

AXACTOR

Report

**Q4** 2021



# Highlights

## Fourth quarter and full year 2021

- As announced in a market update on 17 January 2022, the fourth quarter saw improving NPL collection performance, compared to the third quarter, although, not enough to support the NPL book value. Consequently, net revaluations of EUR -37.6 million were booked in the quarter (-8.9). The revaluations were primarily related to portfolios acquired during the start-up phase of the company, particularly in Sweden. Total NPL revaluations for 2021 was EUR -44.1 million (-36.9)
- On a more positive note, the 3PC segment is enjoying increasing volumes as local restrictions and moratoriums are gradually lifted. 3PC total income grew 3% compared to the fourth quarter 2020, with a margin of 47% (44%)
- Total gross revenue fell 6% from the fourth quarter last year, although up 11% compared to the previous quarter. For the full year, gross revenue ended at EUR 344.5 million, up 6% from 2020
- Total income was EUR 21.5 million (54.6), down 61% from the fourth quarter 2020 mainly due to the NPL revaluations booked in the quarter. For the full year 2021, total income was EUR 195.1 million (201.2)
- The annual review process for the REO portfolio ended with an impairment of EUR 5.7 million (reversal of 5.9), leaving total impairments for 2021 at EUR 5.9 million (16.1). Remaining REO book value is EUR 29.3 million (78.8) and the segment will be reported as discontinued operations effective from 2022
- Total operating expenses ended at EUR 48.1 million (37.1), including the REO impairments and a EUR 2.2 million settlement with a Swedish bank regarding termination of a forward flow agreement. Adjusted for REO impairments and the settlement, total operating expenses as percent of gross revenue decreased compared to the fourth quarter last year
- EBITDA ended at EUR -26.6 million (17.5) resulting in an EBITDA margin of -124% (32%), while cash EBITDA for the quarter was EUR 55.2 million (60.8). Correspondingly, EBITDA for the full year 2021 was EUR 23.7 million (32.0), EBITDA margin was 12% (16%) and cash EBITDA was EUR 223.8 million (209.5)
- Net profit came in at EUR -41.5 million (0.4) for the quarter. Adjusting for non-controlling interests, this translates to an annualized return on equity for shareholders of -35.0% (-0.3%). For the full year 2021, net profit ended at EUR -46.0 million (-34.0), while return on equity excluding non-controlling interests ended at -8.5% (-6.1%)
- NPL investments of EUR 53.5 million were conducted in the fourth quarter, up from EUR 21.9 million in the fourth quarter last year, and from EUR 32.0 million in the previous quarter. In addition, total estimated NPL investment commitments for 2022 is EUR 117 million. This compares to an estimated maintenance capex for 2022 of approximately 108 million, and to total NPL investments in 2021 of EUR 114.0 million (208.2)
- In October, Axactor signed an agreement to acquire 100% of the shares in the Italian debt collection agency Credit Recovery Service (CRS). The transaction of shares was formally completed in January 2022 and will have a significant impact for Axactor's 3PC business in Italy

- The work to simplify and streamline Axactor continued in the fourth quarter. Local credit lines in Italy were repaid, and Axactor Italy is now included in the ringfenced structure funded by the Group's revolving credit facility. Going forward, Axactor has two main credit facilities: bond loans and the revolving credit facility
- In November, the EUR 300 million bond loan issued in the third quarter (ISIN: NO0011093718) was listed on Oslo Børs with the ticker ACR03
- Traffic through the debtor portal has been steadily increasing through 2021, allowing debtors easy access to debt information and payment. Together with increasing use of advanced data analytics and artificial intelligence, this is expected to be a key success factor to ensure efficiency

## Events after the period

- The formal transfer of shares in CRS was completed at the beginning of 2022, and will be included in Axactor's financial statements effective from 1 January 2022
- On 17 January 2022, the Board of Directors decided to initiate the process of converting Axactor SE from a Societas Europaea company to a Norwegian Allmennaksjeselskap (ASA)



# Key Figures Axactor Group

EUR million	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Gross revenue	<b>86.3</b>	92.0	344.5	325.2
Total income	<b>21.5</b>	54.6	195.1	201.2
EBITDA	<b>(26.6)</b>	17.5	23.7	32.0
Cash EBITDA <sup>1)</sup>	<b>55.2</b>	60.8	223.8	209.5
Depreciation and amortization (excl portfolio amortization)	<b>(2.4)</b>	(3.0)	(9.7)	(10.8)
Net financial items	<b>(13.0)</b>	(17.7)	(54.8)	(53.4)
Tax (expense)	<b>0.5</b>	3.6	(5.3)	(1.8)
<b>Net profit/(loss) after tax</b>	<b>(41.5)</b>	0.4	(46.0)	(34.0)
Return on equity, excluding non-controlling interests, annualized	<b>(35.0%)</b>	(0.3%)	(8.5%)	(6.1%)
Return on equity, including non-controlling interests, annualized	<b>(41.0%)</b>	0.5%	(11.3%)	(9.1%)
Growth total income, period to period	<b>(60.6%)</b>	(27.0%)	(3.0%)	(29.5%)
Cash and cash equivalents, end of period <sup>2)</sup>	<b>41.6</b>	47.8	41.6	47.8
Gross revenue from NPL portfolios	<b>63.3</b>	65.9	254.9	236.5
Gross revenue from REO portfolios	<b>8.7</b>	12.2	39.8	40.4
Acquired NPL portfolios during the period	<b>53.5</b>	21.9	114.0	208.2
Acquired REO portfolios during the period	<b>0.1</b>	0.1	0.2	0.4
Book value of NPL, end of period	<b>1,095.8</b>	1,124.7	1,095.8	1,124.7
Book value of REO, end of period	<b>29.3</b>	78.8	29.3	78.8
Estimated remaining collection (ERC), NPL	<b>2,140.5</b>	2,169.2	2,140.5	2,169.2
Interest bearing debt, end of period	<b>838.3</b>	936.2	838.3	936.2
Number of employees (FTEs), end of period	<b>1,096</b>	1,128	1,096	1,128
Price per share, last day of period	<b>7.55</b>	10.70	7.55	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 fourth quarter of 2021 showed significant operational improvements compared to the previous quarter. The underlying collection performance steadily improved towards the end of 2021, with December achieving 98% collection performance, and 91% for the fourth quarter. The 3PC segment had an earnings growth of 10% from the fourth quarter last year, with volumes gradually returning as moratoriums and other local restrictions are lifted.

With the acquisition of the Italian debt collection agency Credit Recovery Service (CRS) signed in the fourth quarter, Axactor will significantly improve its position in the Italian 3PC market. The transaction closed in January 2022 and will have immediate impact. After the transaction, Axactor Italy has 276 employees located in Cuneo, Grosseto, Milazzo and Milan. The integration of CRS started immediately after closing. By the end of the first quarter 2022 all 3PC activities will be carried out by the newly acquired organization, whilst NPL activities will be managed out of Cuneo.

The results of the customer satisfaction survey were received in November with considerable participation across all markets. The average score was 8.5 out of 10, and the net Promotor Score was classified as excellent.

To be the market leader in terms of cost remains a key strategic goal for Axactor. In order to reach this goal, great effort is put into increasing the use of self-service portal and leveraging advanced data analytics. In addition, the cost reduction program carried out in 2021 delivered above expectations with annualized savings of EUR 5.5 million compared to an initial target of EUR 4.8 million. As a result, the NPL cost-to-collect ratio has been steadily improving from 43.1% in 2020 to 42.5% for 2021 despite restructuring cost connected to the cost reduction program.

## Performance by business segment

A majority of the underperforming NPL portfolios subject to revaluation in the quarter were acquired in 2017 and 2018. This particularly applies to Sweden, and 63% of the net NPL revaluations in the quarter are related to Swedish portfolios. One of the main challenges identified in the Swedish portfolios is the high ratio of debt restructuring cases, limiting the potential recovery for Axactor on affected claims. With the new and lower curves, Axactor expects future performance to fluctuate around 100%.

The 3PC segment saw improvements during the quarter in terms of both volume on existing contracts and new contracts, as well as the gradual lifting of Covid-19 related temporary local restrictions

(moratorium etc.). This enabled an increase in total income, as well as an improvement of the contribution margin to 47% for the quarter (44%). Axactor won 72% of all benchmark competitions participated in, in the fourth quarter. This is a key success factor to ensure increased volumes from current customers, as well as to attract new customers. The growth within the 3PC segment is driven primarily by Spain, Italy, and Sweden, and the momentum is believed to continue going into 2022. In addition to organic growth, the acquisition of CRS in Italy finalized in January 2022 will also contribute positively from the first quarter.

The REO segment is considered non-core and is in run-off mode with no new portfolios acquired since 2018. The segment will be reported as discontinued operations effective from 2022. At year-end there were 1,446 assets left in inventory, with 331 assets sold during the fourth quarter. Total income for the segment ended at EUR 8.7 million for the quarter (12.2) and EUR 39.8 million for the full year (40.4).

## Increasing level of self-service

During November, a new payment solution was launched for the Norwegian debtor portal and quick pay solution. This account-to-account payment method will make payments easier for the debtors, as well as reducing transaction costs for Axactor.

Axactor's debtor portal is available in all countries of operations, with good traction in number of users. 2021 ended with 30% more traffic to the portal compared to the beginning of the year. The portal enables easy access for debtors to information and payment, at a low cost for Axactor. The usage of the portal is expected to increase further through 2022.

## With the employees in focus

Many initiatives stemming from the great-place-to-work survey has been delivered in the fourth quarter. Workshops were conducted to identify improvement areas, and the close dialogue with employees has in some countries led to tangible results like changes in team structures and improved operational processes.

Axactor's mentor program is increasingly in focus. By highlighting specialists and leaders that are considered role models to mentor the talents in the company, the program aims to establish a high-performance culture and to recognize the talents in the organization.

### **Artificial intelligence and an ever-growing amount of data**

For each year of operation, Axactor gathers more data. This data is valuable not only for obtaining a correct valuation for future acquisitions, but also to improve efficiency. Through machine learning and artificial intelligence, Axactor continuously optimizes business rules and segmentation to select the best strategies and to focus on the debtors with the highest potential to manage their debt. Multiple new score-cards dictating collection strategies were deployed in Spain and the Nordics during the fourth quarter.

### **Information security on the agenda**

The security threat announced globally in December due to weakness in the log4j- library showed the importance of well-established internal policies and procedures to handle security incidents. No known breaches have been identified related to the log4j-library weakness.

A final round of business continuity and crisis management training was also conducted during the fourth quarter. Through these training

sessions, all countries and Group functions have been through realistic exercises moderated by external experts. The training sessions and maintenance of the processes will continue in 2022.

### **Governance and risk management**

As part of the annual risk and internal control management processes, a successful second line verification of the group internal controls and a deep-dive risk assessment were conducted during the quarter. Further, a vendor risk assessment was performed on key vendors in all countries. The results of the vendor risk assessment will be reviewed during the next quarter and used to ensure compliance with Axactor's vision and commitments with regards to ethics and ESG focus.

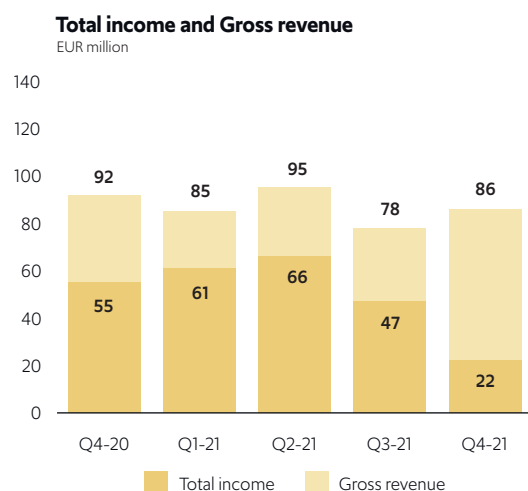
The ESG materiality analysis has been updated to ensure Axactor's focus on the most relevant elements for all key stakeholders. The updates do not indicate any material changes in priorities since last year. Additionally, an internal climate risk assessment of Axactor's locations have been conducted, showing limited climate related risks.

To further strengthen the environmental performance, Axactor has during the quarter engaged climate mitigation specialists to develop tools and methods to further improve the climate accounting, and to identify potential measures to reduce GHG emissions in the future.

All policies have been updated and approved by the Board of Directors during the fourth quarter.

# Financials

## Income



Total income for the fourth quarter ended at EUR 21.5 million, down from EUR 54.6 million in the fourth quarter last year. The main reason for the decline was NPL revaluations in the quarter of EUR -37.6 million (-8.9), while gross revenue fell 6% to EUR 86.3 million (92.0).

Although NPL collection performance improved compared to the third quarter, the improvement was not enough to support the portfolio book value. The majority of the revaluation relates to portfolios acquired during the start-up phase of the company that turned out to be of lower quality than initially anticipated. This was particularly true for some of the Swedish portfolios, with Sweden making up 63% of the total amount. With the new and revised curves, NPL collection performance is expected to be at approximately 100% for the future.

NPL total income for the quarter ended at EUR -1.5 million, down from EUR 28.6 million in the fourth quarter 2020. This was mainly due to the negative revaluations of EUR -37.6 million (-8.9). Gross revenue fell

4% compared to the corresponding period last year, ending at EUR 63.3 million (65.9). The decline in gross revenue is partly explained by low investments during the first three quarters of 2021, providing little momentum for the fourth quarter. Effective amortization rate was 42% of gross revenue, same as the corresponding quarter last year.

Total income for the 3PC segment grew to EUR 14.3 million in the fourth quarter 2021, from EUR 13.8 million in the corresponding quarter last year. Local limitations such as moratoriums are gradually being lifted, resulting in higher volumes received from clients. In addition, sales activity has picked up through the second half of 2021 with several new contracts generating income in the fourth quarter.

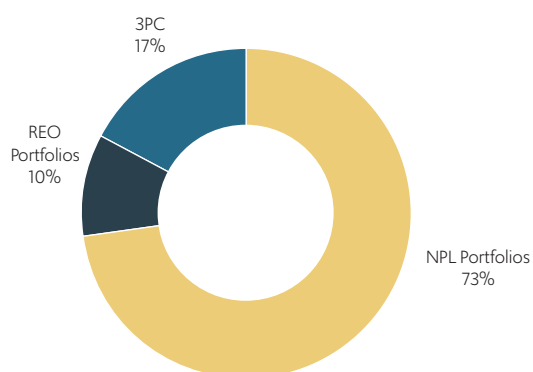
REO total income for the fourth quarter came in at EUR 8.7 million, down from EUR 12.2 million in the same quarter last year. Asset sales have continued to hold up well, with a total of 331 assets sold in the quarter (423). The number of assets in inventory has declined 46% over the last twelve months, while the remaining book value at the end of the quarter was EUR 29.3 million (78.8). The REO segment is considered as a run-off segment and will be classified as discontinued operations in Axactor's financial statements effective from the first quarter 2022.

For the full year 2021, total income ended at EUR 195.1 million (201.2), while gross revenue ended at 344.5 million (325.2).

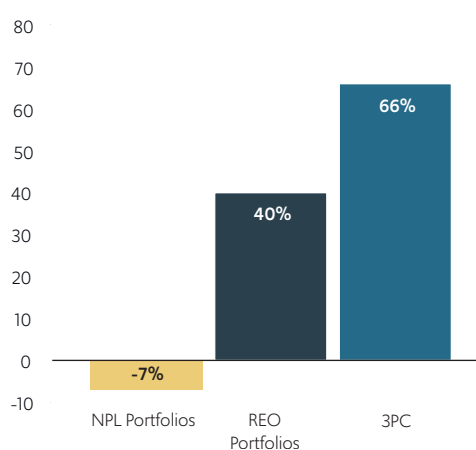
## Operating expenses

Total operating expenses before depreciation and amortization amounted to EUR 48.1 million for the fourth quarter, up from EUR 37.1 million in the corresponding quarter last year. The main reasons for the increase were REO impairments of EUR 5.7 million compared to a net reversal of EUR 5.9 million in the fourth quarter last year, as well as a EUR 2.2 million settlement with a Swedish bank regarding the termination of a forward flow agreement. REO cost of sale amounted to EUR 11.2 million for the fourth quarter 2021, down 6% compared to last year (11.9)

### Gross revenue mix Q4-21



### Total income mix Q4-21



following the lower REO volume. The operating expenses for the fourth quarter excluding the REO segment and the settlement were thus reduced by 4% compared to the same quarter last year. The cost saving program conducted in 2021 has delivered above the initial plan, with total annualized savings of EUR 5.5 million compared to an initial expectation of EUR 4.8 million.

For the full year 2021, total operating expenses amounted to EUR 171.4 million (169.2), including REO cost of sales and impairments of EUR 50.5 million (52.9).

Depreciation and amortization (excluding amortization of NPL portfolios) was EUR 2.4 million for the quarter, down from EUR 3.0 million in the corresponding quarter last year. For the full year 2021, depreciation and amortization was EUR 9.7 million (10.8).

## Operating results

Total contribution from the business segments came in at EUR -13.7 million for the fourth quarter, compared to EUR 28.2 million in the corresponding quarter last year. The decline in contribution comes mainly as a result of the negative NPL revaluations and the REO impairments booked in the quarter. The resulting margin on total income was -64%, compared to 52% in the fourth quarter 2020.

The NPL segment delivered a contribution margin of EUR -11.0 million in the fourth quarter 2021, down from EUR 18.3 million in the same quarter last year. Net negative revaluations and slightly lower gross revenue were the drivers of the reduction in contribution. Due to the negative total income, the margin on segment income was 736% (64%).

Contribution from 3PC was EUR 6.7 million, up 10% from EUR 6.1 million in the fourth quarter 2020. The corresponding margin on segment income grew to 47% for the quarter (44%). Many of the larger initiatives under the 2021 cost reduction program are solely directed at the 3PC segment, providing a lower cost base that will be further reflected in 2022.

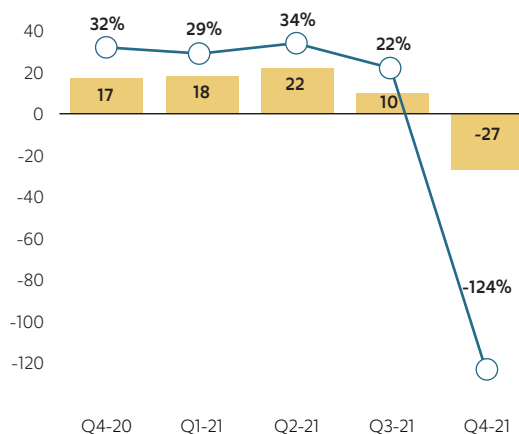
Contribution from the REO segment was EUR -9.5 million for the fourth quarter 2021 (3.8). This corresponded to a -109% margin on segment income (31%). The main reason for the negative margin development compared to last year is a net reversal of impairments booked in the fourth quarter 2020 of EUR 5.9 million, compared to impairments of EUR 5.7 million in the fourth quarter this year.

For the full year 2021, contribution from the business segments ended at EUR 68.3 million (71.7), of which NPL contributed EUR 69.5 million (75.3), 3PC EUR 15.4 million (17.4) and REO EUR -16.5 million (-21.0).

EBITDA for the quarter ended at EUR -26.6 million, down from EUR 17.5 million in the fourth quarter last year. The EBITDA margin was thus -124%, down from 32% in the same quarter last year. For the full year 2021 EBITDA was EUR 23.7 million (32.0) resulting in a margin of 12% over total income (16%).

## 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 12.8 million for the quarter. This compares to EUR 10.7 million for the fourth quarter 2020. The increase is mainly due to a EUR 2.2 million settlement with a Swedish bank regarding the termination of a forward flow agreement. Unallocated SG&A and IT costs for the full year 2021 amounted to EUR 44.6 million (39.7).

Cash EBITDA came in at EUR 55.2 million for the fourth quarter 2021, compared to EUR 60.8 million for the fourth quarter 2020. For the full year 2021, Cash EBITDA amounted to EUR 223.8 million (209.5). 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 -29.0 million for the fourth quarter (14.5) and EUR 14.1 million for the full year 2021 (21.2)

## Net financial items

Total net financial items for the quarter were EUR -13.0 million, compared to EUR -17.7 million in the fourth quarter last year. The fourth quarter last year was negatively impacted by write-down of remaining capitalized loan fees on the credit facilities refinanced during the fourth quarter 2020 and the first quarter 2021. Total interest expense on borrowings thus fell from EUR 21.3 million in the fourth quarter 2020 to EUR 13.4 million in the fourth quarter 2021. Axactor has taken measures to reduce its net FX exposure through 2021, and net FX impact for the quarter was a modest EUR 0.5 million compared to EUR 3.7 million last year.

For the full year 2021, total net financial items were EUR -54.8 million (-53.4), with interest expense on borrowings of EUR 52.9 million (63.6) and net FX impacts of EUR -1.5 million (11.5).



## Earnings and taxes

Earnings before tax ended at EUR -42.0 million for the fourth quarter (-3.2), while net profit ended at EUR -41.5 million (0.4). For the full year 2021, earnings before tax ended at EUR -40.7 million (-32.2) and net profit at EUR -46.0 million (-34.0). The effective tax rate was thus 1% for the quarter (114%) and -13% for the full year (-6%).

The net profit to shareholders ended at EUR -35.1 million for the fourth quarter 2021 (-0.2), while net profit to non-controlling interests was EUR -6.5 million (0.6). The resulting earnings per share was thus EUR -0.116 both on a reported basis (0.015) and fully diluted (0.014), based on the average number of shares outstanding in each period. Correspondingly, net profit to shareholders for the full year 2021 was EUR -32.8 million (-18.1) and net profit to non-controlling interests EUR -13.2 million (-15.9). Earnings per share for the full year 2021 was EUR -0.112 both on a reported and on a fully diluted basis (-0.099).

## Cash flow

Net cash flow from operating activities, including NPL and REO investments, amounted to EUR -6.4 million (376) for the quarter. The decrease compared to last year is mainly related to higher NPL investments. The amount paid for NPL portfolios increased from EUR 23.1 million in the fourth quarter 2020 to EUR 51.6 million in the fourth quarter 2021.

Excluding investments in NPL and REO portfolios, cash flow from operations for the quarter amounted to EUR 45.1 million, down from EUR 59.7 million in the corresponding period last year. The root cause of the decline was an increase in working capital of EUR 6.8 million in the quarter, compared to a decrease of EUR 1.0 million last year. The working capital increase is primarily related to the acquisition of CRS that was closed in early January 2022.

For the full year 2021 net cash flow from operating activities amounted to EUR 106.4 million including NPL and REO investments (-4.9), and to EUR 221.5 million excluding NPL and REO investments (206.5).

Total net cash flow from investments, not including investments in NPL and REO portfolios, were EUR -1.1 million for the fourth quarter (-1.1) and EUR -4.7 million for the full year 2021 (-6.1).

Total cash flow from financing activities was EUR 9.3 million (-21.3) in the fourth quarter, with a net drawdown on credit facilities of EUR 22.1 million (net repayment of 7.8). Cash flow from financing activities for the full year 2021 amounted to EUR -109.2 million (-12.5).

Total net cash flow was EUR 1.8 million for the quarter (15.2) and EUR -7.5 million for the full year 2021 (-23.5), leaving total cash and cash equivalents at EUR 44.0 million at the end of the year (50.7). This includes EUR 2.4 million in restricted cash (2.9).

## Equity position and balance sheet considerations

Total equity for the Group was EUR 381.2 million at the end of the 2021 (375.7), including non-controlling interests of EUR 1.0 million (74.1). The main reason for the increased equity compared to last year is the share issue performed during the first quarter of 2021, while at the same time buying out Geveran from the co-invest structure Axactor Invest I.

The resulting equity ratio at the end of the 2021 was 29.5%, up from 27.6% at the end of 2020.

## Return on Equity

The annualized return on equity excluding non-controlling interests for the fourth quarter 2021 was -35.0% (-0.3%), while return on equity including non-controlling interests ended at -41.0% (0.5%). Correspondingly, the return on equity for the full year 2021 ended at -8.5% excluding non-controlling interests (-6.1%) and at -11.3% on a reported basis (-9.1%).

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.

## Capital expenditure and Funding

Axactor invested EUR 53.5 million (21.9) in NPL portfolios during the fourth quarter of 2021. The difference between invested amount and cash paid for portfolios in the quarter relates to deferred capex on certain portfolios. Total estimated NPL investment commitments for 2022 amounts to EUR 117 million, compared to an estimated maintenance capex of EUR 108 million and total investments in 2021 of EUR 114.0 million (208.2).

The EUR 300 million bond loan issued during the third quarter 2021 was listed on Oslo Børs in November with the ticker ACRO3. Proceeds from ACRO3 were partly used to refinance local Italian bank loans of EUR 33.5 million during October. Axactor also have EUR 200 million outstanding on a bond loan listed on Oslo Børs with the ticker ACRO2.

The revolving credit facility from DNB and Nordea has a total size of EUR 545 million, with an additional EUR 75 million in the form of an accordion option. At the end of 2021 the drawn amount on the revolving credit facility was EUR 352.0 million.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 838.3 million at the end of the year (936.2).

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

## Outlook

After a challenging 2021, Axactor is in a good position to deliver profitable growth in 2022. The large negative NPL revaluation booked in the fourth quarter 2021 reduces downside risk for collection performance, which is expected to fluctuate around 100% going forward. The cost reduction program has delivered above expectation, rendering a lower cost base going into 2022 than the Group had going into 2021. Furthermore, a series of initiatives to simplify the legal structure were carried out in 2021, creating a more efficient structure in terms of expenses and administrative burden.

Although total NPL investments for 2021 was on the low side, the fourth quarter saw a significant uptick in investment level. These acquisitions provide momentum going into the first quarter of 2022. In addition, Axactor has estimated NPL investment commitments for EUR 117 million in 2022 at a satisfying gross IRR level of 22%. The forward flow commitments alone are enough to secure positive NPL book value growth for the coming twelve months. Adding expected new acquisitions in 2022, Axactor expect to deploy between EUR 200 million and EUR 250 million in NPL portfolios for the coming twelve months.

3PC volumes are slowly returning towards pre-pandemic levels as local restrictions such as moratoriums are gradually phased out. The market for new 3PC business is healthy as well, with a strong pipeline of potential new customers. In Italy, the acquisition of CRS that was finalized in early January will have a significant positive effect in 2022. CRS comes with a recurring annual revenue of approximately EUR 6 million, as well as improving Axactors standing in the Italian 3PC market for fresh non-performing loans originated within the bank and finance sector.

# Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end		Year to date	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Interest income from purchased loan portfolios	5,6	<b>43,506</b>	41,758	168,421	163,093
Net gain/(loss) purchased loan portfolios	5,6	<b>(44,588)</b>	(12,283)	(62,013)	(49,813)
Other operating revenue		<b>22,575</b>	25,191	88,704	87,871
Other income		<b>12</b>	(24)	15	24
<b>Total income</b>	3,5	<b>21,505</b>	54,642	195,127	201,175
Cost of REO's sold, incl impairment	7	<b>(16,916)</b>	(5,976)	(50,515)	(52,932)
Personnel expenses		<b>(13,609)</b>	(13,794)	(61,313)	(54,872)
Operating expenses		<b>(17,543)</b>	(17,381)	(59,565)	(61,372)
<b>Total operating expenses</b>		<b>(48,068)</b>	(37,150)	(171,393)	(169,176)
<b>EBITDA</b>		<b>(26,563)</b>	17,493	23,733	31,999
Amortization and depreciation		<b>(2,442)</b>	(2,981)	(9,654)	(10,838)
<b>EBIT</b>		<b>(29,006)</b>	14,511	14,080	21,161
Financial revenue	4	<b>3,177</b>	3,773	3,033	12,650
Financial expenses	4	<b>(16,191)</b>	(21,469)	(57,809)	(66,039)
<b>Net financial items</b>		<b>(13,013)</b>	(17,697)	(54,775)	(53,390)
<b>Profit/(loss) before tax</b>		<b>(42,019)</b>	(3,186)	(40,696)	(32,228)
Tax (expense)		<b>483</b>	3,628	(5,296)	(1,774)
<b>Net profit/(loss) after tax</b>		<b>(41,536)</b>	443	(45,992)	(34,002)
<b>Attributable to:</b>					
Non-controlling interests		<b>(6,464)</b>	629	(13,194)	(15,871)
Shareholders of the parent company		<b>(35,073)</b>	(187)	(32,797)	(18,131)
Earnings per share: basic		<b>(0.116)</b>	0.015	(0.112)	(0.099)
Earnings per share: diluted		<b>(0.116)</b>	0.014	(0.112)	(0.099)

# Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net profit/(loss) after tax	<b>(41,536)</b>	443	(45,992)	(34,002)
<i>Items that will not be classified subsequently to profit and loss</i>				
Remeasurement of pension plans	<b>(4)</b>	(58)	(4)	(58)
Net gain/(loss) on equity instruments designated at fair value through OCI	<b>(16)</b>		(16)	
<i>Items that may be classified subsequently to profit and loss</i>				
Foreign currency translation differences - foreign operations	<b>2,939</b>	11,844	8,924	(11,278)
Net gain/(loss) on cash flow hedges	<b>(230)</b>		(230)	
Other comprehensive income/(loss) after tax	<b>2,689</b>	11,786	8,675	(11,336)
<b>Total comprehensive income for the period</b>	<b>(38,847)</b>	12,229	(37,317)	(45,338)
<b>Attributable to:</b>				
Non-controlling interests	<b>(6,464)</b>	629	(13,194)	(15,871)
Equity holders of the parent company	<b>(32,384)</b>	11,599	(24,123)	(29,467)

# Interim condensed consolidated statement of financial position

EUR thousand	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<i>Intangible non-current assets</i>			
Intangible assets		<b>17,824</b>	19,989
Goodwill		<b>55,960</b>	54,879
Deferred tax assets		<b>13,700</b>	7,769
<i>Tangible non-current assets</i>			
Property, plant and equipment		<b>2,290</b>	2,530
Right of use assets	9	<b>10,768</b>	4,826
<i>Financial non-current assets</i>			
Purchased debt portfolios	6	<b>1,095,789</b>	1,124,699
Other non-current receivables		<b>338</b>	458
Other non-current investments		<b>28</b>	196
<b>Total non-current assets</b>		<b>1,196,698</b>	1,215,346
<i>Current assets</i>			
Stock of secured assets	7	<b>29,310</b>	78,786
Accounts receivable		<b>7,060</b>	7,124
Other current assets	10	<b>16,154</b>	11,645
Restricted cash		<b>2,372</b>	2,946
Cash and cash equivalents		<b>41,581</b>	47,779
<b>Total current assets</b>		<b>96,476</b>	148,281
<b>TOTAL ASSETS</b>		<b>1,293,175</b>	1,363,627



# Interim condensed consolidated statement of financial position

EUR thousand	Note	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
Share capital		<b>158,150</b>	97,040
Other paid-in equity		<b>269,919</b>	236,562
Retained earnings		<b>(40,475)</b>	(16,036)
Translation reserve		<b>(7,074)</b>	(15,999)
Other reserves		<b>(245)</b>	-
Non-controlling interests		<b>976</b>	74,113
<b>Total equity</b>		<b>381,249</b>	375,680
<i>Non-current liabilities</i>			
Interest bearing debt	8	<b>834,411</b>	579,282
Deferred tax liabilities		<b>6,144</b>	6,436
Lease liabilities	9	<b>8,866</b>	2,804
Other non-current liabilities		<b>1,994</b>	1,433
<b>Total non-current liabilities</b>		<b>851,415</b>	589,955
<i>Current liabilities</i>			
Accounts payable		<b>7,282</b>	6,147
Current portion of interest bearing debt	8	<b>3,845</b>	356,903
Taxes payable		<b>20,259</b>	12,002
Lease liabilities	9	<b>2,185</b>	2,282
Other current liabilities	10	<b>26,941</b>	20,657
<b>Total current liabilities</b>		<b>60,511</b>	397,992
<b>Total liabilities</b>		<b>911,925</b>	987,947
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,293,175</b>	1,363,627

# Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end		Year to date	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Operating activities</b>					
Profit/(loss) before tax		<b>(42,019)</b>	(3,186)	(40,696)	(32,228)
Taxes paid		<b>(2,827)</b>	(1,272)	(3,261)	(5,515)
Adjustments for:					
- Finance income and expenses		<b>13,013</b>	17,697	54,775	53,390
- Portfolio amortization and revaluation		<b>64,397</b>	36,443	148,542	123,179
- Cost of secured assets sold, incl. impairment		<b>16,916</b>	5,976	50,515	52,932
- Depreciation and amortization		<b>2,442</b>	2,981	9,654	10,838
- Calculated cost of employee share options		<b>19</b>	60	180	578
Change in working capital		<b>(6,847)</b>	959	1,813	3,309
<i>Cash flow from operating activities before NPL and REO investments</i>		<b>45,095</b>	59,659	221,522	206,482
Purchase of debt portfolios	6	<b>(51,555)</b>	(23,125)	(115,402)	(213,032)
Sale of debt portfolio	6	<b>150</b>	1,150	450	2,050
Purchase of REO's	7	<b>(61)</b>	(74)	(193)	(399)
<b>Net cash flow from operating activities</b>		<b>(6,371)</b>	37,610	106,376	(4,899)
<b>Investing activities</b>					
Purchase of intangible and tangible assets		<b>(1,135)</b>	(1,072)	(4,718)	(6,114)
Interest received		<b>4</b>	3	5	25
<b>Net cash flow from investing activities</b>		<b>(1,132)</b>	(1,069)	(4,712)	(6,089)
<b>Financing activities</b>					
Proceeds from borrowings	8	<b>88,006</b>	-	542,496	81,631
Repayment of debt	8	<b>(65,872)</b>	(7,787)	(628,681)	(84,395)
Interest paid		<b>(11,580)</b>	(12,062)	(41,683)	(48,058)
Loan fees paid	8	<b>-</b>	-	(24,033)	(4,503)
New share issues		<b>-</b>	-	50,792	50,767
Proceeds /(repayments) from/(to) non-controlling interests		<b>(1,263)</b>	(1,475)	(6,625)	(6,994)
Cost related to share issues		<b>-</b>	-	(1,460)	(959)
<b>Net cash flow from financing activities</b>		<b>9,292</b>	(21,325)	(109,194)	(12,512)
Net change in cash and cash equivalents		<b>1,790</b>	15,217	(7,531)	(23,499)
Cash and cash equivalents at the beginning of period		<b>42,258</b>	35,801	50,725	75,396
Currency translation		<b>(95)</b>	(293)	759	(1,172)
<b>Cash and cash equivalents at end of period, incl. restricted funds</b>		<b>43,953</b>	50,725	43,953	50,725

# Interim condensed 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						
	Share Capital	Other paid in equity	Translation reserve	Other reserves	Retained earnings	Total		
Closing balance on 31 Dec 2019	81,338	201,879	(4,721)		2,153	<b>280,648</b>	96,977	<b>377,626</b>
Result of the period					(18,131)	<b>(18,131)</b>	(15,871)	<b>(34,002)</b>
Remeasurement of pension plans					(58)	<b>(58)</b>		<b>(58)</b>
Foreign currency translation differences - foreign operations			(11,278)			<b>(11,278)</b>		<b>(11,278)</b>
Total comprehensive income for the period	-	-	(11,278)		(18,190)	<b>(29,467)</b>	(15,871)	<b>(45,338)</b>
Proceeds from non-controlling interests							(6,994)	<b>(6,994)</b>
New share issues	15,703	35,064				<b>50,767</b>		<b>50,767</b>
Cost related to share issues		(959)				<b>(959)</b>		<b>(959)</b>
Share based payment		578				<b>578</b>		<b>578</b>
Closing balance on 31 Dec 2020	97,040	236,562	(15,999)	-	(16,036)	<b>301,566</b>	74,113	<b>375,680</b>
Result of the period					(32,797)	<b>(32,797)</b>	(13,194)	<b>(45,992)</b>
Other comprehensive income of the period			8,924	(245)	(4)	<b>8,675</b>		<b>8,675</b>
Total comprehensive income for the period	-	-	8,924	(245)	(32,802)	<b>(24,123)</b>	(13,194)	<b>(37,317)</b>
Proceeds from non-controlling interests							(6,625)	<b>(6,625)</b>
Acquisition of remaining 50% of Axactor Invest 1		7,319			8,363	<b>15,682</b>	(53,317)	<b>(37,635)</b>
New share issues	61,110	27,318				<b>88,427</b>		<b>88,427</b>
Cost related to share issues		(1,460)				<b>(1,460)</b>		<b>(1,460)</b>
Share based payment		180				<b>180</b>		<b>180</b>
Closing balance on 31 Dec 2021	158,150	269,919	(7,074)	(245)	(40,475)	<b>380,273</b>	976	<b>381,249</b>

# Notes to the Financial Report

## Note 1 Reporting Entity and Accounting Principles

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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 made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. Critical accounting estimates and judgements in terms of accounting policies are more comprehensively discussed in the Group Annual report for the Financial Year 2020, which is available on Axactor's website: [www.axactor.com](http://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 the Annual Report. Management continues to assess the data and information available at the reporting date.

### Update on process with FSA

As communicated in a press release on 13 December 2022, Axactor SE has received a conclusion from the Norwegian Financial Supervisory Authority (FSA) in accordance with the preliminary conclusion as stated in press release of 2 September 2021 and in the Q3 2021 interim report.

The FSA requires that the company expands its valuation model for portfolios of non-performing loans (NPL) with more input variables and scenario analysis capturing current and future macroeconomic conditions with effect from the reporting of the annual accounts for the financial year 2022.

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 is already considering 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. The company takes notice of the conclusion from the FSA and has started the work on expanding the portfolio valuation model to better reflect the macro factors and scenarios as required.

The company has initiated testing to identify the impact of macroeconomic factors on collection performance. So far, regression analysis has rejected macroeconomic factors as prediction variables for collection performance. The company will continue to refine the analysis with the aim to identify any variance explained by macroeconomic factors.

The company has implemented requirements for documentation of the relevant macroeconomic assumptions in portfolio acquisition processes. The company considers interest rate, unemployment, GDP growth, housing price growth, inflation, salary growth and regulation changes to be the most relevant macroeconomic factors. The company will have the expanded model implemented with effect for the annual accounts for 2022. 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 from the FSA also required the company to conduct a new measurement of one specific NPL portfolio as of 2019 and onwards. The company is required to document the use of reasonable and supportable assumptions for estimates of future credit losses occurring after 2026. The portfolio in question has however performed above its active forecast in 2021. The company has performed a new measurement with the information available at the end of 2019 and an external valuation agency has provided a benchmark valuation to verify the internal measurement. Based on the updated measurement, the company has booked an impairment of EUR 1.8 million in Q4 2021. The error is regarded as immaterial and a retrospective restatement has not been made, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

## 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](http://www.axactor.com) (Note 3 of the Group financial statement).

### Interest risk

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group's interest rate exposure. At quarter end the fair value of the interest rate hedging derivatives was negative EUR 0.2m. The interest rate hedging ratio was 23%, the hedging strategy is to hedge 50%-70% of floating interest on bond loans.

### 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 41.6 million at 31 December 2021 (31 December 2020: EUR 47.8 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 maturity calculation is made under the assumption that Axactor has a constant RCF draw in the period. 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 earliest 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	Q1-22	Q2-22	Q3-22	Q4-22	1-2 years	2-4 years	4+ years	Total
Forward flow NPL agreements, non-cancellable <sup>1)2)</sup>	34,597	19,938	19,420	21,092	31,984	-	-	<b>127,030</b>
Forward flow NPL agreements, cancellable <sup>1)2)3)</sup>	-	8,992	7,116	6,300	45,600	17,349	-	<b>85,357</b>
Interest bearing loans DNB/Nordea	2,772	2,772	2,772	2,772	363,064	-	-	<b>374,152</b>
Bond (ISIN: NO0010914666)	3,578	3,500	3,539	3,578	14,194	203,578	-	<b>231,967</b>
Bond (ISIN: NO0011093718)	4,013	4,102	4,102	4,057	16,273	32,590	312,216	<b>377,352</b>
Other non-current liabilities	-	-	-	-	-	-	1,994	<b>1,994</b>
Accounts payable	7,282	-	-	-	-	-	-	<b>7,282</b>
Other current liabilities	23,177	3,764	-	-	-	-	-	<b>26,939</b>
<b>Total</b>	<b>75,418</b>	<b>43,067</b>	<b>36,948</b>	<b>37,799</b>	<b>471,115</b>	<b>253,517</b>	<b>314,210</b>	<b>1,232,074</b>

1) Forward flow NPL agreements split by country:

Germany	51 %
Norway	40 %
Finland	6 %
Spain	3 % (including a one-off portfolio signed in Q4-21 with expected closing in Q1-22)

2) Expected cash flows. Cash flows are limited to EUR 308.5 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 year from the reporting date):

EUR thousand	Estimated remaining collection (ERC), amortization and yield next four quarters				
Year	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Year 1
ERC	67,775	70,806	64,367	65,884	<b>268,832</b>
Amortization	25,916	30,036	24,679	27,156	<b>107,788</b>
Yield	41,859	40,770	39,688	38,728	<b>161,045</b>

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	268,832	261,948	225,843	200,819	177,633	160,087	141,774	127,467	114,766	103,142	93,135	84,078	72,064	58,344	50,611	<b>2,140,543</b>
Amortization	107,788	118,694	101,236	91,330	81,907	76,761	69,424	65,132	61,836	59,169	57,780	57,213	53,505	47,268	46,746	<b>1,095,789</b>
Yield	161,045	143,254	124,607	109,489	95,726	83,326	72,350	62,335	52,930	43,973	35,354	26,865	18,559	11,075	3,864	<b>1,044,754</b>

### 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. As of 1 January 2022 the REO segment is considered as discontinued operation and will be reported separately.

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 31 Dec 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	63,315	-	8,689	-	<b>72,003</b>
Portfolio amortization and revaluation	(64,397)	-	-	-	<b>(64,397)</b>
<i>Other operating income:</i>					
-Change in forward flow derivatives	(409)	-	-	-	<b>(409)</b>
-Other operating revenue and other income	-	14,296	-	12	<b>14,308</b>
<b>Total income</b>	<b>(1,492)</b>	<b>14,296</b>	<b>8,689</b>	<b>12</b>	<b>21,505</b>
REO cost of sales	-	-	(11,199)	-	<b>(11,199)</b>
Impairment REOs	-	-	(5,717)	-	<b>(5,717)</b>
Direct operating expenses	(9,486)	(7,559)	(1,286)	-	<b>(18,331)</b>
<b>Contribution margin</b>	<b>(10,978)</b>	<b>6,737</b>	<b>(9,514)</b>	<b>12</b>	<b>(13,742)</b>
SG&A, IT and corporate cost				(12,821)	<b>(12,821)</b>
<b>EBITDA</b>					<b>(26,563)</b>
Amortization and depreciation				(2,442)	<b>(2,442)</b>
<b>EBIT</b>					<b>(29,006)</b>
Total operating expenses	(9,486)	(7,559)	(18,202)	(12,821)	<b>(48,068)</b>
Contribution margin (%)	735.8%	47.1%	(109.5%)	na	<b>(63.9%)</b>
EBITDA margin (%)					<b>(123.5%)</b>
Opex ex SG&A, IT and corp.cost / Gross revenue	15.0%	52.9%	209.5%	na	<b>40.8%</b>
SG&A, IT and corporate cost / Gross revenue					<b>14.9%</b>

## For the quarter end 31 Dec 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	65,919	-	12,179	-	<b>78,098</b>
Portfolio amortization and revaluation	(36,443)	-	-	-	<b>(36,443)</b>
<i>Other operating income:</i>					
-Change in forward flow derivatives	(826)	-	-	-	<b>(826)</b>
-Other operating revenue and other income	-	13,838	-	(24)	<b>13,814</b>
<b>Total income</b>	<b>28,649</b>	<b>13,838</b>	<b>12,179</b>	<b>(24)</b>	<b>54,642</b>
REO cost of sales	-	-	(11,858)	-	<b>(11,858)</b>
Impairment REOs	-	-	5,882	-	<b>5,882</b>
Direct operating expenses	(10,380)	(7,707)	(2,373)	-	<b>(20,459)</b>
<b>Contribution margin</b>	<b>18,270</b>	<b>6,132</b>	<b>3,831</b>	<b>(24)</b>	<b>28,208</b>
SG&A, IT and corporate cost				(10,715)	<b>(10,715)</b>
<b>EBITDA</b>					<b>17,493</b>
Amortization and depreciation				(2,981)	<b>(2,981)</b>
<b>EBIT</b>					<b>14,511</b>
Total operating expenses	(10,380)	(7,707)	(8,348)	(10,715)	<b>(37,150)</b>
Contribution margin (%)	63.8%	44.3%	31.5%	na	<b>51.6%</b>
EBITDA margin (%)					<b>32.0%</b>
Opex ex SG&A, IT and corp.cost / Gross revenue	15.7%	55.7%	68.5%	na	<b>28.8%</b>
SG&A, IT and corporate cost / Gross revenue					<b>11.8%</b>

## Year to date 31 Dec 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	254,949	-	39,846	-	<b>294,795</b>
Portfolio amortization and revaluation	(148,542)	-	-	-	<b>(148,542)</b>
<i>Other operating income:</i>					
-Change in forward flow derivatives	(782)	-	-	-	<b>(782)</b>
-Other operating revenue and other income	-	49,640	-	15	<b>49,655</b>
<b>Total income</b>	<b>105,625</b>	<b>49,640</b>	<b>39,846</b>	<b>15</b>	<b>195,127</b>
REO cost of sales	-	-	(44,601)	-	<b>(44,601)</b>
Impairment REOs	-	-	(5,915)	-	<b>(5,915)</b>
Direct operating expenses	(36,168)	(34,235)	(5,865)	-	<b>(76,269)</b>
<b>Contribution margin</b>	<b>69,456</b>	<b>15,405</b>	<b>(16,534)</b>	<b>15</b>	<b>68,342</b>
SG&A, IT and corporate cost				(44,609)	<b>(44,609)</b>
<b>EBITDA</b>					<b>23,733</b>
Amortization and depreciation				(9,654)	<b>(9,654)</b>
<b>EBIT</b>					<b>14,080</b>
Total operating expenses	(36,168)	(34,235)	(56,380)	(44,609)	<b>(171,393)</b>
Contribution margin (%)	65.8%	31.0%	(41.5%)	na	<b>35.0%</b>
EBITDA margin (%)					<b>12.2%</b>
Opex ex SG&A, IT and corp.cost / Gross revenue	14.2%	69.0%	141.5%	na	<b>36.8%</b>
SG&A, IT and corporate cost / Gross revenue					<b>13.0%</b>

## Year to date 31 Dec 2020

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

## Note 4 Financial items

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Financial revenue</b>				
Interest on bank deposits	4	3	5	25
Exchange gains realized	1,666	124	2,982	705
Net unrealized exchange gain	1,488	3,640	-	11,901
Other financial income	20	6	46	20
<b>Total financial revenue</b>	<b>3,177</b>	<b>3,773</b>	<b>3,033</b>	<b>12,650</b>
<b>Financial expenses</b>				
Interest expense on borrowings <sup>1)</sup>	(13,356)	(21,268)	(52,895)	(63,554)
Exchange losses realized	(2,677)	(74)	(3,161)	(1,153)
Net unrealized exchange loss	-	-	(1,326)	-
Other financial expenses <sup>2)</sup>	(158)	(127)	(427)	(1,332)
<b>Total financial expenses</b>	<b>(16,191)</b>	<b>(21,469)</b>	<b>(57,809)</b>	<b>(66,039)</b>
<b>Net financial items</b>	<b>(13,013)</b>	<b>(17,697)</b>	<b>(54,775)</b>	<b>(53,390)</b>

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.

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Total income</b>				
Finland	(1,015)	554	10,113	10,710
Germany	6,620	9,157	30,331	31,964
Italy	4,893	5,039	17,387	14,424
Norway	6,404	9,636	35,271	37,949
Spain	23,316	23,994	95,837	87,962
Sweden	(18,714)	6,262	6,187	18,165
<b>Total</b>	<b>21,505</b>	<b>54,642</b>	<b>195,127</b>	<b>201,175</b>

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Non-current assets<sup>1)</sup></b>				
Finland	4,052	4,539	4,052	4,539
Germany	15,884	13,497	15,884	13,497
Italy	9,184	9,720	9,184	9,720
Norway	36,088	33,004	36,088	33,004
Spain	17,519	19,176	17,519	19,176
Sweden	4,115	2,286	4,115	2,286
<b>Total</b>	<b>86,843</b>	<b>82,223</b>	<b>86,843</b>	<b>82,223</b>

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 <sup>1)</sup>	CU1 <sup>2)</sup>	CU2 <sup>3)</sup>	CU2 tail <sup>4)</sup>	For the quarter end 31 Dec 2021
Finland	3,699	(986)	(3,834)	-	<b>(1,120)</b>
Germany	5,793	(671)	(739)	108	<b>4,492</b>
Italy	3,830	266	-	36	<b>4,132</b>
Norway	9,678	(1,391)	(4,091)	394	<b>4,590</b>
Spain	12,094	(333)	(6,039)	278	<b>6,000</b>
Sweden	8,410	(3,864)	(24,294)	570	<b>(19,177)</b>
<b>Total</b>	<b>43,506</b>	<b>(6,978)</b>	<b>(38,996)</b>	<b>1,386</b>	<b>(1,082)</b>

EUR thousand	Yield <sup>1)</sup>	CU1 <sup>2)</sup>	CU2 <sup>3)</sup>	CU2 tail <sup>4)</sup>	For the quarter end 31 Dec 2020
Finland	3,771	(374)	(3,118)	-	<b>279</b>
Germany	5,561	197	360	143	<b>6,261</b>
Italy	4,224	319	(231)	56	<b>4,367</b>
Norway	8,105	(536)	87	380	<b>8,036</b>
Spain	11,544	(1,973)	(5,693)	250	<b>4,128</b>
Sweden	8,554	(1,024)	(1,737)	611	<b>6,404</b>
<b>Total</b>	<b>41,758</b>	<b>(3,390)</b>	<b>(10,332)</b>	<b>1,439</b>	<b>29,475</b>

EUR thousand	Yield <sup>1)</sup>	CU1 <sup>2)</sup>	CU2 <sup>3)</sup>	CU2 tail <sup>4)</sup>	Year to date 31 Dec 2021
Finland	14,931	(1,728)	(3,817)	-	<b>9,385</b>
Germany	21,612	(1,223)	(671)	442	<b>20,160</b>
Italy	16,023	(272)	(816)	133	<b>15,067</b>
Norway	36,889	(5,932)	(4,343)	1,614	<b>28,230</b>
Spain	44,911	(1,605)	(15,700)	1,111	<b>28,716</b>
Sweden	34,055	(7,107)	(24,465)	2,367	<b>4,849</b>
<b>Total</b>	<b>168,421</b>	<b>(17,867)</b>	<b>(49,812)</b>	<b>5,666</b>	<b>106,407</b>

EUR thousand	Yield <sup>1)</sup>	CU1 <sup>2)</sup>	CU2 <sup>3)</sup>	CU2 tail <sup>4)</sup>	Year to date 31 Dec 2020
Finland	14,727	(2,155)	(3,218)	-	<b>9,353</b>
Germany	23,015	(2,260)	355	595	<b>21,705</b>
Italy	16,996	(1,776)	(3,559)	275	<b>11,936</b>
Norway	29,703	1,997	(4,032)	1,775	<b>29,443</b>
Spain	47,790	(2,427)	(23,574)	978	<b>22,767</b>
Sweden	30,864	(6,325)	(8,728)	2,266	<b>18,076</b>
<b>Total</b>	<b>163,093</b>	<b>(12,945)</b>	<b>(42,755)</b>	<b>5,888</b>	<b>113,280</b>

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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Balance at start of period	<b>1,102,066</b>	1,115,480	1,124,699	1,041,919
Acquisitions during the period <sup>2)</sup>	<b>53,525</b>	21,927	113,979	208,250
Collection	<b>(63,315)</b>	(65,919)	(254,949)	(236,459)
Yield - Interest income from purchased loan portfolios	<b>43,506</b>	41,758	168,421	163,093
Net gain/(loss) purchased loan portfolios <sup>1)</sup>	<b>(44,588)</b>	(12,283)	(62,013)	(49,813)
Repossession of secured NPL to REO	<b>(122)</b>	(525)	(845)	(2,279)
Deliveries on forward flow contracts	-	-	(1,221)	-
Disposals <sup>1)</sup>	<b>(193)</b>	(20)	(193)	(403)
Translation difference	<b>4,909</b>	24,281	7,911	392
Balance at end of period	<b>1,095,789</b>	1,124,699	1,095,789	1,124,699
Payments during the period for investments in purchased debt amounted to EUR	<b>51,555</b>	23,125	115,402	213,032
Nominal value acquired portfolios	<b>609,283</b>	49,012	827,810	424,062
Expected credit losses at acquisition	<b>(555,757)</b>	(27,085)	(713,831)	(215,812)
Credit impaired acquisitions during the period	<b>53,525</b>	21,927	113,979	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 period;

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 3% of the book value of the loans, is secured by a property object.

Market	Book value
Finland	111,841
Norway	249,439
Sweden	228,068
Germany	131,059
Italy	111,348
Spain	264,034
<b>Total</b>	<b>1,095,789</b>

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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Acquisition cost at start of period	<b>46,043</b>	84,163	78,786	129,040
Acquisitions during the year <sup>1)</sup>	<b>61</b>	74	194	399
Repossession of secured NPL	<b>122</b>	525	845	2,279
Cost of sold secured assets	<b>(11,199)</b>	(11,858)	(44,601)	(36,818)
<b>Total acquisition cost</b>	<b>35,026</b>	72,904	35,225	94,901
Impairment	<b>(5,717)</b>	5,882	(5,915)	(16,114)
<b>Balance at end of period</b>	<b>29,310</b>	78,786	29,310	78,786
Number of assets			1,446	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.

As of 1 January 2022 the REO segment is considered as discontinued operation and will be reported separately.

Axactor SE has provided an interest-bearing loan to Reolux Holding Sarl with an outstanding balance of EUR 37.5 million per 31 December 2021. 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 Borrowing

EUR thousand	Currency	Facility limit	Nominal value	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
<b>Facility</b>								
Bond (ISIN: NO0010914666)	EUR		200,000	(4,778)	3,033	198,255	3m EURIBOR+700bps	12.01.2024
Bond (ISIN: NO0011093718)	EUR		300,000	(3,853)	791	296,938	3m EURIBOR+535bps	15.09.2026
<b>Total bond loan</b>		-	<b>500,000</b>	<b>(8,631)</b>	<b>3,824</b>	<b>495,193</b>		
Revolving credit facility DNB/Nordea	EUR	545,000	17,368	(8,936)	21	8,453	EURIBOR+ margin	22.12.2023
(multiple currency facility)	NOK		114,267			114,267	NIBOR+ margin	22.12.2023
	SEK		220,343			220,343	STIBOR+ margin	22.12.2023
<b>Total credit facilities</b>		<b>545,000</b>	<b>351,977</b>	<b>(8,936)</b>	<b>21</b>	<b>343,063</b>		
<b>Total borrowings at end of period</b>		<b>545,000</b>	<b>851,977</b>	<b>(17,566)</b>	<b>3,845</b>	<b>838,256</b>		
whereof:								
Non-current						834,411		
Current						3,845		
of which in currency:								
NOK						114,267		
SEK						220,343		
EUR						503,646		

EUR thousand	Bond loan	Credit facilities	Other borrowings	Total Borrowings
Balance at 1 Jan	200,283	530,278	205,625	<b>936,185</b>
Proceeds from loans and borrowings	311,050	231,446	-	<b>542,496</b>
Repayment of loans and borrowings	(11,050)	(411,175)	(206,456)	<b>(628,681)</b>
Loan fees	(10,948)	(13,087)	2	<b>(24,033)</b>
<b>Total changes in financial cash flow</b>	<b>289,052</b>	<b>(192,816)</b>	<b>(206,454)</b>	<b>(110,218)</b>
Change in accrued interest	3,513	(45)	(334)	<b>3,134</b>
Amortization capitalized loan fees	2,345	4,239	1,165	<b>7,749</b>
Currency translation differences	-	1,406	-	<b>1,406</b>
<b>Total borrowings at end of period</b>	<b>495,193</b>	<b>343,063</b>	<b>-</b>	<b>838,256</b>

## Maturity

EUR thousand	Currency	Carrying amount	Total estimated future cash flow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years
Bond (ISIN: NO0010914666)	EUR	198,255	231,967	7,078	7,117	14,194	203,578
Bond (ISIN: NO0011093718)	EUR	296,938	377,352	8,114	8,159	16,273	344,806
<b>Total bond loan</b>		<b>495,193</b>	<b>609,319</b>	<b>15,192</b>	<b>15,276</b>	<b>30,467</b>	<b>548,384</b>
Revolving credit facility DNB/Nordea (multiple currency facility)	EUR/NOK/SEK	343,063	374,152	5,544	5,544	363,064	-
<b>Total credit facilities</b>		<b>343,063</b>	<b>374,152</b>	<b>5,544</b>	<b>5,544</b>	<b>363,064</b>	<b>-</b>
<b>Total borrowings at end of period</b>		<b>838,256</b>	<b>983,472</b>	<b>20,736</b>	<b>20,820</b>	<b>393,531</b>	<b>548,384</b>

The maturity calculation is made under the assumption that no new portfolios are acquired and the RCF draw is constant to maturity date.

## Bond loans

Bond (ISIN NO 0010914666) ACR02 was placed at 3m EURIBOR +7.00% interest, with maturity date 12 January 2024.

The bond is listed on Oslo Børs.

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 bond loan (ISIN NO 0011093718) ACR03, was fully subscribed. The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026.

The bond is listed on Oslo Børs.

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

## Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a 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 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.

ReoLux Holding SarL is not a part of the agreement nor the security arrangement.

## Italian Banks

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

## 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	<b>5,846</b>
New leases	1,421	780	-	<b>2,201</b>
Depreciation of the year	(2,358)	(502)	(187)	<b>(3,048)</b>
Disposals	(94)	(18)	-	<b>(112)</b>
Currency exchange effects	(58)	(3)	-	<b>(61)</b>
Right of use assets per 31 Dec 2020	3,949	797	80	<b>4,826</b>
New leases	9,333	107	51	<b>9,491</b>
Depreciation of the period	(2,503)	(346)	(80)	<b>(2,929)</b>
Disposals	(484)	(84)	(4)	<b>(572)</b>
Currency exchange effects	(48)	1	-	<b>(48)</b>
Right of use assets per 31 Dec 2021	10,247	475	46	<b>10,768</b>
Remaining lease term	1-6 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

## Lease liabilities

EUR thousand	31 Dec 2021	31 Dec 2020
<b>Undiscounted lease liabilities and maturity of cash outflow</b>		
< 1 year	<b>2,195</b>	2,496
1-2 years	<b>1,976</b>	1,396
2-3 years	<b>1,527</b>	1,027
3-4 years	<b>1,281</b>	368
4-5 years	<b>1,247</b>	125
> 5 years	<b>2,100</b>	78
<b>Total undiscounted lease liabilities, end of period</b>	<b>10,325</b>	5,492
Discount element	<b>726</b>	(405)
<b>Total discounted lease liabilities, end of period</b>	<b>11,051</b>	5,086

## Note 10 Forward flow derivatives, balance movements

Changes in the forward flow agreements is shown below. For additional information, see Note 2.13.2 in Group Annual Report for the Financial Year 2020.

EUR thousand	31 Dec 2021	31 Dec 2020
Opening balance at 1 Jan	<b>(834)</b>	-
Deliveries	<b>1,221</b>	-
Value change	<b>(782)</b>	(826)
Translation difference	<b>(14)</b>	(8)
<b>Closing balance</b>	<b>(409)</b>	(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	31 Dec 2021	31 Dec 2020
Forward flow derivatives, asset	-	257
Forward flow derivatives, liability	<b>(409)</b>	(1,091)
<b>Closing balance</b>	<b>(409)</b>	(834)

## Note 11 Shares

### Issued shares and Share capital

	Number of shares	Share capital (EUR)
At 31 Dec 2019	<b>155,395,464</b>	81,337,590
New share issues, Feb	<b>30,000,000</b>	15,702,696
At 31 Dec 2020	<b>185,395,464</b>	97,040,286
New share issues, Jan	<b>50,000,000</b>	26,171,159
New share issues, Jan	<b>40,000,000</b>	20,936,928
New share issues, Mar	<b>26,750,000</b>	14,001,570
At 31 Dec 2021	<b>302,145,464</b>	158,149,942

### 20 largest shareholders as at 31 Dec 2021

Name	Shareholding	% Share
Geveran Trading Co Ltd	138,920,892	46.0%
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	2,247,811	0.7%
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%
Klotind AS	1,296,693	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Svein Dugstad	1,154,187	0.4%
Nordea Bank Abp	1,116,576	0.4%
Nordnet Bank AB	1,086,987	0.4%
Latino Invest AS	1,040,000	0.3%
Total 20 largest shareholders	186,691,657	61.8%
Other shareholders	115,453,807	38.2%
Total number of shares	302,145,464	100%
Total number of shareholders	11,128	

## Shares owned by related parties

Name	Shareholding	% Share
Latino Invest AS <sup>1)</sup>	1,040,000	0.3%
Johnny Tsolis Vasili <sup>1)</sup>	670,000	0.2%
Terje Mjøs Holding AS <sup>3)</sup>	400,000	0.1%
Robin Knowles <sup>2)</sup>	183,714	0.1%
Kyrre Svæe <sup>2)</sup>	150,000	0.0%
Vibeke Ly <sup>2)</sup>	133,750	0.0%
Arnt Andre Dullum <sup>2)</sup>	110,000	0.0%
Nina Mortensen <sup>2)</sup>	95,000	0.0%
Hans Olov Harén <sup>3)</sup>	22,150	0.0%
Brita Eilertsen <sup>3)</sup>	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 3 January 2022, Axactor took control over 100% of the shares in the Italian debt collection agency Credit Recovery Services S.r.l. The business combination is considered not to be material for the Group.

On 17 January 2022, the Board of Directors decided to initiate the process of converting Axactor SE from a Societas Europaea company to a Norwegian Allmennaksjeselskap (ASA).



# 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	Non-current interest bearing debt, current portion of interest bearing debt and unrestricted cash and cash equivalents in the consolidated statement of financial position, adjusted for capitalized loan fees and accrued interest according to note 8. The calculation has been changed in Q4 2021 to comply with the covenant definition.
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

## APM tables

### Gross revenue

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Total income	21,505	54,642	195,127	201,175
Portfolio amortizations and revaluations	64,397	36,443	148,542	123,179
Change in forward flow derivatives	409	869	782	826
Gross revenue	86,311	91,954	344,451	325,180

### EBITDA and Cash EBITDA

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Total income	21,505	54,642	195,127	201,175
Total operating expenses	(48,068)	(37,150)	(171,393)	(169,176)
EBITDA	(26,563)	17,493	23,733	31,999
Change in forward flow derivatives	409	869	782	826
Calculated cost of share option program	19	60	180	578
Portfolio amortizations and revaluations	64,397	36,443	148,542	123,179
REO cost of sale, including impairment	16,916	5,976	50,515	52,932
Cash EBITDA	55,178	60,840	223,752	209,514
Taxes paid	(2,827)	(1,272)	(3,261)	(5,515)
Change in forward flow derivatives	(409)	(869)	(782)	(826)
Change in working capital	(6,847)	959	1,813	3,309
Cash flow from operating activities before NPL and REO investments	45,095	59,659	221,522	206,482

## Estimated remaining collection, NPL

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Purchased debt portfolios	<b>1,095,789</b>	1,124,699	1,095,789	1,124,699
Estimated opex for future collection at time of acquisition	<b>296,290</b>	303,731	296,290	303,731
Estimated discounted gain	<b>748,463</b>	740,722	748,463	740,722
Estimated remaining collection, NPL	<b>2,140,543</b>	2,169,153	2,140,543	2,169,153

## Net interest bearing debt (NIBD)

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Non-current portion of interest bearing debt	<b>834,411</b>	579,282	834,411	579,282
Current portion of interest bearing debt	<b>3,845</b>	356,903	3,845	356,903
Total interest bearing debt	<b>838,256</b>	936,185	838,256	936,185
Capitalized loan fees	<b>(17,566)</b>	(1,283)	(17,566)	(1,283)
Accrued interest	<b>3,845</b>	705	3,845	705
Nominal value interest bearing debt	<b>851,977</b>	936,763	851,977	936,763
Unrestricted cash and cash equivalents	<b>41,581</b>	47,779	41,581	47,779
Net interest bearing debt (NIBD)	<b>810,396</b>	888,984	810,396	888,984

## Return on equity, excluding non-controlling interests, annualized

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net profit/(loss) after tax attributable to shareholders of the parent company	<b>(35,073)</b>	(187)	(32,797)	(18,131)
Average total equity for the period related to the shareholders of the parent company	<b>396,456</b>	295,737	384,751	296,222
Return on equity, excluding non-controlling interests, annualized	<b>(35.0%)</b>	(0.3%)	(8.5%)	(6.1%)

## Return on equity, including non-controlling interests, annualized

EUR thousand	For the quarter end		Year to date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net profit/(loss) after tax	<b>(41,536)</b>	443	(45,992)	(34,002)
Average total equity for the period	<b>401,295</b>	370,273	407,454	375,526
Return on equity, including non-controlling interests, annualized	<b>(41.0%)</b>	0.5%	(11.3%)	(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
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
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 2022

Annual Report 2021	31 Mar, 2022
Annual General Meeting	21 Apr, 2022
Interim report - First quarter of 2022	28 Apr, 2022
Interim report - Second quarter of 2022	18 Aug, 2022
Interim report - Third quarter of 2022	27 Oct, 2022
Interim report - Fourth quarter of 2022	17 Feb, 2023

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The shares of Axactor SE (publ.) are listed on the Oslo Stock Exchange, ticker ACR.

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