

AXACTOR

Q1 2022

28 April 2022





Q1 highlights

Financial update

Outlook

Q&A

Financial highlights for the quarter



Collection performance back to 100%



NPL investments of EUR 80m

- Investments and committed investments already ~50% above replacement capex in 2022



Cash EBITDA growth of 10% y-o-y



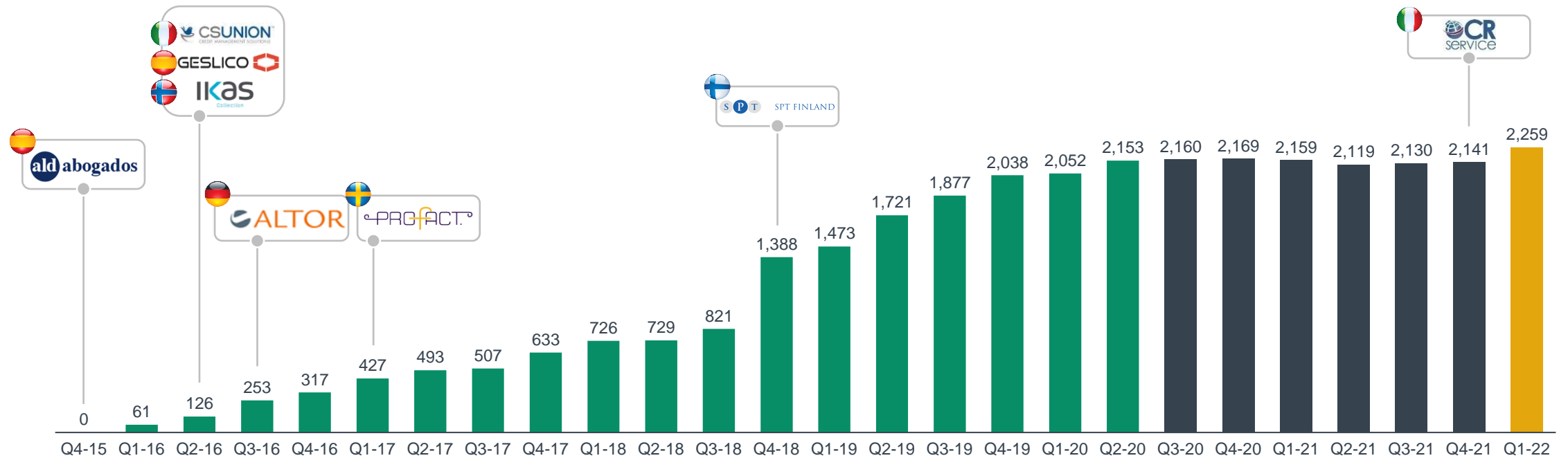
Annualized return on equity of 8%

Q1 puts Axactor back to growth

- Last 6 quarters used to stabilize operations after rapid growth

NPL ERC and company acquisitions

(EUR million)

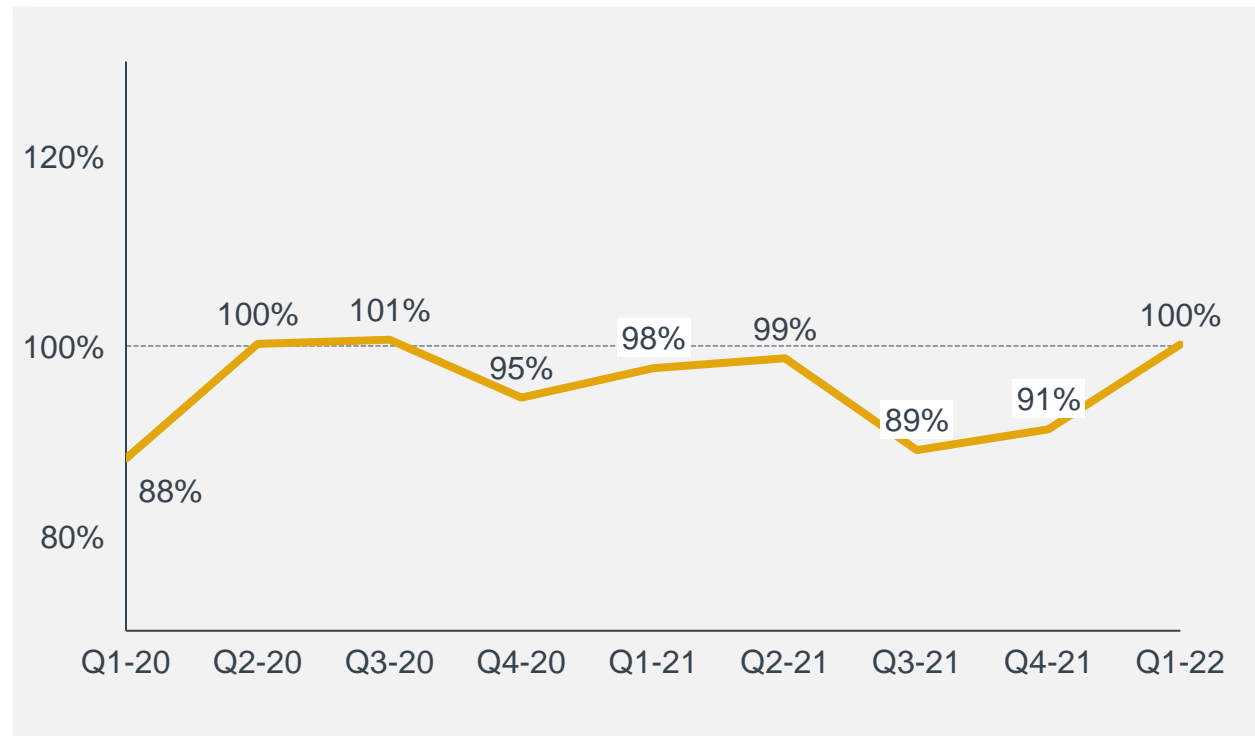


We have a solid foundation to accelerate going forward



Collection performance is back at 100%

Actual collection vs. active forecast¹

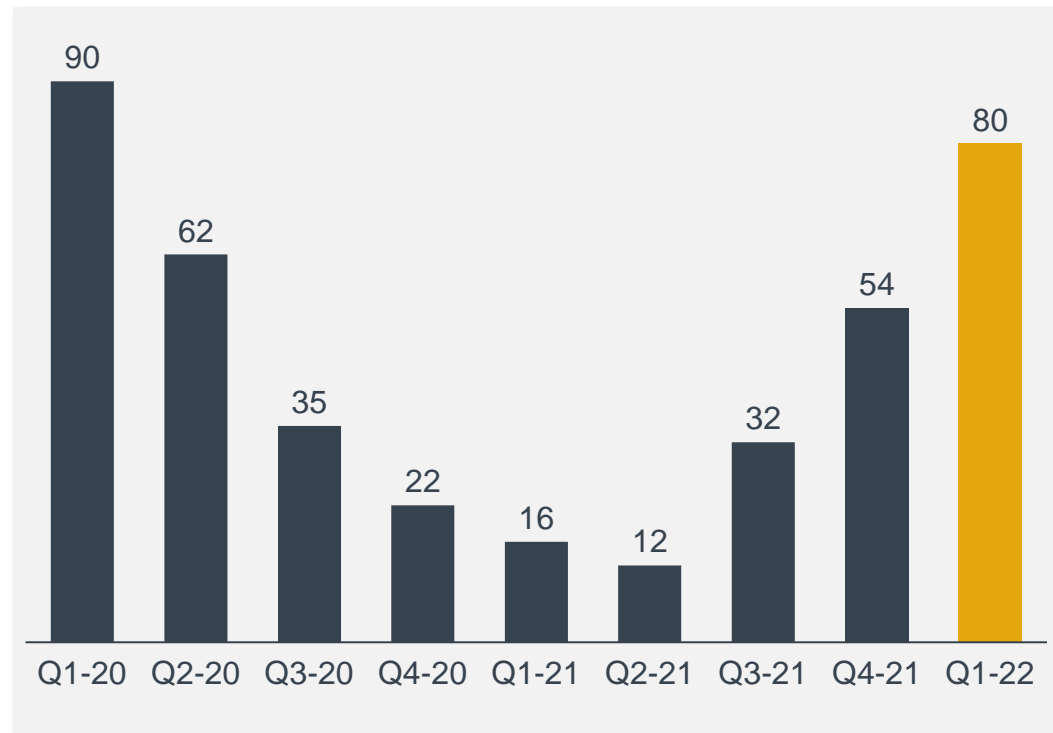


- Q1 collection performance of 100%
- Supported by revaluation in Q4 and increased cash collection
- LTM collection performance of 95%

- Long term average performance expected to fluctuate around 100%

NPL investments increasing for the third consecutive quarter

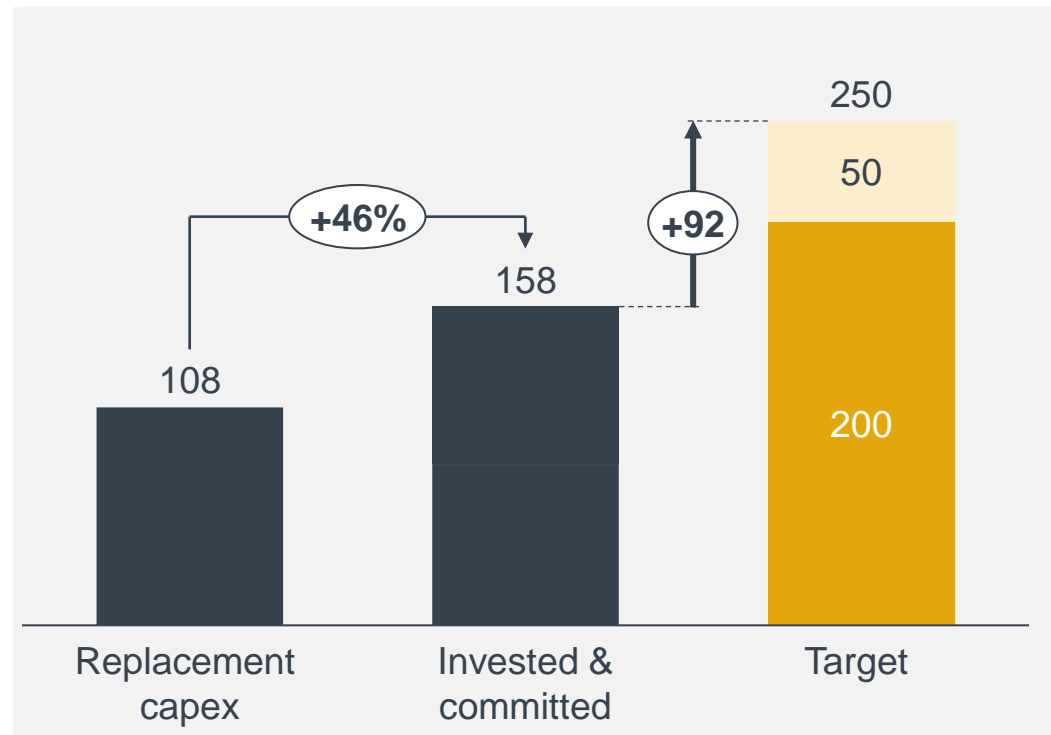
NPL investments
(EUR million)



- NPL investment market back to pre-pandemic levels
- NPL investments increasing for the third consecutive quarter
- Expect NPL investments of EUR 200 – 250m in 2022, well above the estimated replacement capex of EUR 108m

NPL investments and committed investments in 2022 already exceeding replacement capex by ~50%

NPL investments in 2022
(EUR million)



- NPL investments of EUR 158m signed for 2022
- Q1 investment of EUR 80m
 - Furthermore, EUR 78m signed in forward flow contracts
 - Already exceeding replacement capex by ~50%

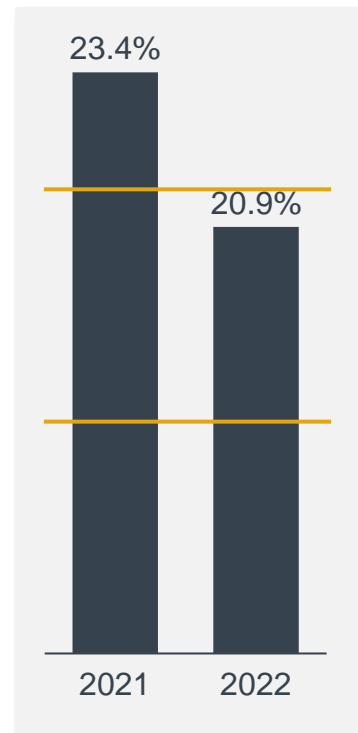
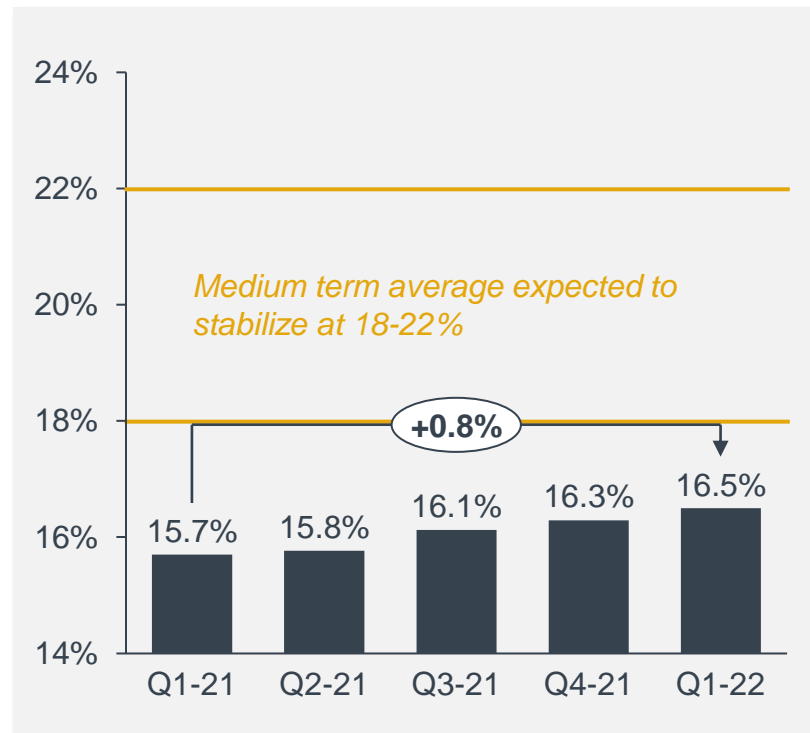
Need to sign additional NPL investments of EUR 92m to reach upper range of the target for 2022

NPL gross IRR on total book steadily increasing

- Current market prices significantly more favorable compared to the total book

Gross IRR on total NPL book¹...

...and per vintage²



- The single most important profit improvement initiative
- 1%-point change on the total NPL book gross IRR equals ~2%-point in ROE³
- Gross IRR on total NPL book gradually increasing, up 0.8%-point y-o-y
- 2022 vintage currently 4.4%-points higher than the total NPL book



Q1 highlights

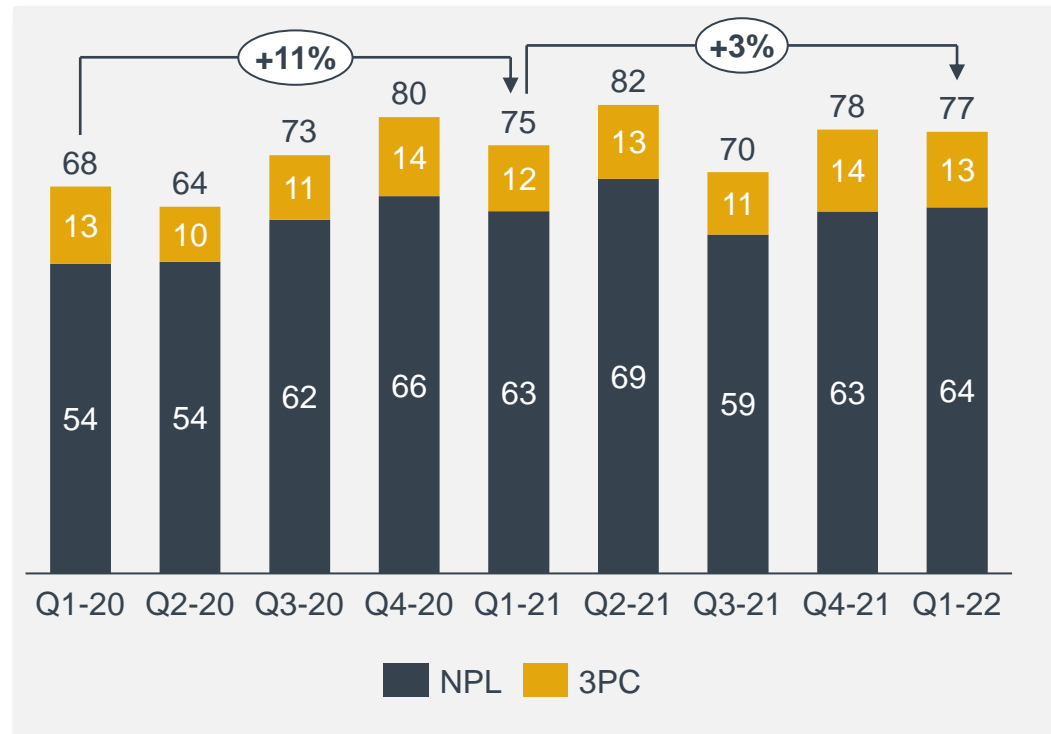
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Positive development on gross revenue compared to last year

Gross revenue
(EUR million)

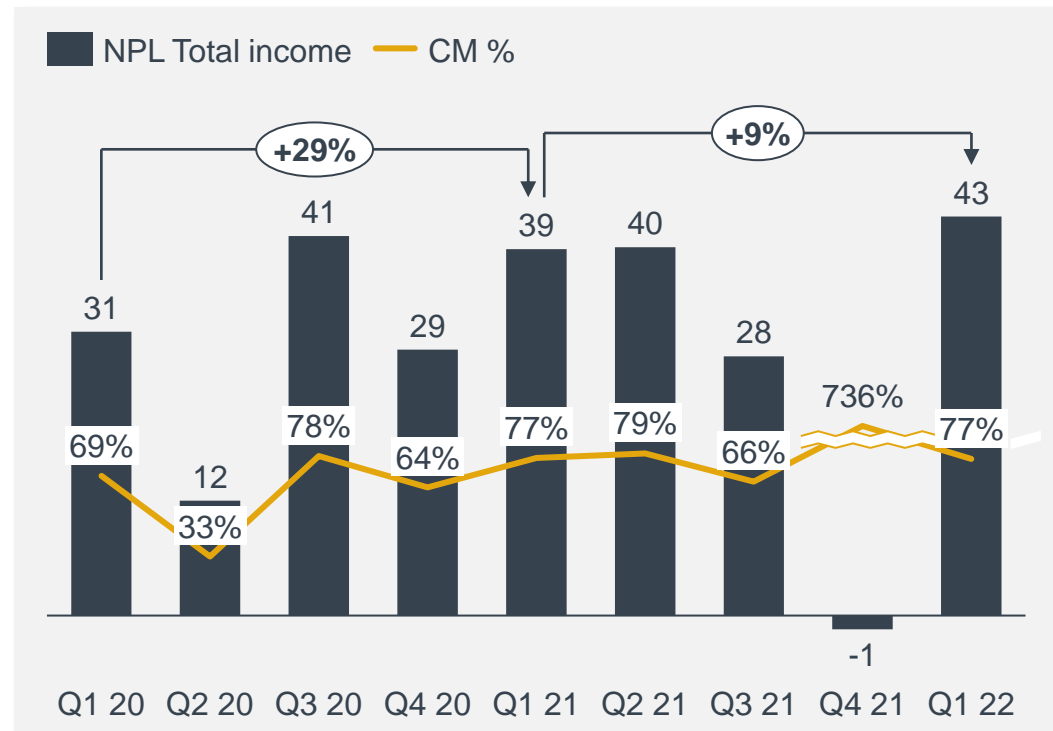


- Gross revenue is up 3% y-o-y
- Gross revenue growth on both the NPL and the 3PC segment with y-o-y growth of 1% and 14% respectively

NPL Total income growth of 9% with stable margins

NPL Total income and CM%

(EUR million, and %)



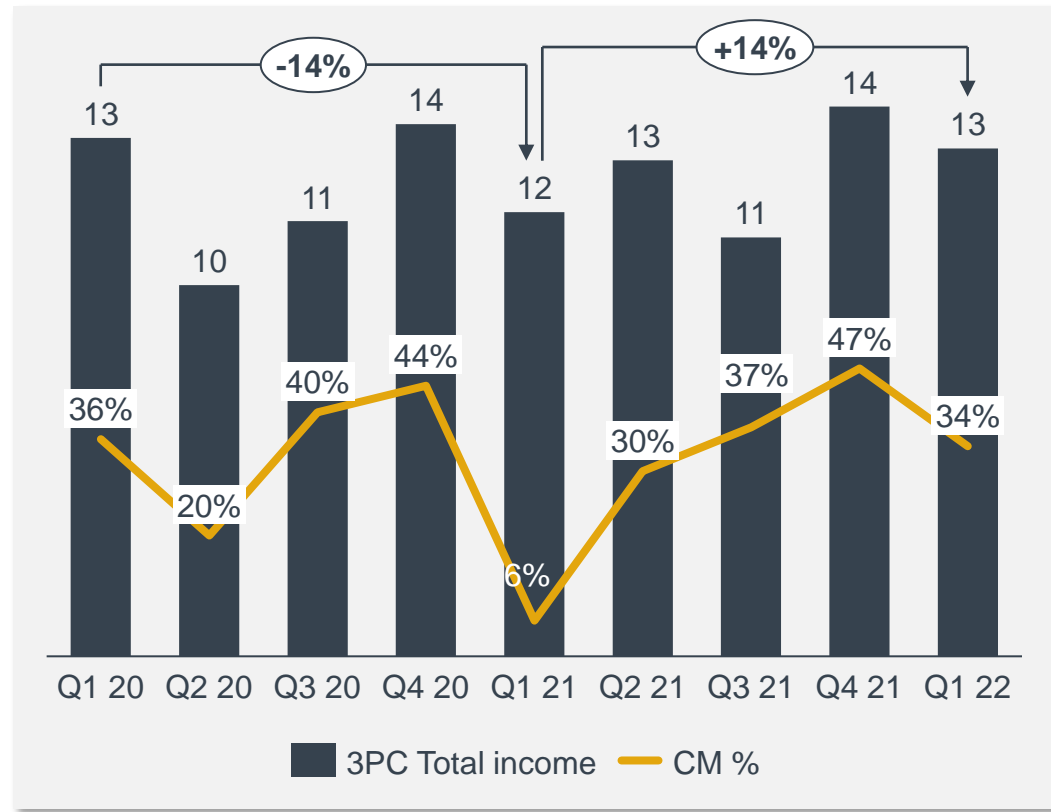
Total income growth drivers

- Gross revenue growth of 1%
- Collection performance of 100%
- Reduced amortization rate following the revaluation in Q4
- Negligible revaluations for the quarter (positive)

3PC Total income growth of 14% compared to last year

3PC Total income and CM%

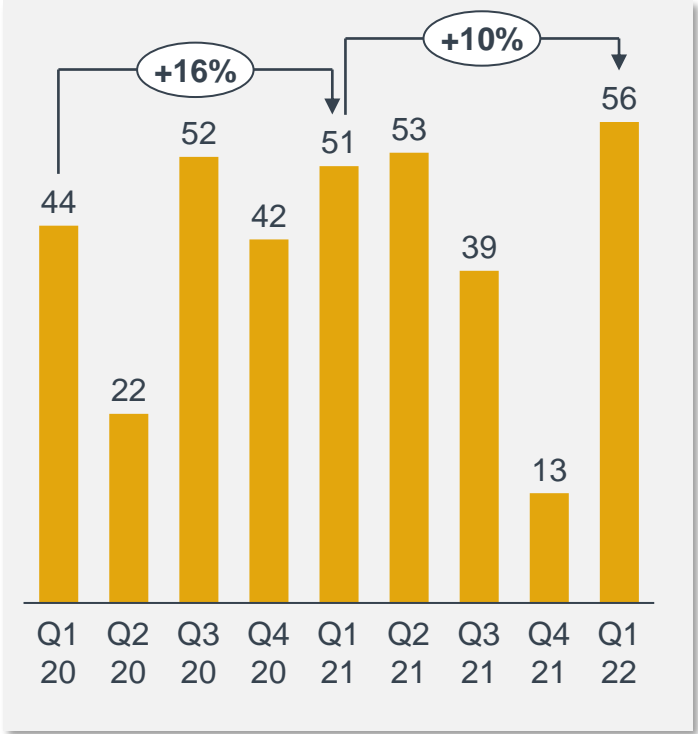
(EUR million and %)



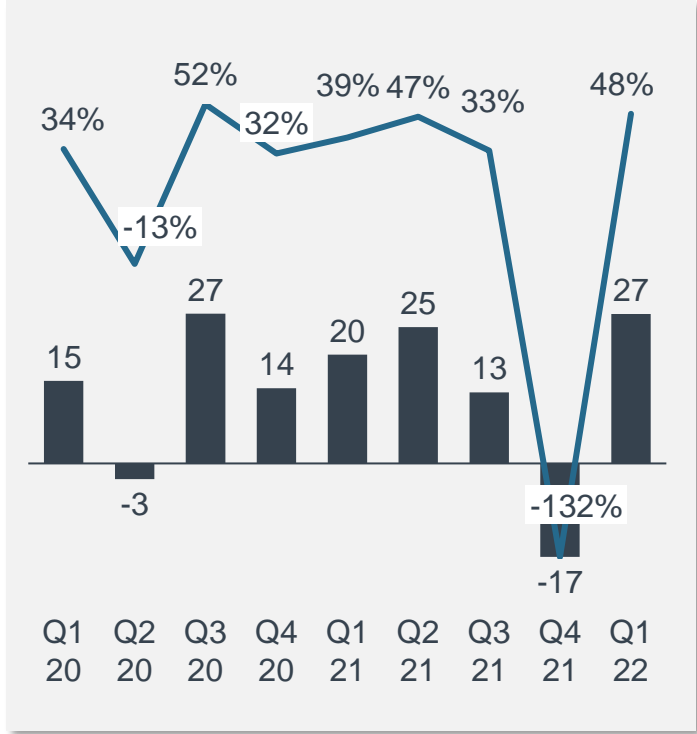
- Total income growth of 14% y-o-y driven by the acquisition of C.R. Service
- Marginal organic growth on 3PC
- Improved margins stemming from operational improvements, and restructuring cost in Q1 21

Total income and Cash EBITDA growth of 10% compared to last year

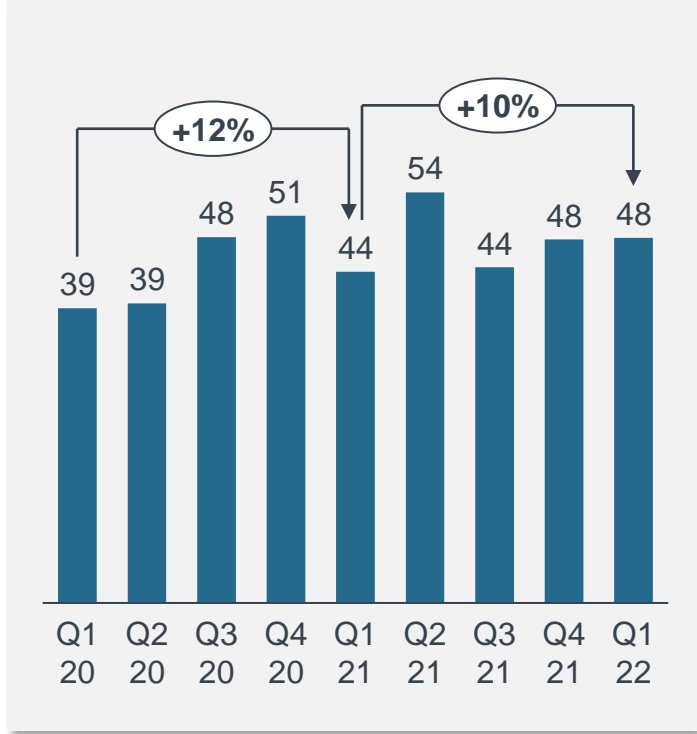
Total income
(EUR million)



EBITDA and EBITDA-margin
(EUR million and %)

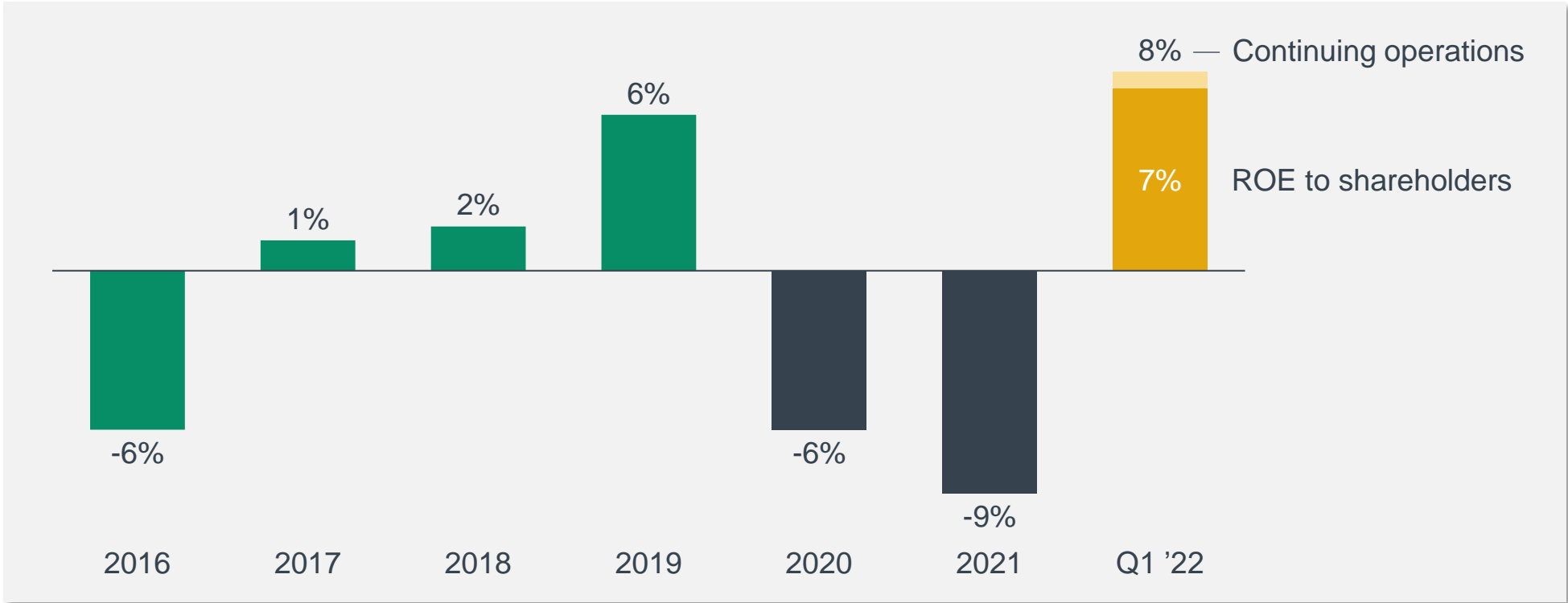


Cash EBITDA
(EUR million)



Q1 – a first step in the right direction on profitability

Return on equity to shareholders (%)



Axactor has a robust balance sheet positioned for growth

Equity

- Satisfying equity ratio of 29%

Liquidity

- Available cash of EUR 35m
- Unused funding line of EUR ~150m on the revolving credit facility

Covenant headroom

- Satisfying headroom to bond covenants
 - Loan to value of 72% vs. the covenant of 75%

Funding lines

- No maturities until the end of 2023

Investment capacity

- Estimated investment capacity of EUR ~300m in 2022, well above replacement capex of EUR 108m



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European **consumer consumption** is returning as restrictions related to the pandemic are lifted

- Expect a gradual increase in formation of new NPL's which in turn will increase the 3PC and the NPL-market

Increasing **geopolitical risk** in Europe with the ongoing conflict in Ukraine with marginal effect on Axactor's operation so far

- Increasing energy- and food prices and increasing interest rates might affect Axactor negatively going forward

Axactor expect to **deploy** between EUR 200m and EUR 250m in NPL portfolios in 2022

- Already secured investments and committed investments of EUR 158m in 2022 at a satisfying 21% gross IRR



Several new initiatives in place to make us more available and transparent

Join the Investorweb webinar live on Monday 2 May at 7pm (CET)

- Presenter: CEO Johnny Tsois
- Q&A session: Analyst Tiril Støle (SpareBank1 Markets) as moderator
 - *Do you have a question? Please send it to ir@axactor.com*
- Language: Norwegian
- Participation: axactor.com/investors-relations/financial-calender

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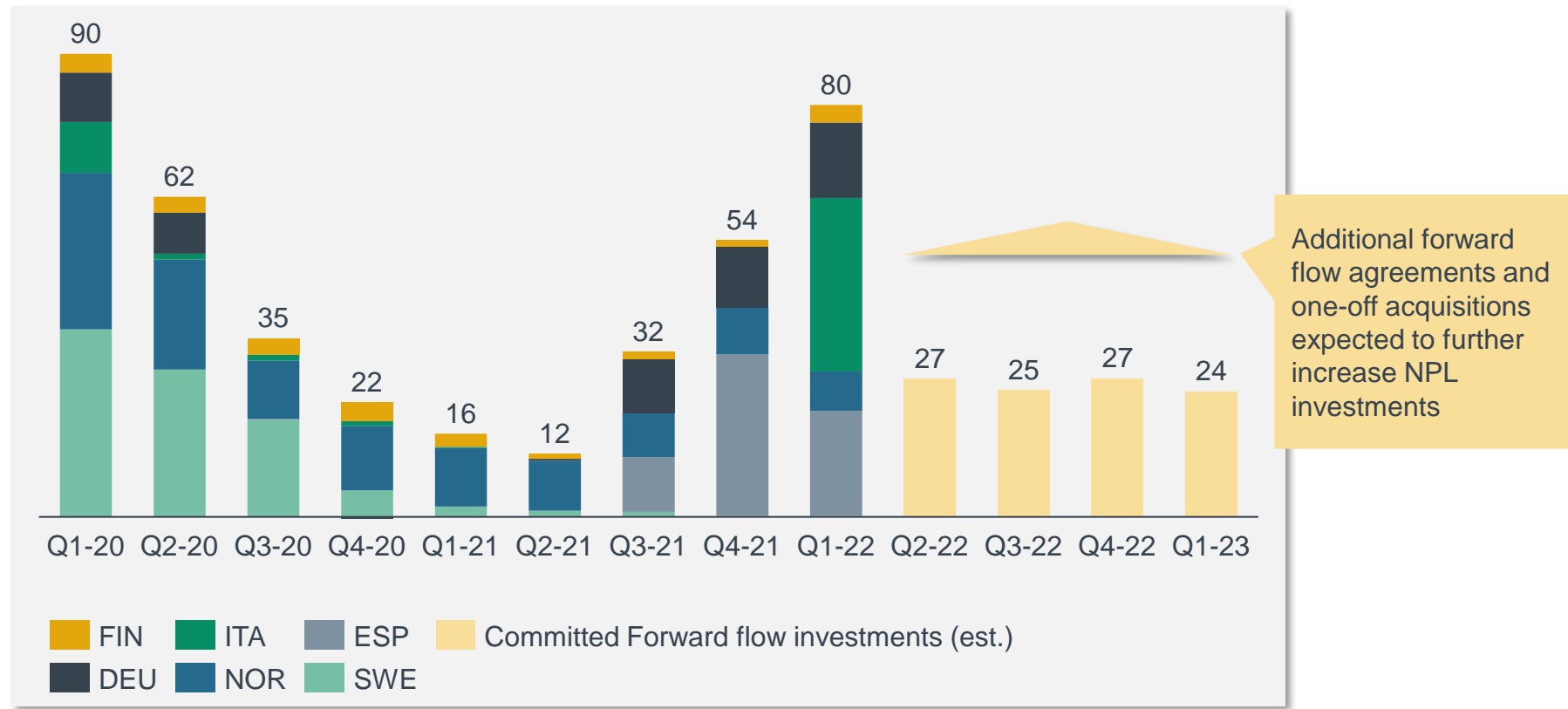
Q&A



Supporting information

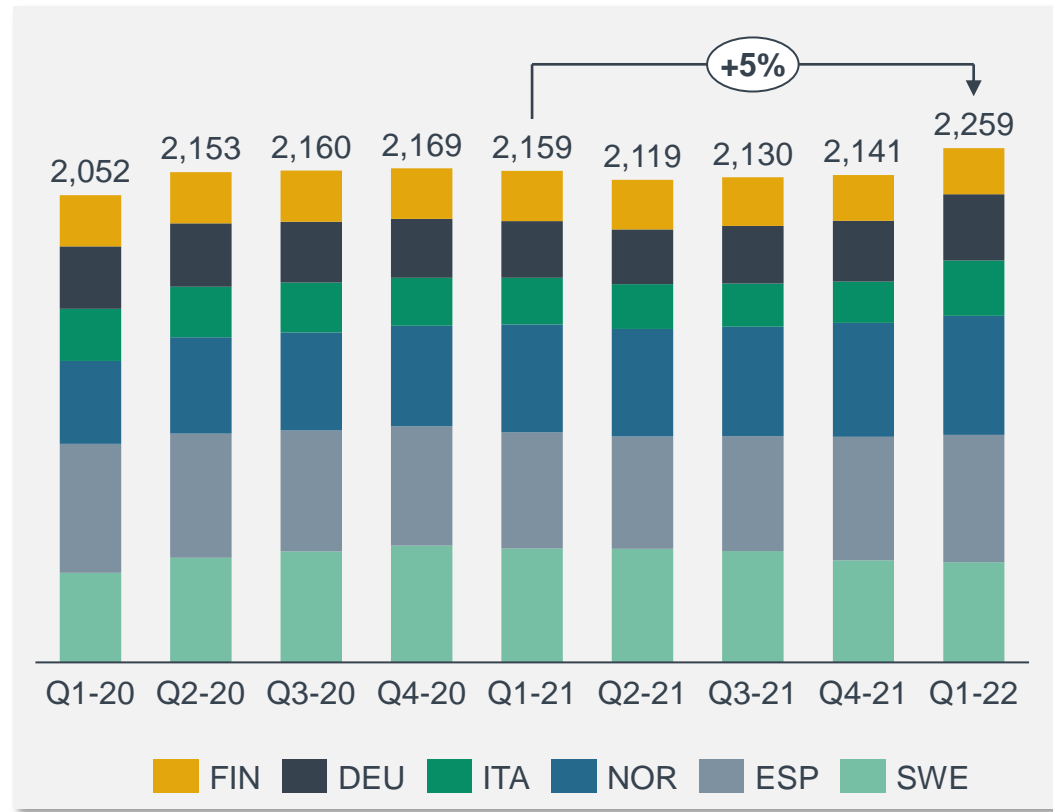
NPL investment commitments of EUR 102m next 12 months

Quarterly NPL investments
(EUR million)

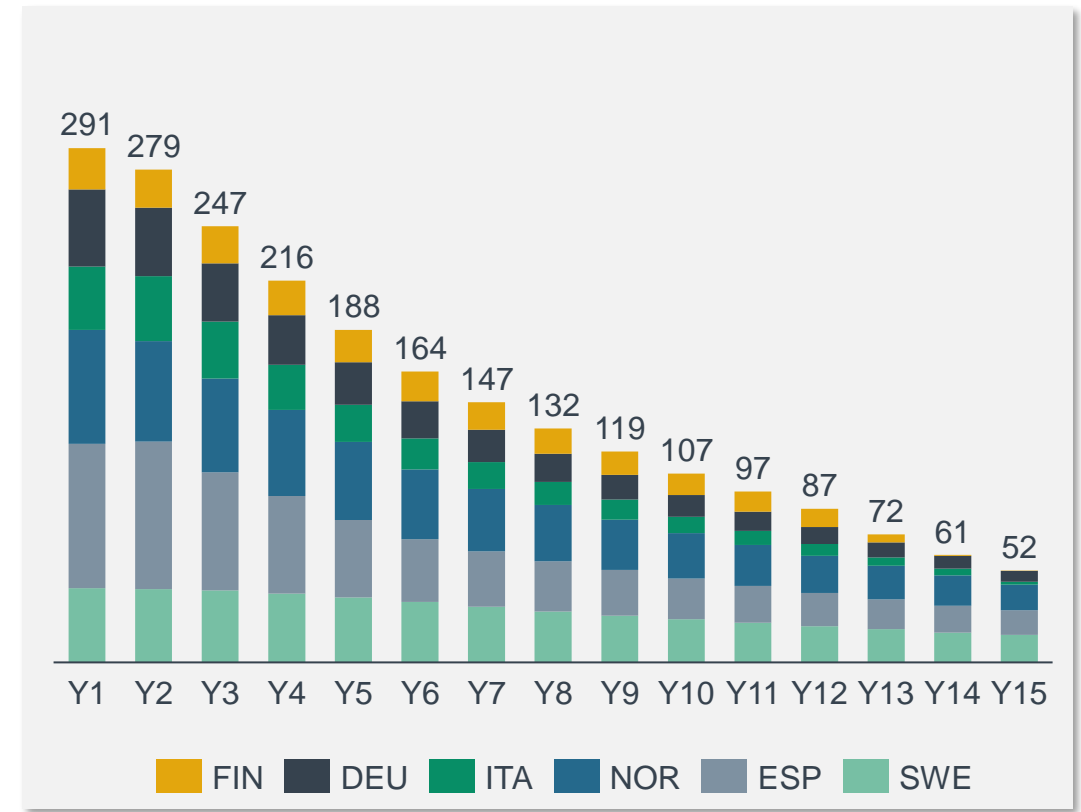


ERC increasing by 5% y-o-y driven by increased NPL investments for the quarter

ERC development
(EUR million)

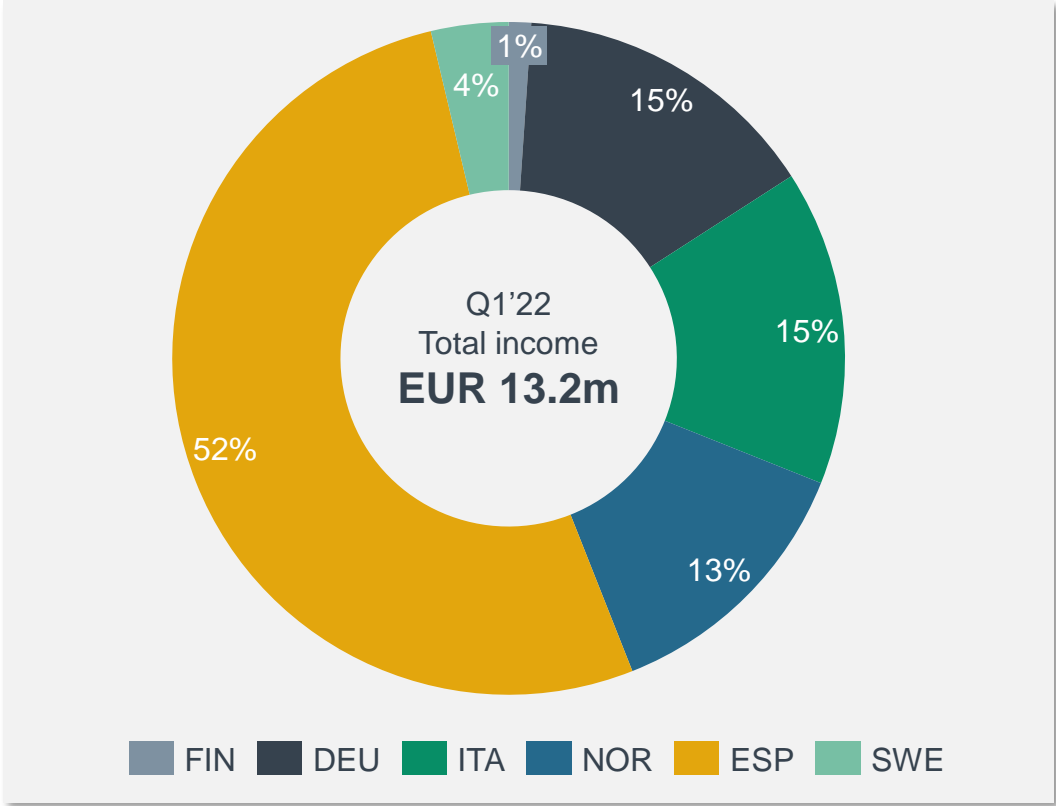


Forward ERC profile by year
(EUR million)



3PC volumes by geographic region

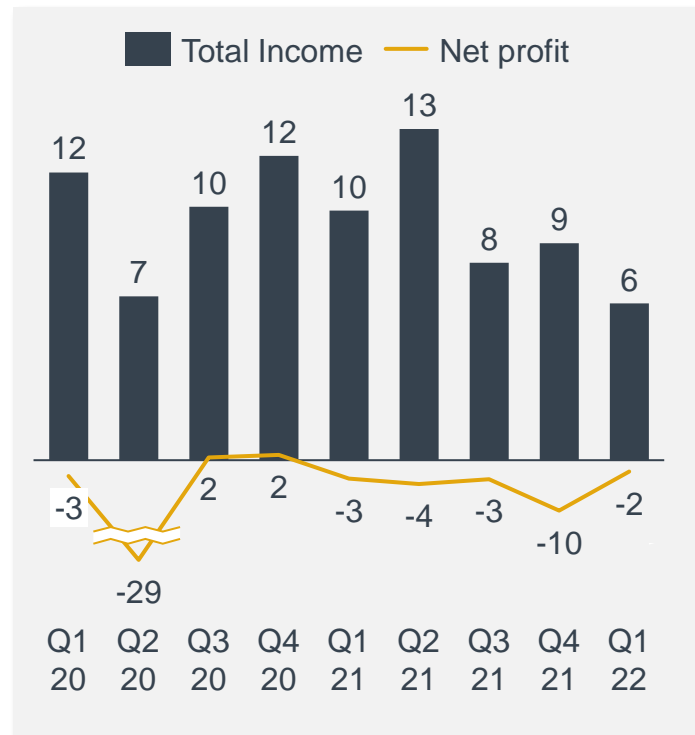
3PC Total income split by geographic region



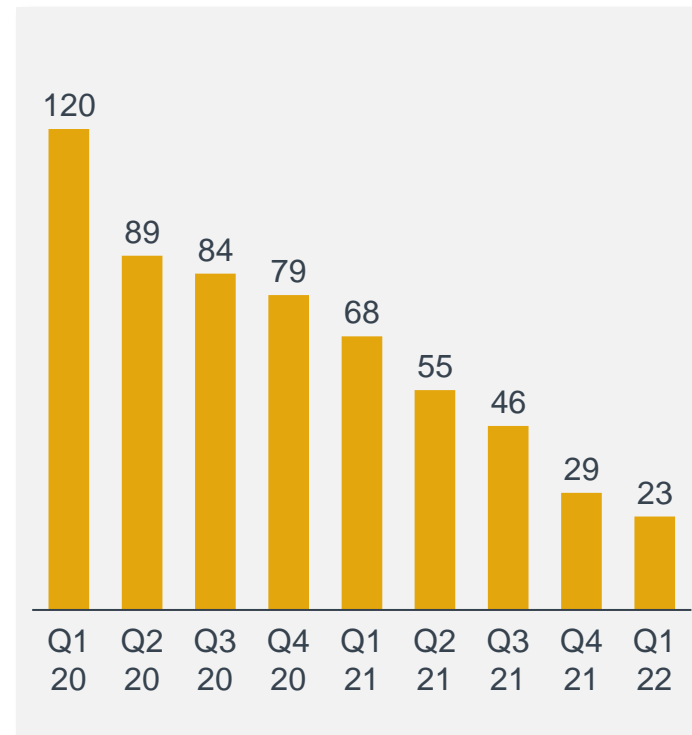
- Spain accounting for 52% of total income on 3PC
- Italy share of Total income increased to 15% following the acquisition of C.R. Service

Discontinued operations: REO

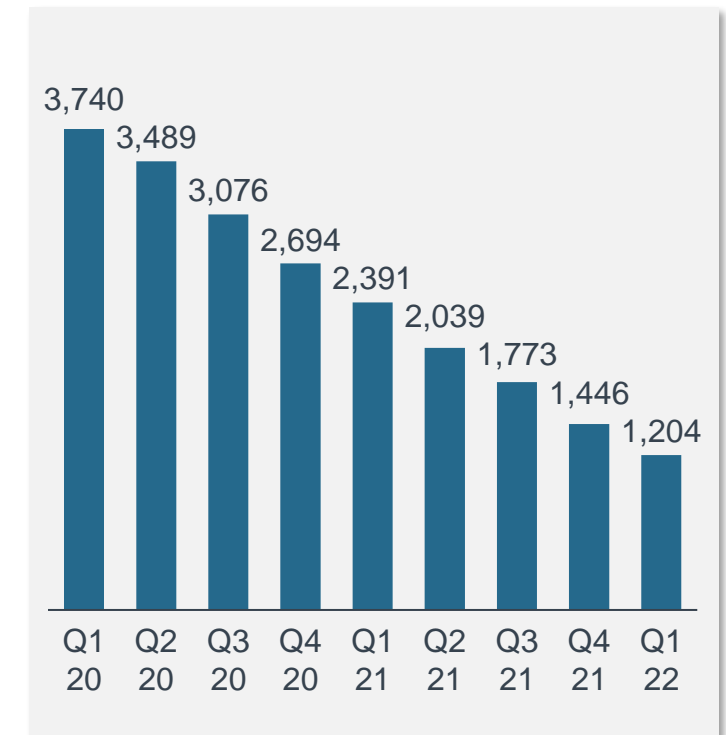
REO Total income and net profit¹
(EUR million and %)



REO book value
(EUR million)



REO number of units

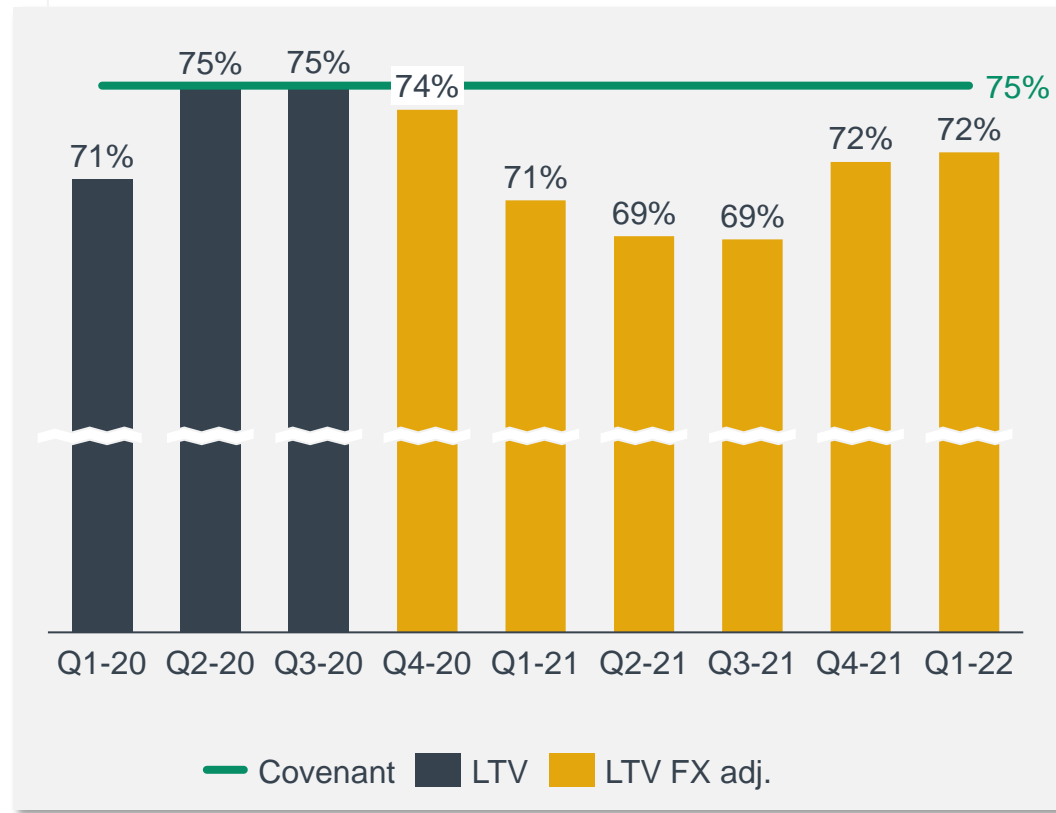


Bond covenants (1/2)

- Compliant with all covenants

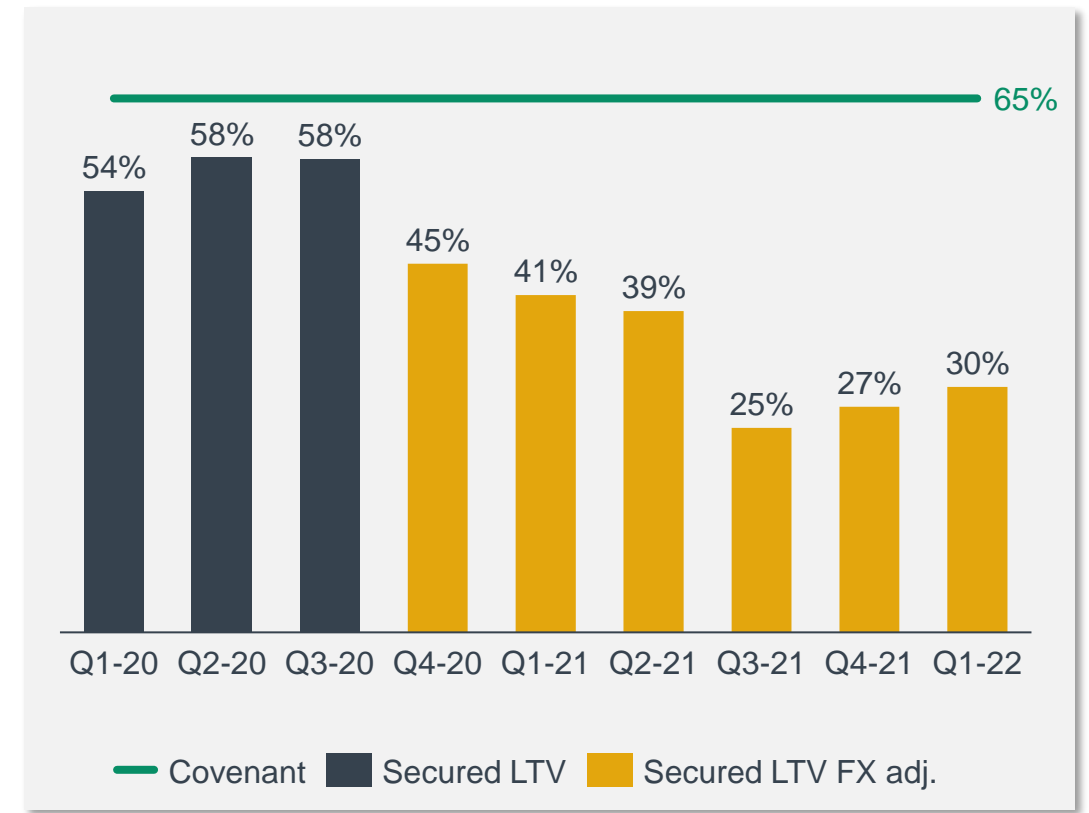
Loan-to-value¹ - Covenant ≤75%

(Total portfolio book value divided by net interest-bearing debt)



Secured Loan-to-value¹ - Covenant ≤65%

(Total portfolio book value divided by secured net interest-bearing debt)

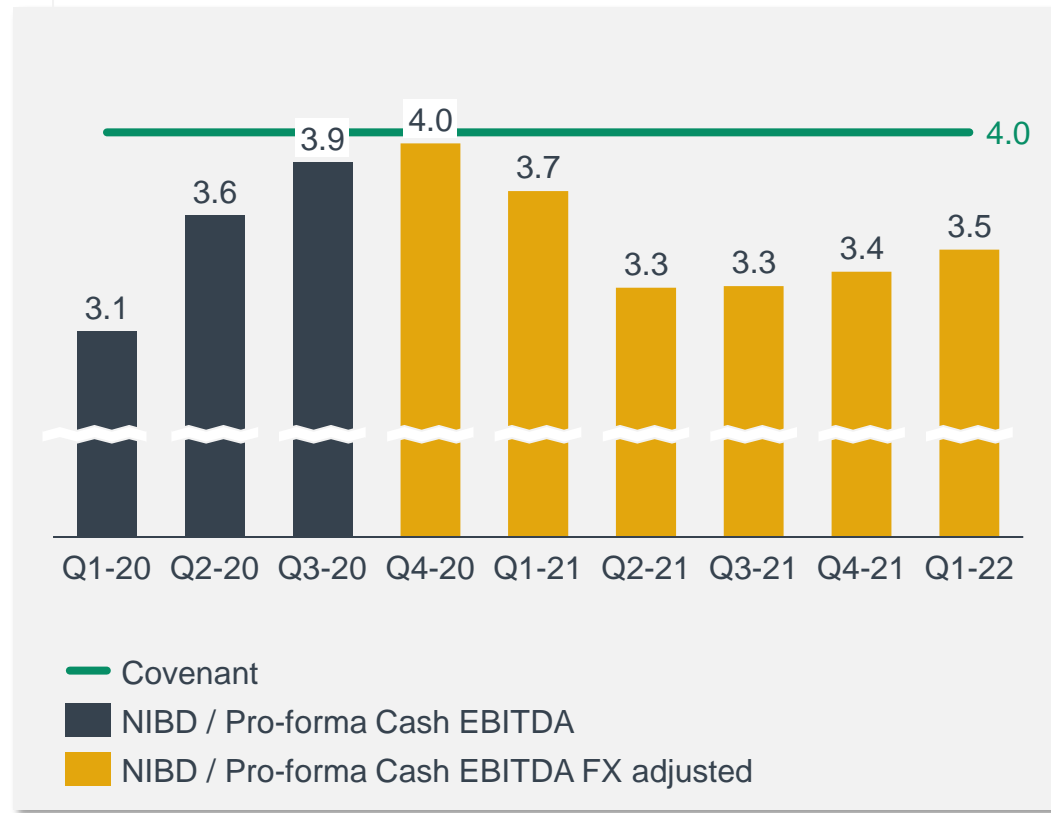


Bond covenants (2/2)

- Compliant with all covenants

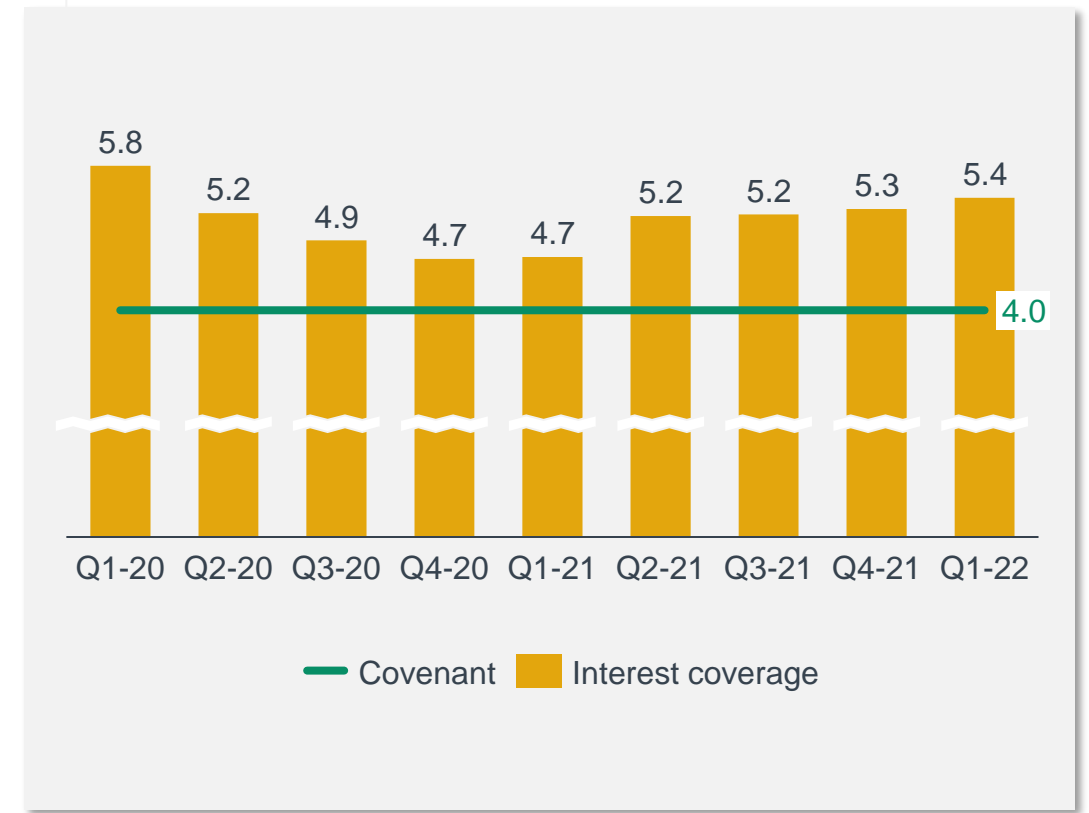
Leverage ratio¹ - Covenant $\leq 4.0x$

(Net interest-bearing debt divided by LTM Pro-forma adjusted EBITDA)



Interest coverage ratio¹ - Covenant $\geq 4.0x$

(Pro-forma adjusted cash EBITDA divided by net interest expenses)



Terms and abbreviations

Terms

Active forecast	Forecast of estimated remaining collection on NPL portfolios
Board	Board of directors
Cash EBITDA margin	Cash EBITDA as a percentage of gross revenue
Chair	Chair of the board of directors
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
Group	Axactor SE and all its subsidiaries
NPL amortization rate	NPL amortization divided by NPL gross revenue
One off portfolio acquisitions	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

Abbreviations

3PC	Third-Party Collection
AGM	Annual General Meeting
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
CM	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
EGM	Extraordinary general meeting
EPS	Earnings Per Share
ERC	Estimated Remaining Collection
ESG	Environmental, social and governance
ESOP	Employee Stock Ownership Plan
FSA	The Financial Supervisory Authority
FTE	Full Time Equivalent
GHG	Greenhouse gas emissions
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
OCI	Consolidated Statement of Other Comprehensive Income
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
VPS	Verdipapirsentralen/Norwegian Central Securities Depository
WACC	Weighted Average Cost of Capital
WAEP	Weighted Average Exercise Price

