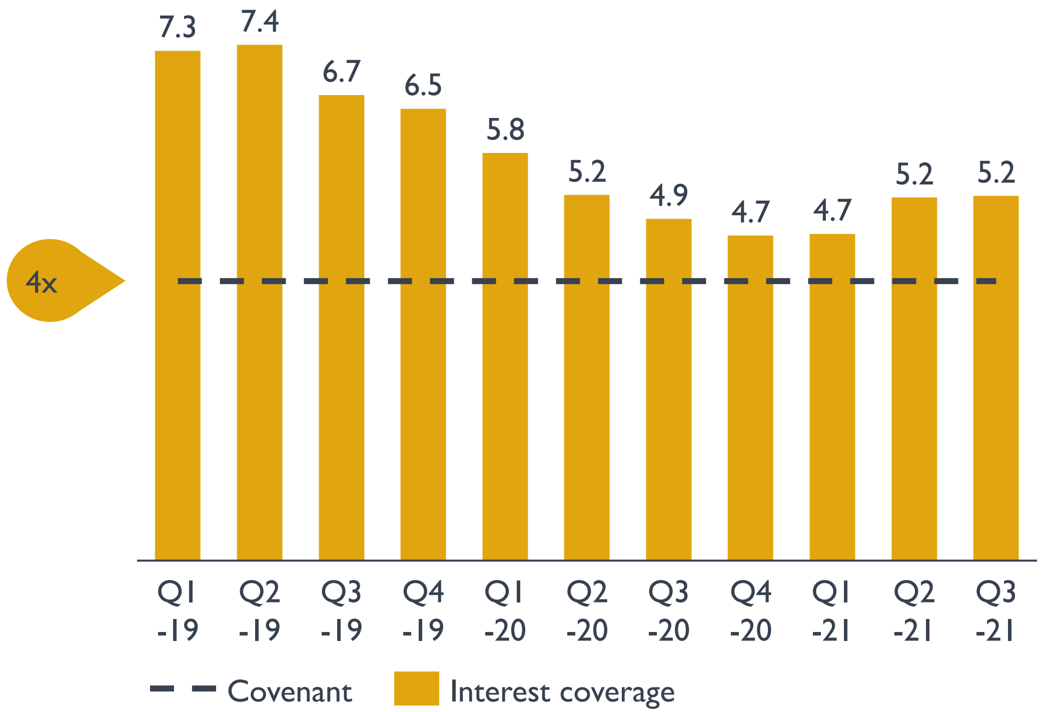
Bond covenants (2/2)

Leverage ratio[1] - Covenant ≤4.0x
(Net interest-bearing debt divided by LTM Pro-forma adjusted EBITDA



Interest coverage ratio[1]- Covenant ≥4.0x
(Pro-forma adjusted cash EBITDA divided by net interest expenses)



1) From Q4 2020 NOK and SEK part of portfolio value, cash & cash equivalents and interest-bearing debt are adjusted to the last six months average FX rates

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Appendix

P&L statement

EUR thousand	For the quarter end 30 Sep 2021	For the quarter end 30 Sep 2020	Year to date 30 Sep 2021	Year to date 30 Sep 2020
Interest income from purchased loan portfolios	**41,238**	41,497	124,915	121,335
Net gain/(loss) purchased loan portfolios	**-13,305**	-624	-17,425	-37,530
Other operating revenue	**18,797**	21,457	66,128	62,679
Other income	**1**	-50	3	49
Total income	**46,731**	62,280	173,622	146,533
Cost of REO's sold, incl impairment	**-9,070**	-4,749	-33,599	-46,956
Personnel expenses	**-14,584**	-13,255	-47,704	-41,079
Operating expenses	**-12,674**	-13,933	-42,022	-43,991
Total operating expenses	**-36,327**	-31,937	-123,325	-132,026
EBITDA	**10,404**	30,343	50,297	14,506
Amortization and depreciation	**-2,293**	-2,633	-7,211	-7,856
EBIT	**8,111**	27,710	43,085	6,650
Financial revenue	**334**	337	1,344	8,877
Financial expenses	**-13,437**	-15,751	-43,106	-44,570
Net financial items	**-13,103**	-15,414	-41,762	-35,693
Profit/(loss) before tax	**-4,992**	12,296	1,323	-29,043
Tax (expense)	**-450**	-5,795	-5,779	-5,402
Net profit/(loss) after tax	**-5,442**	6,501	-4,455	-34,445
Attributable to:				
Non-controlling interests	**-2,000**	2,938	-6,731	-16,500
Shareholders of the parent company	**-3,442**	3,563	2,275	-17,945
Earnings per share: basic	**-0.011**	0.019	0.008	-0.099
Earnings per share: diluted	**-0.011**	0.018	0.008	-0.099

Balance sheet statement

EUR thousand	30 Sep 2021	30 Sep 2020	Full year 2020
ASSETS			
Intangible non-current assets			
Intangible Assets	**18,426**	20,885	19,989
Goodwill	**55,496**	53,784	54,879
Deferred tax assets	**7,761**	5,111	7,769
Tangible non-current assets			
Property, plant and equipment	**2,557**	2,684	2,530
Right-of-use assets	**4,596**	5,332	4,826
Financial non-current assets			
Purchased debt portfolios	**1,102,066**	1,115,480	1,124,699
Other non-current receivables	**365**	503	458
Other non-current investments	**196**	193	196
Total non-current assets	**1,191,462**	1,203,972	1,215,346
Current assets			
Stock of Secured Assets	**46,043**	84,163	78,786
Accounts Receivable	**6,121**	5,743	7,124
Other current assets	**13,417**	13,632	11,645
Restricted cash	**3,274**	2,718	2,946
Cash and Cash Equivalents	**38,984**	33,083	47,779
Total current assets	**107,840**	139,339	148,281
TOTAL ASSETS	**1,299,302**	1,343,310	1,363,627

EUR thousand	30 Sep 2021	30 Sep 2020	Full year 2020
EQUITY AND LIABILITIES			
Share Capital	**158,150**	97,040	97,040
Other paid-in equity	**269,900**	236,502	236,562
Retained Earnings	**-5,398**	-15,791	-16,036
Reserves	**-10,013**	-27,843	-15,999
Non-controlling interests	**8,702**	74,958	74,113
Total Equity	**421,341**	364,866	375,680
Non-current Liabilities			
Interest bearing debt	**661,554**	585,094	579,282
Deferred tax liabilities	**6,331**	11,142	6,436
Lease liabilities	**3,044**	3,056	2,804
Other non-current liabilities	**1,644**	1,324	1,433
Total non-current liabilities	**672,574**	600,616	589,955
Current Liabilities			
Accounts Payable	**6,885**	3,099	6,147
Current portion of interest bearing debt	**152,568**	339,953	356,903
Taxes Payable	**17,443**	9,547	12,002
Lease liabilities	**1,779**	2,533	2,282
Other current liabilities	**26,712**	22,697	20,657
Total current liabilities	**205,387**	377,829	397,992
Total Liabilities	**877,962**	978,445	987,947
TOTAL EQUITY AND LIABILITIES	**1,299,302**	1,343,310	1,363,627

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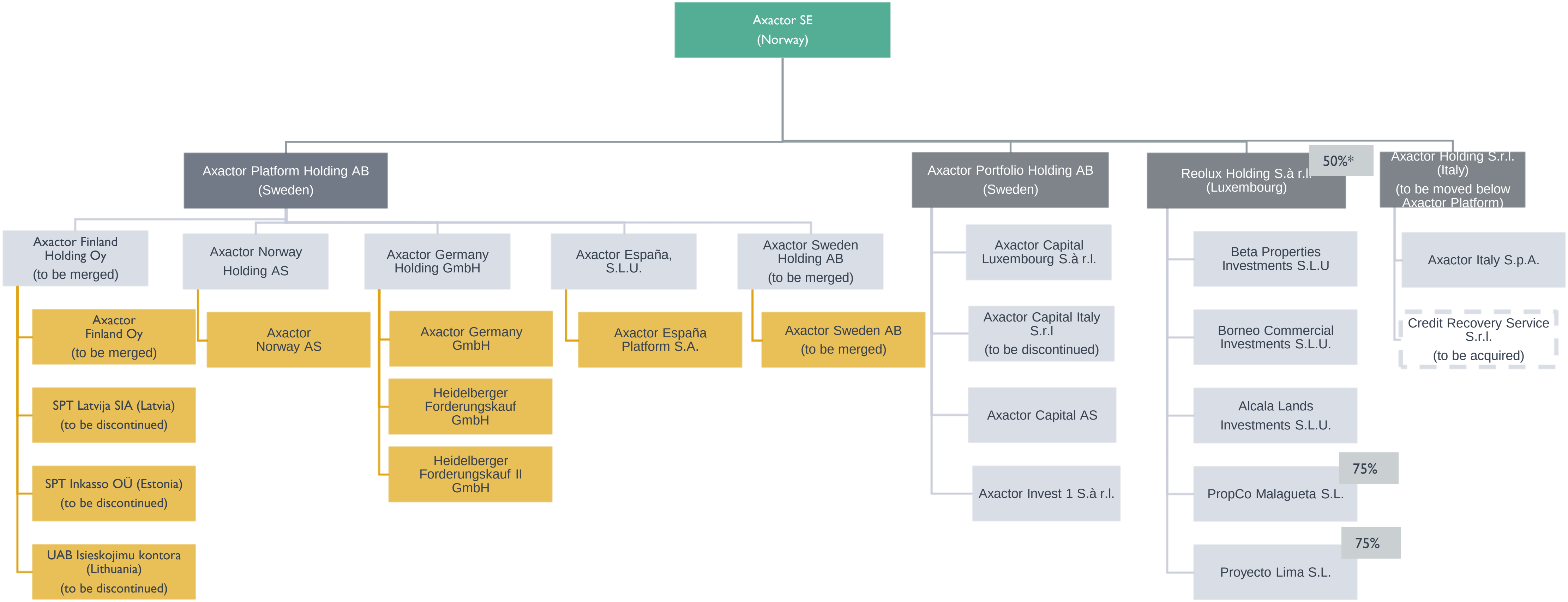
Legal organization September 2021



*50% of the shares in Reolux Holding S.à r.l. is held by Geveran Trading Co. Limited (Cyprus).
*Geveran Trading Co. Limited also holds shares of Axactor SE

Terms and abbreviations

Terms

Active forecast	Forecast of estimated remaining collection on NPL portfolios
Cash EBITDA margin	Cash EBITDA as a percentage of gross revenue
Contribution margin (%)	Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total income
Collection performance	Collection on own NPL portfolios in relation to active forecast
Equity ratio	Total equity as a percentage of total equity and liabilities
Forward flow agreement	Agreement for future aquisitions of NPLs at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to NPL book value, calculated using monthly cash flows over a 180-months period
NPL amortization rate	NPL amortization divided by NPL gross revenue
One off portfolio aquisitions	Aquisition of a single portfolio of NPLs
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Aquisitions of new NPLs to keep the same book value of NPLs from last period
SG&A, IT and corporate cost	Total operating expenses for overhead functions, such as HR, finance and legal etc
Solution rate	Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis
Yield	Interest income from purchased NPL portfolios including net gain/(loss) on the NPL portfolios

Abbreviations

3PC	Third-Party Collection
APM	Alternative Performance Measures
ARM	Accounts Receivable Management
B2B	Business to Business
B2C	Business to Consumer
BoD	Board of Directors
BS	Consolidated Statement of Financial Position (Balance Sheet)
CF	Consolidated Statement of Cash Flow
CGU	Cash Generating Unit
CM1	Contribution Margin
D&A	Depreciation and Amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
ECL	Expected Credit Loss
EPS	Earnings Per Share
ERC	Estimated Remaining Collection
FTE	Full Time Equivalent
IFRS	International Financial Reporting Standards
LTV	Loan to value
NCI	Non-Controlling Interests
NPL	Non-Performing Loan
OB	Outstanding Balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees
P&L	Consolidated Statement of Profit and Loss
PCI	Purchased Credit Impaired
PPA	Purchase Price Allocations
REO	Real Estate Owned
ROE	Return on Equity
SG&A	Selling, General & Administrative
SPV	Special Purpose Vehicle
VIU	Value in Use
WACC	Weighted Average Cost of Capital
WAEP	Weighted Average Exercise Price

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