

AXACTOR

Report

Q3 2021



Highlights

Third quarter 2021

- A challenging quarter with lower willingness to pay for debtors across Europe. The reduced willingness to pay is likely a consequence of a sharp increase in consumer spending after the lifting of Covid-19 related social restrictions
 - Gross revenue fell 6% compared to the third quarter last year, ending at EUR 78.1 million (83.3)
 - Total income was EUR 46.7 million (62.3), down 25% from the third quarter 2020 due to lower gross revenue and a net negative revaluation of the NPL portfolios of EUR 5.6 million (0.4) for the quarter
 - Good cost control cushions the income shortfall, with positive impacts from the ongoing cost saving program. Estimated annualized savings realized by the end of the third quarter was EUR 5.1 million, while expected annualized savings at the end of 2021 stands at EUR 5.6 million. A total of EUR 0.3 million of restructuring cost was recognized in the third quarter
 - EBITDA ended at EUR 10.4 million, down from EUR 30.3 million in the third quarter 2020. The resulting EBITDA margin was 22% (49%)
 - Cash EBITDA was EUR 50.8 million for the quarter (56.1)
 - Earnings before tax ended at EUR -5.0 million (12.3), while net profit came in at EUR -5.4 million (6.5)
- Adjusting for non-controlling interests, this translates to an annualized return on equity for shareholders of -3.3% for the quarter (4.9%)
- Investments in NPL portfolios amounted to EUR 32.0 million for the quarter (34.6), made primarily under forward flow agreements. Total committed NPL investments for the remainder of 2021 are estimated to EUR 23.9 million
 - During the quarter, Axactor obtained and published credit ratings from leading credit rating agencies Moody's and S&P. The ratings obtained were B1 and B, respectively
 - A new EUR 300 million bond loan was issued during the quarter at a significantly improved price level compared to previous bond issues. Parts of the proceeds have been used to repay the EUR 140 million bond loan subscribed by Geveran
 - Axactor is pleased to announce that five out of six operating geographies have received the Great Place To Work certification during the third quarter 2021. This is the first time Axactor conducts the survey
 - With the launch of the debtor portal in Finland all Axactor countries have a fully operational debtor portal with self-service functions for debtors. The portal was also further enhanced with a secure chat function, increasing the available communication channels between Axactor and the debtors

Events after the period

In October, Axactor repaid the full amounts outstanding on the Italian bank facilities. This enables Axactor to move all Italian entities inside the ringfence structure funded by the Group's revolving credit facility, which in turn is expected to reduce administrative costs significantly.

On October 26, Axactor announced it had placed a successful bid to secure 100% of the shares in the Italian debt collection agency Credit Recovery Service (CRS). CRS has been an established top-five independent 3PC-player in the Italian bank and finance segment for several years, with amicable collection on fresh cases as its core competence. CRS had a total income of EUR 6.2 million in 2020, with an EBITDA of EUR 0.9 million.

Key Figures Axactor Group

EUR million	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Gross revenue	78.1	83.3	258.1	233.2	325.2
Total income	46.7	62.3	173.6	146.5	201.2
EBITDA	10.4	30.3	50.3	14.5	32.0
Cash EBITDA ¹⁾	50.8	56.1	168.6	148.7	209.5
Depreciation and amortization (excl portfolio amortization)	-2.3	-2.6	-7.2	-7.9	-10.8
Net financial items	-13.1	-15.4	-41.8	-35.7	-53.4
Tax (expense)	-0.4	-5.8	-5.8	-5.4	-1.8
Net profit/(loss) after tax	-5.4	6.5	-4.5	-34.4	-34.0
Return on equity, excluding non-controlling interests, annualized	-3.3 %	4.9 %	0.8 %	-8.2 %	-6.1 %
Return on equity, including non-controlling interests, annualized	-5.1 %	7.1 %	-1.4 %	-12.3 %	-9.1 %
Growth total income, period to period	-25.0 %	-3.1 %	18.5 %	-30.3 %	-29.5 %
Cash and cash equivalents, end of period ²⁾	39.0	33.1	39.0	33.1	47.8
Gross revenue from NPL portfolios	59.3	61.9	191.6	170.5	236.5
Gross revenue from REO portfolios	7.9	10.1	31.2	28.2	40.4
Acquired NPL portfolios during the period	32.0	34.6	60.5	186.3	208.2
Acquired REO portfolios during the period	0.0	0.0	0.1	0.3	0.4
Book value of NPL, end of period	1,102.1	1,115.5	1,102.1	1,115.5	1,124.7
Book value of REO, end of period	46.0	84.2	46.0	84.2	78.8
Estimated remaining collection (ERC), NPL	2,130.4	2,160.0	2,130.4	2,160.0	2,169.2
Interest bearing debt, end of period	814.1	925.0	814.1	925.0	936.2
Number of employees (FTEs), end of period	1,112	1,145	1,112	1,145	1,128
Price per share, last day of period	9.39	7.43	9.39	7.43	10.70

1) Cash EBITDA is EBITDA adjusted for change in forward flow derivatives, portfolio amortizations and revaluations, REO cost of sales and impairments, and calculated cost of share option program. See APM table

2) Restricted cash excluded

Operations

The third quarter of 2021 was a challenging quarter for NPL and 3PC, especially during the vacation period in July and August. The third quarter seasonality is usually weak, with lower collections due to vacations for debtors and longer handling times in the legal systems. The effects were even stronger than ordinary in 2021. Internal analysis show that the main explanatory factors were higher focus on personal consumption and domestic travel as societies re-opened after long periods of strong covid-19 restrictions. In addition, the volumes of defaulted debt received from banks are still below pre Covid-19 levels for both the 3PC segment and for the NPL forward flow contracts. This is due to low default rates following reduced consumer spending in the Nordics during Covid-19, and continued effect of covid-19 related legislation in Southern Europe.

Operational improvements and cost efficiency are constantly in focus, and several initiatives to improve the cost position have been executed during the third quarter. A site consolidation was conducted in Norway, closing down the Hamar office. All remaining Norwegian operations will be located in Drammen with effect from 2022.

Several changes were made in the Spanish organization and management during the third quarter. The outcome is a leaner and more agile and efficient management structure with more emphasis on relationships and communication with customers. The changes also facilitate synergies between IT and Operations by gathering responsibilities on fewer hands.

Performance by business segment

With the challenges connected to debtors' reduced willingness to pay, the unsecured NPL portfolio performance compared to active forecast was 89% for the third quarter. The activity level was high, with a stable number of payments. However, the average payment size fell due to lower amounts of full settlements, negatively affecting the total collection for the quarter.

The same headwinds were applicable for the 3PC segment as well, with total income dropping 4% compared to the third quarter last year. Another important driver is the sale of claims currently managed by Axactor under 3PC agreements. When Axactor acquires NPL portfolios from its 3PC customers, or if the claims are sold to another debt collection agency, the volume under management for the 3PC segment will be reduced. The 3PC segment also suffer from reduced volumes due to lower default rates following less consumer spending

in the Nordic countries during the Covid-19 pandemic and temporary moratoriums and grace periods in Southern Europe. Axactor has signed several new 3PC contracts over the past months and the volumes are expected to increase going forward as the consumer spending has increased across several of Axactor's geographical markets, although there is some uncertainty regarding the timing.

The REO sales have a good momentum, realizing 267 assets in the quarter. The segment is in run-off mode, and there are 1,773 assets left in inventory at quarter-end.

Continued digital development

The debtor portal was successfully launched in Finland during the quarter. With the launch in Finland, the debtor portal is now fully operational in all Axactor markets. The portal facilitates self-service and easy access to information for debtors. The portal was also expanded in the quarter with a secure chat function, as a complimentary communication channel between debtors and Axactor. The debtor portal is an important tool for Axactor's continuous improvement of digital collections capabilities and services towards debtors.

Axactor Norway launched a new business concept in the third quarter, with an integration with a new bank and accounting concept from DNB called "DNB Regnskap". The integration offers users of DNB Regnskap to send defaulted claims directly to Axactor through the solution, providing Axactor with a steady flow of claims from new customers. Axactor is highlighted as one of the most popular integrations on the DNB Regnskap website.

Awareness campaigns and business continuity training

Continuous awareness trainings have been given to all employees during the third quarter, covering security and GDPR related topics. Examples of topics include protection against ransomware, staying secure in public, such as while travelling, and controlling privacy risks within the organization, for instance as part of a project. A related security survey among the employees verifies a high awareness level.

There have also been new phishing campaign activities, expanding the complexity of the campaigns to include social engineering and creating tailor-made e-mails to employees. Even the more sophisticated e-mails are shown to have a very limited success rate. This is a clear signal that the continuous focus on awareness training is working, which supports the systematic approach currently in use.

In addition to the privacy and information security trainings mentioned above, all employees have received e-learning trainings focusing on ethical behavior to prevent corruption and to prevent sexual harassment.

Business continuity training also covering crisis management has been conducted in Sweden, Finland and Germany during the third quarter.

Axactor is a great place to work

People, the employees of Axactor, is the most important enabler to achieve the Group's financial goals. Axactor wants to achieve these financial goals and at the same time be perceived as an excellent employer that lives its values.

Axactor has worked systematically to develop its organization and culture. The efforts over the last years have been directed towards securing a global people management system, developing consistent performance management practices, leadership development efforts to underpin trust-based leadership, mentoring programs, student-programs and an evaluation of the "employee journey" through an assessment of the HR processes. All these initiatives are aimed at creating common structures and further strengthening the trust-based culture.

Axactor has partnered with world-leading employee survey supplier Great Place To Work, to help verify that Axactor has a strong, trust based culture. The majority of Axactor's employees participated in the survey. Although it is rare to achieve the certification the first year of running the survey, Norway, Sweden, Finland, Germany and Italy were all certified as a great place to work. Also Spain delivered impressive results, especially taken into account the restructuring process conducted in 2021 and the severe consequences of Covid 19. Spain was fairly close to the level required to receive the certification, and Axactor will continue the good work to secure further improvements.

The feedback from the employees show that Axactor has an effective, rational, and competent organization with a clear strategy. The management set clear expectations and the employees have high trust in management. There is an open dialogue where straight answers are given. There are no signs of discrimination due to sex, religion or the like nor experiences of sexual harassment. Employees are proud to work for Axactor. Identified areas with improvement potential are internal information sharing, employee involvement in decision making, recognition of achievements, focus on middle management, remuneration and flexibility.

Axactor will continue to work to strengthen performance management, succession planning and increase focus on leadership development going forward.

The people hub

Correct, easily accessible and comprehensible information is vital to staying compliant and have efficient operations. A continuous focus on new and effective ways to communicate and share information is needed, to ensure that the right decisions are taken and that the employees continuously develop their competencies to be able to deliver the best possible service to the customers and debtors. As a consequence, Axactor has during the third quarter implemented a new intranet, the "People Hub". This should also mitigate some of the employees' request for more information as highlighted in the employee survey.

Internal control and governance

A group wide self-assessment of all key policy requirements has been conducted during the quarter. Second line verification will be conducted in the next quarter.

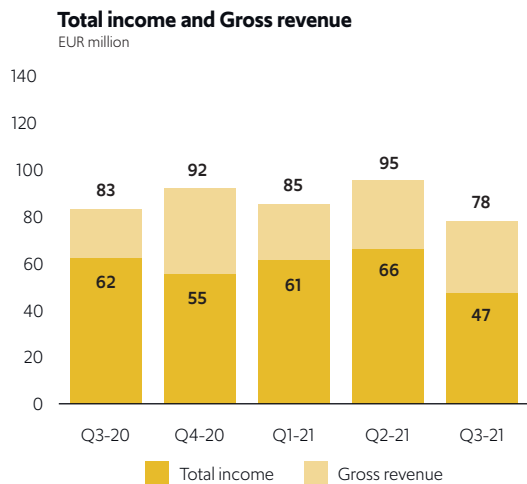
Det Norske Veritas (DNV) has conducted a gap analysis towards the ISO standards ISO 9001, ISO 14001 and ISO 27001 to verify gaps and risks to be mitigated as part of the company's quality assurance. No critical findings were identified and further improvements are currently under development. Spain has also renewed their ISO 9001 certification during the quarter.

An extensive penetration test was performed by an independent vendor. The project focused both on infrastructure and core applications throughout the Axactor Group. The test did not identify any critical findings.

The internal audit has continued focus on identifying risks for fraud and corruption and have among others reviewed the payment process in Spain. The audits identified only limited risks.

Financials

Income



Total income ended at EUR 46.7 million for the third quarter 2021, a reduction of EUR 15.5 million from the corresponding quarter last year (62.3). Gross revenue for the quarter also decreased, from EUR 83.3 million last year to EUR 78.1 million in 2021.

The third quarter is normally a seasonally weak quarter for the European debt collection industry. This was further emphasized by a reduction in debtors' willingness to pay after a sharp increase in consumer spending following the lifting of Covid-19 induced social restrictions. This contrasts the third quarter last year, which saw a positive mean-reversion effect when several countries resumed full operations after a lockdown of legal systems during the second quarter of 2020.

Total income for the third quarter includes EUR 5.6 million in net negative revaluation of NPL portfolios (0.4). The revaluation comes as a result of prolonged impacts of the ongoing Covid-19 pandemic. The surge in consumer spending after societies re-opened is expected to be short-term, but is likely to impact collections also for coming months.

NPL total income fell 32% compared to the third quarter last year. This was driven partly by the negative revaluations booked in the quarter, partly by lower collections and partly by increased amortization rates. The effective amortization rate for NPL portfolios during the third quarter 2021 was 43%, compared to 33% during the third quarter last year. Gross revenue for the NPL segment decreased 4% compared to last year, ending at EUR 59.3 million (61.9). In addition to the collection headwinds faced during the quarter, the investments in NPL portfolios have been below the maintenance level for the past months, causing the NPL book value to decrease and contributing to the fall in gross revenue.

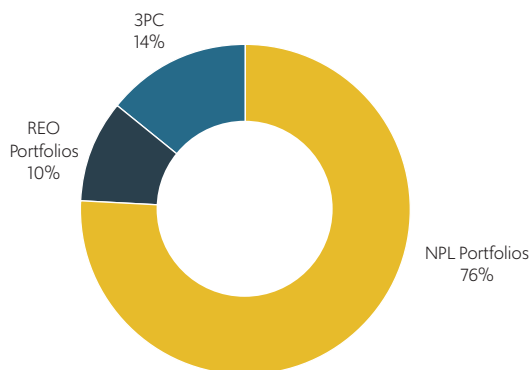
Total income for the 3PC segment ended at EUR 10.9 million for the third quarter 2021, down from EUR 11.3 million during the corresponding quarter last year. In addition to the reduced collection due to a lower willingness to pay, the 3PC segment still suffers from less volumes than normal. There are still some moratoriums and grace periods active in Southern Europe, and where they have been lifted there is a time lag before claims run into default and are subsequently transferred to debt collection. Both these effects are expected to gradually return to a pre covid-19 level over time.

The REO segment recorded total income of EUR 7.9 million during the third quarter 2021, down from EUR 10.1 million in the third quarter last year. Asset sales have continued to hold up well, with a total of 267 assets sold in the quarter (417). The number of assets in inventory has declined 42% over the last twelve months. The REO segment is considered as a run-off segment, with a remaining book value of EUR 46.0 million (84.2).

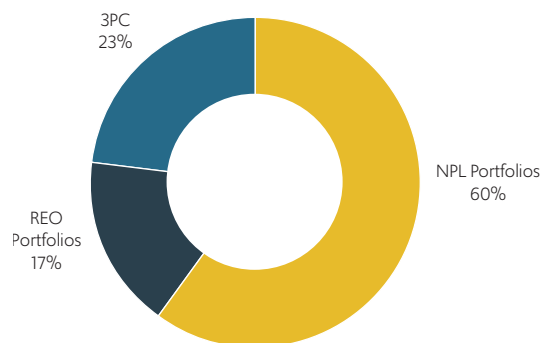
Operating expenses

Total operating expenses before depreciation and amortization amounted to EUR 36.3 million for the third quarter, up from EUR 31.9 million in the corresponding quarter last year. The main reason for the increase is related to a net reversal of REO impairments in the third quarter 2020 of EUR 5.1 million, compared to an impairment of

Gross revenue mix Q3-21



Total income mix Q3-21



EUR 0.2 million in the third quarter 2021. REO cost of sale amounted to EUR 8.9 million for the third quarter 2021, down 10% compared to last year (9.9) following the lower REO volume. The operating expenses excluding REO cost of sale and impairments for the third quarter thus ended at EUR 27.3 million, approximately the same level as last year (27.2).

The cost saving program is progressing according to plan, with estimated annual savings from actions implemented during the first nine months of 2021 of EUR 5.1 million. Expected annual savings when all initiatives are implemented at year-end is EUR 5.6 million. A total of EUR 0.3 million of restructuring costs were booked in the third quarter, mainly related to the close down of the Hamar office in Norway. Axactor Norway has one remaining operating center after the site consolidation, located in Drammen.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.3 million for the quarter, down from EUR 2.6 million in the corresponding quarter last year.

Operating results

Total contribution from the business segments came in at EUR 20.2 million for the third quarter, compared to EUR 39.0 million in the corresponding quarter last year. The decline in contribution comes mainly as a result of lower income, and from REO impairments of EUR 0.2 million compared to a net reversal of REO impairments last year of EUR 5.1 million. The resulting margin on total income was 43%, down from 63% in the third quarter 2020.

The NPL segment delivered a contribution margin of EUR 18.6 million in the third quarter 2021, down 42% from the same quarter last year (31.9). Lower gross revenue and net negative revaluations were the drivers of the reduction in contribution. The margin on segment income was thus 66% (78%).

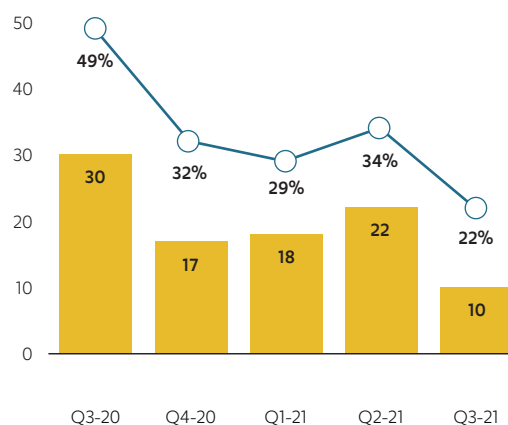
Contribution from 3PC was EUR 4.1 million, including EUR 0.3 million in restructuring cost. This compares to a contribution of EUR 4.5 million in the third quarter 2020. The corresponding margin on segment income was thus 37% for the third quarter 2021 (40%). The contribution from the 3PC segment is limited by the lower than expected volumes during the third quarter, but is expected to continue the positive trend observed recently as volumes increase and further cost savings are realized.

Contribution from the REO segment was EUR -2.5 million for the third quarter (2.6). This corresponded to a -31% margin on segment income (26%). The main reason for the negative margin development compared to last year is a net reversal of impairments booked in the third quarter 2020 of EUR 5.1 million, compared to impairments of EUR 0.2 million in the third quarter this year.

EBITDA for the quarter ended at EUR 10.4 million, down from EUR 30.3 million in the third quarter last year. The EBITDA margin was thus 22%, down from 49% in the same quarter last year.

EBITDA and EBITDA-margin

EUR million and %



The difference between contribution margin and EBITDA comprises unallocated SG&A and IT costs, which amounted to EUR 9.8 million for the quarter. This compares to EUR 8.6 million for the third quarter 2020. The increase comes partially as a result of temporary cost reduction initiatives active during 2020 that are no longer in place.

Cash EBITDA came in at EUR 50.8 million for the third quarter 2021, compared to EUR 56.1 million for the third quarter 2020. Cash EBITDA is EBITDA adjusted for change in forward flow derivatives, portfolio amortizations and revaluations, REO cost of sales and impairments, and calculated cost of share option programs.

Operating profit (EBIT) was EUR 8.1 million for the third quarter 2021 (27.7).

Net financial items

Total net financial items for the quarter were negative EUR 13.1 million, compared to negative EUR 15.4 million in the third quarter last year. Axactor has taken actions to reduce its net FX exposure during 2021 and the net FX impact for the quarter was thus a modest -0.2 million. This compares to a net FX impact of -1.2 million during the third quarter last year.

Interest expense on borrowings for the third quarter 2021 ended at EUR 12.8 million, down 9% from the third quarter last year (14.0). The reduction comes as a result of several initiatives to lower the Group's funding cost, including a large restructuring of the balance sheet implemented during the first quarter of 2021. During the third quarter, Axactor issued a new EUR 300 million bond loan at a cost of 3-month EURIBOR + 535bps. Parts of the proceeds have been used to repay the more expensive EUR 140 million bond loan subscribed by Geveran, which will further reduce the relative funding cost going forward.

Earnings and taxes

Earnings before tax ended at EUR -5.0 million for the third quarter (12.3), while net profit ended at EUR -5.4 million (6.5). The effective tax rate was thus -9% (47%) for the quarter and 437% for the first nine months of 2021 (-19%). The root cause of the high effective tax rate is a result of losses in the REO companies that are not tax deductible. The tax rate is expected to decline going forward as the legal structure is further simplified and the REO segment is gradually phased out.

The net profit to shareholders ended at EUR -3.4 million for the third quarter 2021 (3.6), while net profit to non-controlling interests was EUR -2.0 million (2.9). The resulting earnings per share was thus EUR -0.011 on a reported basis (0.019), and EUR -0.011 on a fully diluted basis (0.018), based on the average number of shares outstanding in each period.

Cash flow

Net cash flow from operating activities, including NPL and REO investments, amounted to EUR 25.7 million (11.2) for the quarter. The increase compared to last year is mainly related to lower NPL investments. The amount paid for NPL portfolios fell from EUR 41.7 million in the third quarter 2020 to EUR 28.0 million in the third quarter 2021.

Excluding investments in NPL and REO portfolios, cash flow from operations for the quarter increased to EUR 53.7 million, from EUR 52.9 million in the corresponding period last year. The difference between Cash EBITDA and cash flow from operations excluding investments in NPL and REO portfolios reflects a decrease in working capital of EUR 2.9 million (0.1), while taxes paid were insignificant (3.4).

Total net cash flow from investments, not including investments in NPL and REO portfolios, were EUR -1.0 million for the third quarter (-1.5).

Total cash flow from financing activities was EUR -29.7 million (-7.0) in the third quarter, with a net repayment of debt of EUR 12.3 million (net drawdown of 6.6). Cash flow from financing activities also includes EUR 4.1 million in loan fees connected to the new bond loan issued in the quarter (0.0).

Total net cash flow was EUR -5.0 million (2.8) for the quarter, leaving total cash and cash equivalents at EUR 42.3 million at the end of the third quarter 2021 (35.8). This includes EUR 3.3 million in restricted cash (2.7).

Equity position and balance sheet considerations

Total equity for the Group was EUR 421.3 million at the end of the third quarter 2021 (364.9), including non-controlling interests of EUR 8.7 million (75.0). This compares to total equity of EUR 375.7 million at the end of 2020. The main reason for the increased equity compared to last year is the share issue performed during the first quarter of 2021.

The equity ratio at the end of the third quarter 2021 was thus 32%, up from 27% at the end of the third quarter 2020 and up from 28% at the end of 2020.

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 excluding non-controlling interests for the third quarter 2021 was -3.3% (4.9%), while return on equity including non-controlling interests ended at -5.1% (71%). Correspondingly, the annualized return on equity for the first nine months of 2021 ended at 0.8% excluding non-controlling interests (-8.2%) and at -1.4% on a reported basis (-12.3%).

Capital expenditure and Funding

Axactor invested EUR 32.0 million (34.6) in NPL portfolios during the third quarter of 2021. The majority of the investments were made under forward flow contracts, while two small one-off acquisitions were closed as well. The difference between invested amount and cash paid for portfolios in the quarter relates to deferred capex on certain forward flow batches. The investment level has been historically low for Axactor so far in 2021 and the Group expects to increase investments in the coming quarters. Total estimated forward flow commitments for the remainder of 2021 stands at EUR 23.9 million, and at EUR 86.1 million for the next twelve months.

During the quarter, Axactor obtained public credit ratings from leading credit rating agencies Moody's and S&P. The ratings obtained were B1 and B, respectively.

During the third quarter 2021, Axactor issued a new EUR 300 million bond loan. The bond matures on September 15, 2026 and has an interest cost of 3-month EURIBOR + 535bps. The proceeds were partly used to repay the EUR 140 million bond loan subscribed by Geveran. During October, the Italian bank loans amounting to EUR 33.5 million were repaid. The remaining proceeds from the bond issue has been used to reduce borrowings under the revolving credit facility and fund investments in NPL portfolios. The bond will be listed on Oslo Børs within the end of the first quarter 2022 with ISIN NO0011093718.

In addition to the new bond loan, Axactor also have EUR 200 million outstanding on the Oslo Børs listed bond loan issued during the first quarter of 2021 with ticker ACRO2.

The revolving credit facility from DNB and Nordea has a total size of EUR 620 million, whereof EUR 75 million are in the form of an accordion option. At the end of the third quarter 2021 the drawn amount on the revolving credit facility was EUR 296.0 million.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 814.1 million at the end of the quarter (925.0).

Axactor are in compliance with all loan covenants as per the end of the third quarter of 2021.

Outlook

Axactor expects the debtors' willingness to settle their debts to increase again over the next months. As people get used to the "new normal" where traveling, eating at restaurants or going to bars is again possible, the initial surge in consumer spending is likely to fade and stabilize at a level closer to pre Covid-19.

Although consumer spending is expected to fall from the heights seen in the third quarter, it is expected to stabilize at a higher level than observed during the pandemic. This should in turn generate higher volumes of defaulted debts, although there is uncertainty related to the timing of defaults. While the collection climate slowly improves, Axactor focuses on improving its operating procedures and routines to position the Group for when volumes do return.

Reducing complexity is an important steppingstone for Axactor in its journey towards delivering an attractive return on equity to its shareholders. With the new bond loan issued in the third quarter

2021 Axactor continue the work to simplify the funding structure and reduce effective funding cost. The savings from the refinancing of the EUR 140 million bond loan subscribed by Geveran will be visible from the fourth quarter 2021. The repayment of the Italian bank loans conducted in October enables further simplification and optimization of the legal structure of the Italian companies and will reduce administrative costs going forward.

The cost savings project is progressing according to plan, and total expected annual savings from planned initiatives has increased to EUR 5.6 million. All initiatives are still planned to be implemented by the end of 2021, but some restructuring initiatives with expected costs of EUR 0.2 million have been postponed to the fourth quarter.

The acquisition of Credit Service Recovery in Italy is expected to close before year-end 2021. The transaction will significantly lift Axactor Italy's 3PC volumes, as well improve Axactor's standing within the Italian bank and finance sector.

The market for NPL portfolios is still increasing, although at a slower pace than previously anticipated. Axactor aims to increase its NPL investment level for the coming quarters. However, the Group will only do so at attractive price levels in line with the Group's strategy. If prices are considered too high, Axactor will reduce its investment level and rather focus on deleveraging. During the third quarter Axactor refrained from following biddings to unattractive levels in some of the processes Axactor attended. Total expected NPL investments for the fiscal year 2021 are thus reduced to approximately EUR 150 million, although still highly dependent on closing significant one-off transactions in the fourth quarter.

Interim Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end		Year to date		Full year 2020
		30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Interest income from purchased loan portfolios	5,6	41,238	41,497	124,915	121,335	163,093
Net gain/(loss) purchased loan portfolios	5,6	-13,305	-624	-17,425	-37,530	-49,813
Other operating revenue		18,797	21,457	66,128	62,679	87,871
Other income		1	-50	3	49	24
Total income	3,5	46,731	62,280	173,622	146,533	201,175
Cost of REO's sold, incl impairment	7	-9,070	-4,749	-33,599	-46,956	-52,932
Personnel expenses		-14,584	-13,255	-47,704	-41,079	-54,872
Operating expenses		-12,674	-13,933	-42,022	-43,991	-61,372
Total operating expenses		-36,327	-31,937	-123,325	-132,026	-169,176
EBITDA		10,404	30,343	50,297	14,506	31,999
Amortization and depreciation		-2,293	-2,633	-7,211	-7,856	-10,838
EBIT		8,111	27,710	43,085	6,650	21,161
Financial revenue	4	334	337	1,344	8,877	12,650
Financial expenses	4	-13,437	-15,751	-43,106	-44,570	-66,039
Net financial items		-13,103	-15,414	-41,762	-35,693	-53,390
Profit/(loss) before tax		-4,992	12,296	1,323	-29,043	-32,228
Tax (expense)		-450	-5,795	-5,779	-5,402	-1,774
Net profit/(loss) after tax		-5,442	6,501	-4,455	-34,445	-34,002
Attributable to:						
Non-controlling interests		-2,000	2,938	-6,731	-16,500	-15,871
Shareholders of the parent company		-3,442	3,563	2,275	-17,945	-18,131
Earnings per share: basic		-0.011	0.019	0.008	-0.099	-0.099
Earnings per share: diluted		-0.011	0.018	0.008	-0.099	-0.099

Interim Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Net profit/(loss) after tax	-5,442	6,501	-4,455	-34,445	-34,002
<i>Items that will not be classified subsequently to profit and loss</i>					
Remeasurement of pension plans	0	0	0	0	-58
<i>Items that may be classified subsequently to profit and loss</i>					
Foreign currency translation differences - foreign operations	-444	-3,159	5,985	-23,122	-11,278
Other comprehensive income/(loss) after tax	-444	-3,159	5,985	-23,122	-11,336
Total comprehensive income for the period	-5,886	3,342	1,530	-57,567	-45,338
Attributable to:					
Non-controlling interests	-2,000	2,938	-6,731	-16,500	-15,871
Equity holders of the parent company	-3,886	404	8,261	-41,067	-29,467

Interim Consolidated Statement of Financial Position

EUR thousand	Note	30 Sep 2021	30 Sep 2020	Full year 2020
ASSETS				
<i>Intangible non-current assets</i>				
Intangible assets		18,426	20,885	19,989
Goodwill		55,496	53,784	54,879
Deferred tax assets		7,761	5,111	7,769
<i>Tangible non-current assets</i>				
Property, plant and equipment		2,557	2,684	2,530
Right of use assets	9	4,596	5,332	4,826
<i>Financial non-current assets</i>				
Purchased debt portfolios	6	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
<i>Current assets</i>				
Stock of secured assets	7	46,043	84,163	78,786
Accounts receivable		6,121	5,743	7,124
Other current assets	10	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

Interim Consolidated Statement of Financial Position

EUR thousand	Note	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		421,340	364,866	375,680
<i>Non-current liabilities</i>				
Interest bearing debt	8	661,554	585,094	579,282
Deferred tax liabilities		6,331	11,142	6,436
Lease liabilities	9	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
<i>Current liabilities</i>				
Accounts payable		6,885	3,099	6,147
Current portion of interest bearing debt	8	152,568	339,953	356,903
Taxes payable		17,443	9,547	12,002
Lease liabilities	9	1,779	2,533	2,282
Other current liabilities	10	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

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end		Year to date		Full year 2020
		30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Operating activities						
Profit/(loss) before tax		-4,992	12,296	1,323	-29,043	-32,228
Taxes paid		-10	-3,385	-434	-4,243	-5,515
Adjustments for:						
- Finance income and expenses		13,103	15,414	41,762	35,693	53,390
- Portfolio amortization and revaluation		31,342	21,023	84,144	86,736	123,179
- Cost of secured assets sold, incl. impairment		9,070	4,749	33,599	46,956	52,932
- Depreciation and amortization		2,293	2,633	7,211	7,856	10,838
- Calculated cost of employee share options		-7	47	161	518	578
Change in working capital		2,906	89	8,660	2,350	3,309
<i>Cash flow from operating activities before NPL and REO investments</i>		53,704	52,865	176,427	146,824	206,482
Purchase of debt portfolios	6	-28,006	-41,735	-63,847	-189,906	-213,032
Sale of debt portfolio	6	0	150	300	900	2,050
Purchase of REO's	7	-19	-33	-133	-325	-399
Net cash flow from operating activities		25,678	11,247	112,747	-42,508	-4,899
Investing activities						
Purchase of intangible and tangible assets		-1,015	-1,481	-3,582	-5,042	-6,114
Interest received		1	0	2	22	25
Net cash flow from investing activities		-1,014	-1,481	-3,581	-5,020	-6,089
Financing activities						
Proceeds from borrowings	8	300,000	13,409	454,490	81,631	81,631
Repayment of debt	8	-312,349	-6,856	-562,809	-76,608	-84,395
Interest paid		-11,592	-11,936	-30,104	-35,996	-48,058
Loan fees paid	8	-4,060	-24	-24,033	-4,503	-4,503
New share issues		0	0	50,792	50,767	50,767
Proceeds /(repayments) from/(to) non-controlling interests		-1,663	-1,575	-5,363	-5,519	-6,994
Cost related to share issues		0	0	-1,460	-959	-959
Net cash flow from financing activities		-29,664	-6,982	-118,486	8,813	-12,512
Net change in cash and cash equivalents		-4,999	2,784	-9,320	-38,715	-23,499
Cash and cash equivalents at the beginning of period		47,338	34,289	50,725	75,396	75,396
Currency translation		-80	-1,272	854	-880	-1,172
Cash and cash equivalents at end of period, incl. restricted funds		42,259	35,801	42,259	35,801	50,725

Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company					Non-controlling interest	Total Equity
	Restricted	Non-restricted			Total		
	Share Capital	Other paid in equity	Reserves	Retained earnings			
Closing balance on 31 Dec 2019	81,338	201,879	-4,721	2,153	280,648	96,977	377,626
Result of the period				-17,945	-17,945	-16,500	-34,445
Foreign currency translation differences - foreign operations			-23,122		-23,122		-23,122
Total comprehensive income for the period	0	0	-23,122	-17,945	-41,067	-16,500	-57,567
Proceeds from non-controlling interests					0	-5,519	-5,519
New share issues	15,703	35,064			50,767		50,767
Cost related to share issues		-959			-959		-959
Share based payment		518			518		518
Closing balance on 30 Sep 2020	97,040	236,502	-27,843	-15,791	289,907	74,958	364,866
Result of the period				-187	-187	629	443
Remeasurement of pension plans				-58	-58		-58
Foreign currency translation differences - foreign operations			11,844		11,844		11,844
Total comprehensive income for the period	0	0	11,844	-245	11,599	629	12,229
Proceeds from non-controlling interests					0	-1,475	-1,475
Share based payment		60			60		60
Closing balance on 31 Dec 2020	97,040	236,562	-15,999	-16,036	301,566	74,113	375,680
Result of the period				2,275	2,275	-6,731	-4,455
Foreign currency translation differences - foreign operations			5,985		5,985		5,985
Total comprehensive income for the period	0	0	5,985	2,275	8,261	-6,731	1,530
Proceeds from non-controlling interests					0	-5,363	-5,363
Acquisition of remaining 50% of Axactor Invest 1		7,319		8,363	15,682	-53,317	-37,635
New share issues	61,110	27,318			88,427		88,427
Cost related to share issues		-1,460			-1,460		-1,460
Share based payment		161			161		161
Closing balance on 30 Sep 2021	158,150	269,900	-10,013	-5,398	412,637	8,702	421,340

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 third party owned portfolios.

The activities are further described in Note 3.

This unaudited 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 2020. 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 2020.

In preparing these interim financial statements, management has applied the accounting policies of the Group and made judgements and estimates that affects 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 comprehensively discussed in the Group Annual report for the Financial Year 2020, 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. Also, the effect of Covid-19 on expectations of future events that are believed to be reasonable under the circumstances, has been described in Annual Report. Management continues to assess the data and information available at the reporting date.

Note 2 Risks and uncertainties

Axactor's regular business activities entail exposure to various types of risk. The Group 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 risk and financing risk. Following the Covid-19 pandemic, the Group tightly monitors its different risks in all countries where Axactor companies are present. The credit management is negatively affected by a weakened economy and the industry as such is also negatively impacted by the Covid-19 pandemic. Risks associated with changes in economic conditions are monitored through on-going dialogue with each country management team and through regular follow up on macro-economic development in each country. Nevertheless, the long-term effects remain uncertain. For a more elaborate discussion on the aforementioned risks one is referred to the Group's Annual Report for the Financial Year 2020, which is available on Axactor's website: www.axactor.com (Note 3 of the Group financial statement).

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. The Group had cash and cash equivalent of EUR 39.0 million at 30 Sep 2021 (30 Sep 2020: EUR 33.1 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. For forward flow NPL agreements expected cash flows are presented. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the most likely date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the most likely date on which the Group may be required to pay.

The loan repayment amounts presented are subject to change dependent on a change in variable interest rates.

EUR thousand	Q4-21	Q1-22	Q2-22	Q3-22	1-2 years	2-4 years	4+ years	Total
Forward flow NPL agreements, non-cancellable ¹⁾²⁾	23,909	17,413	15,602	15,170	37,057	1,000	0	110,151
Forward flow NPL agreements, cancellable ¹⁾²⁾³⁾	0	6,199	4,845	3,000	0	0	0	14,044
Interest bearing loans DNB/Nordea	2,502	2,177	1,936	1,676	1,438	286,895	0	296,624
Interest bearing loans Italy	34,000							34,000
Bond (ISIN: NO0010914666)	3,578	3,578	3,500	3,539	14,194	207,156	0	235,544
Bond (ISIN: NO0011093718)	4,057	4,013	4,102	4,102	16,274	32,590	316,273	381,410
Other non-current liabilities	0	0	0	0	0	0	1,644	1,644
Accounts payable	6,885	0	0	0	0	0	0	6,885
Other current liabilities	23,112	3,600	0	0	0	0	0	26,712
Total	98,044	36,980	29,984	27,486	68,963	527,641	317,917	1,107,014

1) Forward flow NPL agreements split by country:

Germany 69 %
Norway 29 %
Finland 2 %

2) Expected cash flows. Cash flows are limited to EUR 213.9 million by contracted capex limits.

3) Cancellable with three months notice

The estimated remaining collection (ERC) represents the expected gross collection on the NPL portfolios and can be broken down per year as follows (year 1 means the first 12 months from the reporting date):

EUR thousand	Estimated remaining collection (ERC), amortization and yield next four quarters				
Year	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Year 1
ERC	79,055	68,748	70,570	66,355	284,728
Amortization	37,553	28,621	31,585	28,475	126,235
Yield	41,501	40,127	38,985	37,880	158,494

EUR thousand	Estimated remaining collection (ERC), amortization and yield per year															
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
ERC	284,728	253,350	225,441	196,955	175,820	156,950	138,996	125,407	113,238	102,225	92,367	83,860	74,058	57,041	49,983	2,130,419
Amortization	126,235	113,326	102,816	89,453	81,838	74,913	67,750	63,875	60,876	58,640	57,256	57,122	55,620	46,174	46,171	1,102,066
Yield	158,494	140,024	122,625	107,501	93,982	82,037	71,246	61,532	52,362	43,585	35,110	26,738	18,437	10,867	3,812	1,028,353

As the Covid-19 situation is expected to continue to impact the financials in 2021, the Group proceeds to ensure a satisfactory liquidity situation.

Regulatory risk

A notice regarding the preliminary conclusion from the Financial Supervisory Authority of Norway (FSA) received on 31 August 2021, states that the FSA requires the company to expand its valuation model for expected future credit losses on portfolios of non-performing loans (NPL) with more input variables and scenario analysis capturing current and future macroeconomic conditions. Reference is made to Axactor's notice to the stock exchange dated 25 March 2021.

The company does not expect material revaluations of its current NPL book value, neither negative nor positive, following such expansion of its valuation model.

The notice also includes the preliminary conclusion that the company will be required to conduct a new valuation of expected future credit loss for one specific NPL portfolio as of 2019 and onwards. The book value of the portfolio in question was reduced through the company's ordinary quarterly revaluation process in 2020 and is performing above its active forecast in 2021, a new valuation is not expected to materially impact the current NPL book value.

The company will continue the dialogue with the FSA until a final conclusion is received.

Note 3 Segment reporting

Axactor delivers credit management services and the Group's revenue is derived from the following three operating segments:

- Non-performing loans (NPL)
- Third-party collection (3PC)
- Real estate owned (REO)

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 3PC segment's focus is to perform debt collection services on behalf of third-party clients. The operating segment applies both amicable and legal proceedings in order to collect the non-performing loans, and typically receive a commission for these services. Other services provided include, amongst other, helping creditors to prepare documentation for future legal proceedings against debtors, handling of invoices between the invoice date and the default date and sending out reminders. For these latter services, Axactor typically receives a fixed fee.

The REO segment relates to the investments in real estate assets held for sale.

Axactor reports its business through reporting segments which correspond 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 Group's resources.

Segment total income reported 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 30 Sep 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	59,275	0	7,902	0	67,176
Portfolio amortization and revaluation	-31,342	0	0	0	-31,342
<i>Other operating income:</i>					
-Change in forward flow derivatives	0	0	0	0	0
-Other operating revenue and other income	0	10,896	0	1	10,896
Total income	27,933	10,896	7,902	1	46,731
REO cost of sales	0	0	-8,914	0	-8,914
Impairment REOs	0	0	-156	0	-156
Direct operating expenses	-9,373	-6,813	-1,288	0	-17,474
Contribution margin	18,560	4,082	-2,456	1	20,187
SG&A, IT and corporate cost				-9,784	-9,784
EBITDA					10,404
Amortization and depreciation				-2,293	-2,293
EBIT					8,111
Total operating expenses	-9,373	-6,813	-10,358	-9,784	-36,327
Contribution margin (%)	66.4 %	37.5 %	-31.1 %	na	43.2 %
EBITDA margin (%)					22.3 %
Opex ex SG&A, IT and corp.cost / Gross revenue	15.8 %	62.5 %	131.1 %	na	34.0 %
SG&A, IT and corporate cost / Gross revenue					12.5 %

For the quarter end 30 Sep 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	61,896	0	10,141	0	72,036
Portfolio amortization and revaluation	-21,023	0	0	0	-21,023
<i>Other operating income:</i>					
-Change in forward flow derivatives	0	0	0	43	43
-Other operating revenue and other income	0	11,317	0	-93	11,224
Total income	40,873	11,317	10,141	-50	62,280
REO cost of sales	0	0	-9,860	0	-9,860
Impairment REOs	0	0	5,111	0	5,111
Direct operating expenses	-9,004	-6,796	-2,747	0	-18,547
Contribution margin	31,869	4,520	2,645	-50	38,983
SG&A, IT and corporate cost				-8,641	-8,641
EBITDA					30,343
Amortization and depreciation				-2,633	-2,633
EBIT					27,710
Total operating expenses	-9,004	-6,796	-7,496	-8,641	-31,937
Contribution margin (%)	78.0 %	39.9 %	26.1 %	na	62.6 %
EBITDA margin (%)					48.7 %
Opex ex SG&A, IT and corp.cost / Gross revenue	14.5 %	60.1 %	73.9 %	na	28.0 %
SG&A, IT and corporate cost / Gross revenue					10.4 %

Year to date 30 Sep 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	191,634	0	31,158	0	222,792
Portfolio amortization and revaluation	-84,144	0	0	0	-84,144
<i>Other operating income:</i>					
-Change in forward flow derivatives	-374	0	0	0	-374
-Other operating revenue and other income	0	35,344	0	3	35,347
Total income	107,117	35,344	31,158	3	173,622
REO cost of sales	0	0	-33,401	0	-33,401
Impairment REOs	0	0	-198	0	-198
Direct operating expenses	-26,683	-26,676	-4,579	0	-57,938
Contribution margin	80,434	8,668	-7,020	3	82,084
SG&A, IT and corporate cost				-31,787	-31,787
EBITDA					50,297
Amortization and depreciation				-7,211	-7,211
EBIT					43,085
Total operating expenses	-26,683	-26,676	-38,178	-31,787	-123,325
Contribution margin (%)	75.1 %	24.5 %	-22.5 %	na	47.3 %
EBITDA margin (%)					29.0 %
Opex ex SG&A, IT and corp.cost / Gross revenue	13.9 %	75.5 %	122.5 %	na	35.5 %
SG&A, IT and corporate cost / Gross revenue					12.3 %

Year to date 30 Sep 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	170,541	0	28,227	0	198,768
Portfolio amortization and revaluation	-86,736	0	0	0	-86,736
<i>Other operating income:</i>					
-Change in forward flow derivatives	0	0	0	43	43
-Other operating revenue and other income	0	34,452	0	6	34,458
Total income	83,805	34,452	28,227	49	146,533
REO cost of sales	0	0	-24,960	0	-24,960
Impairment REOs	0	0	-21,997	0	-21,997
Direct operating expenses	-26,795	-23,232	-6,060	0	-56,087
Contribution margin	57,010	11,220	-24,789	49	43,490
SG&A, IT and corporate cost				-28,983	-28,983
EBITDA					14,506
Amortization and depreciation				-7,856	-7,856
EBIT					6,650
Total operating expenses	-26,795	-23,232	-53,017	-28,983	-132,026
Contribution margin (%)	68.0 %	32.6 %	-87.8 %	na	29.7 %
EBITDA margin (%)					9.9 %
Opex ex SG&A, IT and corp.cost / Gross revenue	15.7 %	67.4 %	187.8 %	na	44.2 %
SG&A, IT and corporate cost / Gross revenue					12.4 %

Full year 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	236,459	0	40,407	0	276,866
Portfolio amortization and revaluation	-123,179	0	0	0	-123,179
<i>Other operating income:</i>					
-Change in forward flow derivatives	-826	0	0	0	-826
-Other operating revenue and other income	0	48,290	0	24	48,314
Total income	112,454	48,290	40,407	24	201,175
REO cost of sales	0	0	-36,818	0	-36,818
Impairment REOs	0	0	-16,114	0	-16,114
Direct operating expenses	-37,174	-30,938	-8,433	0	-76,546
Contribution margin	75,280	17,352	-20,958	24	71,698
Local SG&A, IT and corporate cost				-39,699	-39,699
EBITDA					31,999
Amortization and depreciation				-10,838	-10,838
EBIT					21,161
Total operating expenses	-37,174	-30,938	-61,365	-39,699	-169,176
Contribution margin (%)	66.9 %	35.9 %	-51.9 %	na	35.6 %
EBITDA margin (%)					15.9 %
Opex ex SG&A, IT and corp.cost / Gross revenue	15.7 %	64.1 %	151.9 %	na	39.8 %
SG&A, IT and corporate cost / Gross revenue					12.2 %

Note 4 Financial items

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Financial revenue					
Interest on bank deposits	1	0	2	22	25
Exchange gains realized	331	333	1,316	581	705
Net unrealized exchange gain	0	0	0	8,261	11,901
Other financial income	2	4	26	14	20
Total financial revenue	334	337	1,344	8,877	12,650
Financial expenses					
Interest expense on borrowings ¹⁾	-12,756	-14,021	-39,539	-42,286	-63,554
Exchange losses realized	-280	-102	-483	-1,079	-1,153
Net unrealized exchange loss	-288	-1,394	-2,814	0	0
Other financial expenses ²⁾	-114	-235	-269	-1,205	-1,332
Total financial expenses	-13,437	-15,751	-43,106	-44,570	-66,039
Net financial items	-13,103	-15,414	-41,762	-35,693	-53,390

1) Full year 2020 includes expensed capitalized loan fees of EUR 71 million related to the refinancing.

2) Includes interest expense from negative bank accounts in group multicurrency cash pool and negative interest on bank deposits.

Note 5 Total income

The Group operates in seven European countries: Finland, Germany, Italy, Luxembourg, Norway, Spain, and Sweden. Apart from in Luxembourg, Axactor delivers credit management services in all countries. The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

Total income	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
EUR thousand					
Finland	3,471	3,808	11,128	10,156	10,710
Germany	7,082	7,341	23,711	22,807	31,964
Italy	3,066	4,743	12,494	9,385	14,424
Norway	8,301	11,957	28,867	28,314	37,949
Spain	18,210	27,485	72,521	63,968	87,962
Sweden	6,600	6,945	24,901	11,903	18,165
Total	46,731	62,280	173,622	146,533	201,175

Non-current assets ¹⁾	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
EUR thousand					
Finland	4,178	4,404	4,178	4,404	4,539
Germany	12,813	13,745	12,813	13,745	13,497
Italy	9,255	9,851	9,255	9,851	9,720
Norway	32,760	32,805	32,760	32,805	33,004
Spain	18,187	19,592	18,187	19,592	19,176
Sweden	3,882	2,288	3,882	2,288	2,286
Total	81,074	82,685	81,074	82,685	82,223

1) Non-current assets consists of intangible assets, goodwill, property, plant and equipment and right-of-use assets

Portfolio revenue

Portfolio revenue consists of interest income from purchased loan portfolios and net gain /(loss) purchased loan portfolios and are represented by Yield, and the accumulative of CU1, CU2 and CU2 tail in the tables below.

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	For the quarter end 30 Sep 2021
Finland	3,735	-438	0	0	3,297
Germany	5,375	-1,002	68	109	4,549
Italy	3,953	-590	-843	36	2,555
Norway	9,183	-2,316	-629	404	6,642
Spain	10,565	-545	-5,613	268	4,674
Sweden	8,429	-2,797	0	585	6,216
Total	41,238	-7,689	-7,018	1,401	27,933

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	For the quarter end 30 Sep 2020
Finland	3,707	-204	-6	0	3,497
Germany	5,777	-1,081	45	148	4,889
Italy	4,263	-148	7	70	4,192
Norway	7,743	1,369	166	471	9,750
Spain	11,736	1,928	-2,199	235	11,700
Sweden	8,271	-2,060	37	597	6,845
Total	41,497	-197	-1,950	1,522	40,873

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	Year to date 30 Sep 2021
Finland	11,231	-742	16	0	10,505
Germany	15,819	-553	68	334	15,668
Italy	12,193	-538	-816	97	10,935
Norway	27,211	-4,540	-252	1,221	23,639
Spain	32,817	-1,272	-9,661	833	22,716
Sweden	25,644	-3,243	-171	1,796	24,026
Total	124,915	-10,889	-10,817	4,281	107,490

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	Year to date 30 Sep 2020
Finland	10,956	-1,781	-101	0	9,074
Germany	17,454	-2,458	-5	452	15,444
Italy	12,772	-2,095	-3,328	219	7,569
Norway	21,598	2,533	-4,118	1,394	21,407
Spain	36,246	-454	-17,881	729	18,639
Sweden	22,309	-5,301	-6,991	1,655	11,672
Total	121,335	-9,555	-32,424	4,449	83,805

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	Full year 2020
Finland	14,727	-2,155	-3,218	0	9,353
Germany	23,015	-2,260	355	595	21,705
Italy	16,996	-1,776	-3,559	275	11,936
Norway	29,703	1,997	-4,032	1,775	29,443
Spain	47,790	-2,427	-23,574	978	22,767
Sweden	30,864	-6,325	-8,728	2,266	18,076
Total	163,093	-12,946	-42,755	5,888	113,280

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, except for Finland who is limited to 180 months from legal date

Note 6 Non-performing loans

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Balance at start of period	1,104,079	1,107,257	1,124,699	1,041,919	1,041,919
Acquisitions during the period ²⁾	32,016	34,572	60,454	186,323	208,250
Collection	-59,275	-61,896	-191,634	-170,541	-236,459
Yield - Interest income from purchased loan portfolios	41,238	41,497	124,915	121,335	163,093
Net gain/(loss) purchased loan portfolios ¹⁾	-13,305	-624	-17,425	-37,530	-49,813
Repossession of secured NPL to REO	-81	-254	-723	-1,754	-2,279
Deliveries on forward flow contracts	-245	0	-1,221	0	0
Disposals ¹⁾	0	-0	0	-384	-403
Translation difference	-2,360	-5,072	3,002	-23,889	392
Balance at end of period	1,102,066	1,115,480	1,102,066	1,115,480	1,124,699
Payments during the period for investments in purchased debt amounted to EUR	28,006	41,735	63,847	189,906	213,032
Deferred payment	4,009	-7,163	6,893	6,703	5,504
<i>Nominal value acquired portfolios</i>	166,581	79,455	218,528	375,050	424,062
<i>Expected credit losses at acquisition</i>	-134,565	-44,882	-158,074	-188,727	-215,812
Credit impaired acquisitions during the period	32,016	34,572	60,454	186,323	208,250

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;

For an elaborate description of Axactor's accounting principles for purchased debt, see Note 2, and for a description of revenue recognition and fair value estimation, see Note 4, in the Group's Annual Report for the Financial Year 2020.

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 subsequently measured at amortized cost according to a credit adjusted effective interest rate.

Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on an asset collateral 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 and updated in line with expectation on an array of economic factors and conditions that will be experienced over time. Changes in expected cash flow are adjusted in the carrying amount and are recognized in 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 majority of the non-performing loans are unsecured. Only an immaterial part of the loans, approximately 4% of the book value of the loans, is secured by a property object.

Market	Book value
Finland	116,902
Norway	245,732
Sweden	256,738
Germany	124,680
Italy	113,950
Spain	244,064
Total	1,102,066

The estimation of future cash flow is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor considers relevant macro factors and market specific factors when estimating future cash flow but not as direct input generating output in the forecast models. Portfolio specific factors and internal factors are considered to affect the estimation of future cash flow significantly more than changes in general macro factors and market specific factors.

Axactor has incorporated into the estimated remaining collection (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 year has formed the basis for the current ERC. The ERC table is included in note 2.

Note 7 Stock of secured assets - REO

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Acquisition cost at start of period	55,012	88,625	78,786	129,040	129,040
Acquisitions during the year ¹⁾	20	33	133	325	399
Repossession of secured NPL	81	254	723	1,754	2,279
Cost of sold secured assets	-8,914	-9,860	-33,401	-24,960	-36,818
Total acquisition cost	46,199	79,052	46,241	106,159	94,901
Impairment	-156	5,111	-198	-21,997	-16,114
Balance at end of period	46,043	84,163	46,043	84,163	78,786
Number of assets			1,773	3,076	2,694

1) Acquisitions includes expenses for registry, inscription and upgrades to existing assets in inventory. No new REOs are acquired.

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

Axactor SE has provided an interest-bearing loan to Reolux Holding Sarl with an outstanding balance of EUR 40.8 million at the end of Q3 2021 (Q3 2020: EUR 36.1). The interest rate is 7% per annum. There is no maturity date on the loan. Reolux Holding Sarl will use its cash flow from sale of REO assets to pay down the loan.

Note 8 Borrowings and other interest-bearing debt

EUR thousand	Currency	Facility limit	Nominal value	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility								
Bond (ISIN: NO0010914666)	EUR		200,000	-5,322	3,033	197,711	3m EURIBOR+700bps	12.01.2024
Bond (ISIN: NO0011093718)	EUR		300,000	-4,030	747	296,717	3m EURIBOR+535bps	15.09.2026
Total bond loan						494,428		
Revolving credit facility DNB/Nordea	EUR	545,000	37,000	-9,992	1	27,009	EURIBOR+ margin	22.12.2023
(multiple currency facility)	NOK		38,185			38,185	NIBOR+ margin	22.12.2023
	SEK		220,793			220,793	STIBOR+ margin	22.12.2023
Total credit facilities						285,988		
Italian banks	EUR	na	33,458	0	249	33,707	EURIBOR+ margin	2021-2026
Total other borrowings						33,707		
Total borrowings at end of period						814,122		
whereof:								
Non-current						661,554		
Current						152,568		
of which in currency:								
NOK						38,185		
SEK						220,793		
EUR						555,144		

EUR thousand	Bond loan	Credit facilities	Other borrowings	Total Borrowings
Balance at 1 Jan	200,283	530,278	205,625	936,185
Proceeds from loans and borrowings	311,050	143,440	0	454,490
Repayment of loans and borrowings	-11,050	-378,761	-172,998	-562,809
Loan fees	-10,948	-13,087	2	-24,033
Total changes in financial cash flow	289,052	-248,408	-172,996	-132,352
Change in accrued interest	3,469	-80	-86	3,302
Amortization capitalized loan fees	1,624	3,183	1,165	5,971
Currency translation differences	0	1,015	0	1,015
Total borrowings at end of period	494,428	285,988	33,707	814,122

Maturity

EUR thousand	Currency	Carrying amount	Total future cashflow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years
Bond (ISIN: NO0010914666)	EUR	197,711	203,033	3,033	0	0	200,000
Bond (ISIN: NO0011093718)	EUR	296,717	300,747	747	0	0	300,000
Total bond loan		494,428	503,780	3,780	0	0	500,000
Revolving credit facility DNB/Nordea (multiple currency facility)	EUR/NOK/SEK	285,988	295,980	64,760	56,871	54,302	120,047
Total credit facilities		285,988	295,980	64,760	56,871	54,302	120,047
Italian banks	EUR	33,707	33,707	33,707	0	0	0
Total other borrowings		33,707	33,707	33,707	0	0	0
Total borrowings at end of period		814,122	833,467	102,247	56,871	54,302	620,047

The maturity 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 loan to value (LTV) covenant 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 loans

Bond (ISIN NO 0010914666), was fully subscribed in December 2020, ACRO2 is placed at 3m EURIBOR +7.00% interest, with maturity date 12 January 2024.

The bond is listed on Oslo Stock Exchange.

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

In September 2021, a new 300m EUR bond loan (ISIN NO 0011093718) was fully subscribed. The bond is placed, at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026.

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: <80% (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

An application process for listing of the new bond on Oslo Stock Exchange is launched in Q4. Proceeds from the bond issue have been used to repay the EUR 140m bond loan subscribed by Geveran (ISIN NO 0010924715) and to repay drawings under the RCF.

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in multicurrency facility, with an addition of 75 million in the form of accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

The following financial covenants apply:

- NIBD ratio to pro-forma adjusted cash EBITDA < 3:1 (secured loans (RCF) less cash to pro-forma adjusted cash EBITDA L12M)
- Portfolio loan to value ratio < 60 % (NIBD to total book value of debt portfolios)
- Portfolio collection performance > 90 % (actual portfolio performance L6M to active forecast L6M)
- Parent loan to value < 80 % (total loans for the Group less cash to total book value of all debt portfolios and REOs)

The agreement was signed in Q4 2020 with effective date in January 2021. The maturity table above reflects the projected repayment schedule for the portfolios owned as of end of Q3 2021. The maturity date for the facility is 22 December 2023.

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.

Axactor Italy Holding S.r.l., Axacor Italy S.p.A. and ReoLux Holding SarL are not a part of the agreement nor the security arrangement.

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 33 million as of Q3 2021 (Q3 2020: EUR 35M).

On 15 October 2021 local Italian facilities have been repaid in full by drawing on the RCF. The Italian subsidiaries will be incorporated in the loan agreement and security arrangement with DNB and Nordea before end of Q4 2021.

Note 9 Leasing

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets per 1 Jan 2020	5,039	541	267	5,846
New leases	1,229	668	0	1,897
Depreciation of the year	-1,757	-379	-142	-2,278
Disposals	0	-13	0	-13
Currency exchange effects	-113	-7	0	-120
Right of use assets per 30 Sep 2020	4,397	810	125	5,332
New leases	192	112	0	304
Depreciation of the year	-601	-124	-45	-770
Disposals	-94	-5	0	-99
Currency exchange effects	55	4	0	59
Right of use assets per 31 Dec 2020	3,949	797	80	4,826
New leases	2,541	-36	41	2,547
Depreciation of the period	-1,787	-257	-76	-2,120
Disposals	-573	-84	-4	-661
Currency exchange effects	2	1	0	2
Right of use assets per 30 Sep 2021	4,132	421	41	4,596
Remaining lease term	1-6 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	30 Sep 2021	30 Sep 2020	Full year 2020
Undiscounted lease liabilities and maturity of cash outflow			
< 1 year	1,990	2,767	2,496
1-2 years	1,326	1,475	1,396
2-3 years	860	1,048	1,027
3-4 years	559	488	368
4-5 years	456	171	125
> 5 years	125	95	78
Total undiscounted lease liabilities, end of period	5,316	6,044	5,492
Discount element	-493	-456	-405
Total discounted lease liabilities, end of period	4,823	5,588	5,086

Note 10 Forward flow derivatives

Changes in the forward flow agreements is shown below. For additional information, see Note 213.2 in Group Annual Report for the Financial Year 2020.

EUR thousand	30 Sep 2021	30 Sep 2020	Full year 2020
Opening balance at 1 Jan	-834	0	0
Deliveries	1,221	0	0
Value change	-374	43	-826
Translation difference	-14	0	-8
Closing balance	0	43	-834

The changes in forward flow derivatives is included in 'Other current assets' and 'Other current liabilities' in the consolidated statement of financial position;

EUR thousand	30 Sep 2021	30 Sep 2020	Full year 2020
Forward flow derivatives, asset	0	2,717	257
Forward flow derivatives, liability	0	-2,674	-1,091
Closing balance	0	43	-834

Note 11 Shares

Issued shares and share capital

	Number of shares	Share capital (EUR)
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
New share issues, Jan	50,000,000	26,171,159
New share issues, Jan	40,000,000	20,936,928
New share issues, Mar	26,750,000	14,001,570
At 30 Sep 2021	302,145,464	158,149,942

30 largest shareholders as at 30 Sep 2021

Name	Shareholding	% Share
Geveran Trading Co Ltd	137,855,892	45.6 %
Torstein Ingvald Tvenge	10,000,000	3.3 %
Ferd AS	7,864,139	2.6 %
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5 %
Skandinaviska Enskilda Banken AB	3,079,467	1.0 %
Nordnet Livsforsikring AS	2,333,255	0.8 %
Endre Rangnes	2,017,000	0.7 %
Gvepseborg AS	2,009,694	0.7 %
Stavern Helse Og Forvaltning AS	2,000,000	0.7 %
Alpette AS	1,661,643	0.5 %
Verdipapirfondet Nordea Avkastning	1,643,423	0.5 %
Velde Holding AS	1,400,000	0.5 %
Verdipapirfondet Nordea Kapital	1,343,933	0.4 %
Nordea Bank Abp	1,286,953	0.4 %
VPF Dnb Am Norske Aksjer	1,261,252	0.4 %
Verdipapirfondet Dnb Norge	1,208,841	0.4 %
Andres Lopez Sanchez	1,177,525	0.4 %
David Martin Ibeas	1,177,525	0.4 %
Skandinaviska Enskilda Banken AB	1,159,420	0.4 %
Svein Dugstad	1,104,187	0.4 %
Klotind AS	1,076,162	0.4 %
Nordnet Bank AB	1,068,653	0.4 %
Latino Invest AS	1,040,000	0.3 %
Titas Eiendom AS	1,000,000	0.3 %
Forte Norge	1,000,000	0.3 %
Vardfjell AS	919,372	0.3 %
AS Clipper	900,000	0.3 %
Elena Holding AS	860,000	0.3 %
Magnus Tvenge	810,000	0.3 %
Marianne Tvenge	764,689	0.3 %
Total 30 largest shareholders	195,477,187	64.7 %
Other shareholders	106,668,277	35.3 %
Total number of shares	302,145,464	100 %
Total number of shareholders	11,507	

Shares owned by related parties

Name	Shareholding	% Share
Latino Invest AS ¹⁾	1,040,000	0.3 %
Johnny Tsohis Vasili ¹⁾	670,000	0.2 %
Terje Mjøs Holding AS ³⁾	200,000	0.1 %
Robin Knowles ²⁾	183,714	0.1 %
Kyrre Svae ²⁾	150,000	0.0 %
Vibeke Ly ²⁾	133,750	0.0 %
Arnt Andre Dullum ²⁾	110,000	0.0 %
Nina Mortensen ²⁾	95,000	0.0 %
Hans Olov Harén ³⁾	22,150	0.0 %
Brita Eilertsen ³⁾	19,892	0.0 %

1) CEO/Related to the CEO of Axactor

2) Member of the Executive Management Team of Axactor

3) Member of the Board of Directors of Axactor / controlled by member of the Board of Directors of Axactor

Note 12 Events after the reporting period

On 26 October 2021, Axactor placed a successful bid to secure 100% of the shares in the Italian debt collection agency Credit Recovery Service S.r.l. The business combination is considered not to be material for the Group.

Alternative Performance Measures

Alternative Performance Measures (APM) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in forward flow derivatives	To review the revenue before split into interest and amortization (for own portfolios)	Total income in consolidated statement of profit and loss
Cash EBITDA	EBITDA adjusted for change in forward flow derivatives, calculated cost of share option program, portfolio amortizations and revaluations, REO cost of sales and REO impairments	To reflect cash from operating activities, excluding timing of taxes paid and movement in working capital	EBITDA (total income minus total operating expenses) in consolidated statement of profit and loss and net cash flow from operating activities in consolidated statement of cash flow
Estimated remaining collection (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 consolidated statement of financial position
Net interest bearing debt (NIBD)	Net interest bearing debt means the aggregated amount of interest bearing debt, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group's ability to pay off all of its debt	Interest bearing debt, current portion of interest bearing debt and unrestricted cash and cash equivalents in the consolidated statement of financial position
Return on equity (ROE), annualized, including or excluding non-controlling interests	Net result divided by average quarterly equity for the period, annualized	Measures the profitability in relation to stockholders' equity	Equity in consolidated statement of changes in equity
Contribution margin	Total income less direct operating expenses	Measures profitability per operating segment	Note 'Segment note'

APM tables

Gross revenue

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Total income	46,731	62,280	173,622	146,533	201,175
Portfolio amortizations and revaluations	31,342	21,023	84,144	86,736	123,179
Change in forward flow derivatives	0	-43	374	-43	826
Gross revenue	78,073	83,260	258,139	233,226	325,180

EBITDA and Cash EBITDA

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Total income	46 731	62 280	173 622	146 533	201 175
Total operating expenses	-36 327	-31 937	-123 325	-132 026	-169 176
EBITDA	10,404	30,343	50,297	14,506	31,999
Change in forward flow derivatives	0	-43	374	-43	826
Calculated cost of share option program	-7	48	161	518	578
Portfolio amortizations and revaluations	31,342	21,023	84,144	86,736	123,179
REO cost of sale, including impairment	9,070	4,749	33,599	46,956	52,932
Cash EBITDA	50,808	56,120	168,574	148,675	209,514
Taxes paid	-10	-3,385	-434	-4,243	-5,515
Change in forward flow derivatives	0	43	-374	43	-826
Change in working capital	2,906	89	8,660	2,350	3,309
Cash flow from operating activities before NPL and REO investments	53,704	52,865	176,427	146,824	206,482

Estimated remaining collection, NPL

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Purchased debt portfolios	1,102,066	1,115,480	1,102,066	1,115,480	1,124,699
Estimated opex for future collection at time of acquisition	295,786	305,100	295,786	305,100	303,731
Estimated discounted gain (after tax)	732,567	739,430	732,567	739,430	740,722
Estimated remaining collection, NPL	2,130,419	2,160,010	2,130,419	2,160,010	2,169,200

Net interest bearing debt (NIBD)

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Interest bearing debt	661,554	585,094	661,554	585,094	579,282
Current portion of interest bearing debt	152,568	339,953	152,568	339,953	356,903
Total interest bearing debt	814,122	925,047	814,122	925,047	936,185
Unrestricted cash and cash equivalents	38,984	33,083	38,984	33,083	47,779
Net interest bearing debt (NIBD)	775,138	891,964	775,138	891,964	888,406

Return on equity, excluding non-controlling interests, annualized

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Net profit/(loss) after tax attributable to shareholders of the parent company	-3,442	3,563	2,275	-17,945	-18,131
Average total equity for the period related to the shareholders of the parent company	414,584	289,682	385,870	290,993	296,222
Return on equity, excluding non-controlling interests, annualized	-3.3 %	4.9 %	0.8 %	-8.2 %	-6.1 %

Return on equity, including non-controlling interests, annualized

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	
Net profit/(loss) after tax	-5,442	6,501	-4,455	-34,445	-34,002
Average total equity for the period	425,118	363,959	414,005	375,488	375,526
Return on equity, including non-controlling interests, annualized	-5.1 %	7.1 %	-1.4 %	-12.3 %	-9.1 %

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 acquisitions 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 acquisitions	Acquisition of a single portfolio of NPLs
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Acquisitions 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
CMI	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

Financial calendar 2021

Quarterly Report - Q4

18.02.2022

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