

AXACTOR

Q3 2020

28 October 2020



# Agenda

1 ★

---

Highlights

2 €

---

Financials

3 

---

Summary & Outlook

4 

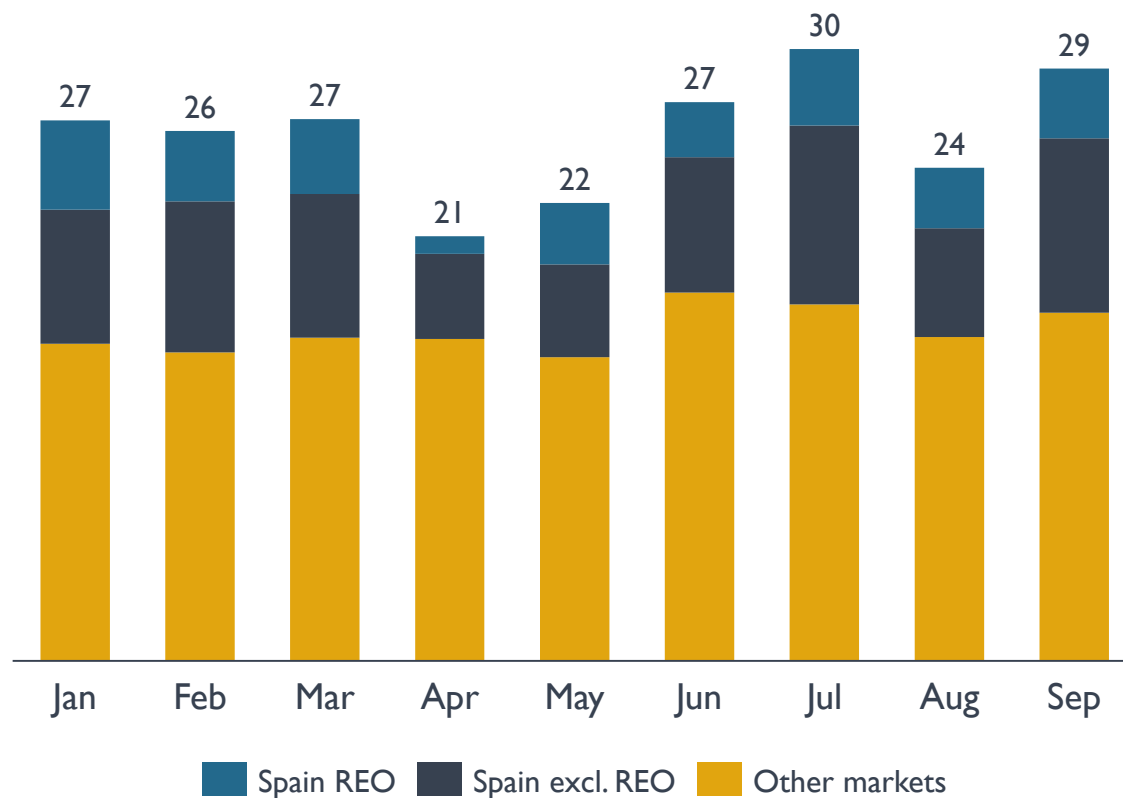
---

Q&A

# Axactor continued the normalization trend from June

-Recovery in Spain and Italy, stable performance in the Nordics and Germany

Gross revenue  
(EUR million)



- Normalization of performance in all markets in Q3
- REO with higher volume and better than expected price achievement in Q3
- Historical seasonality pattern will likely be less apparent for 2020
  - Q3 normally a seasonally weak quarter
  - Q4 will likely not see usual peak compared to Q3
  - Challenging environment for new 3PC sales due to Covid-19 restrictions

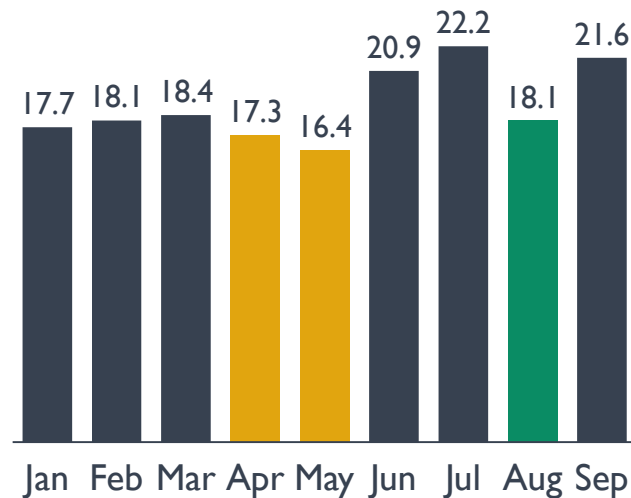
# All business segments improved in Q3

- Legal and court systems back to full operation

■ Covid-19 first wave ■ Summer holiday effect

## NPL Gross revenue

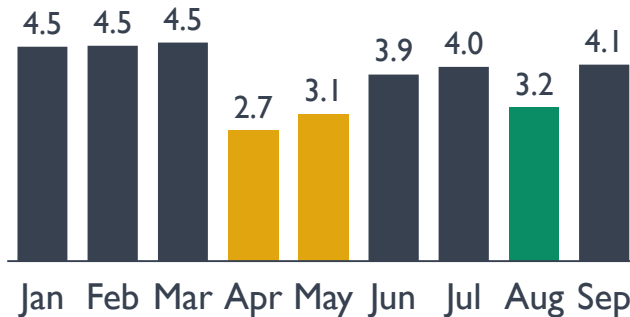
(EUR million)



- Q3 continued the positive trend from June

## 3PC Gross revenue

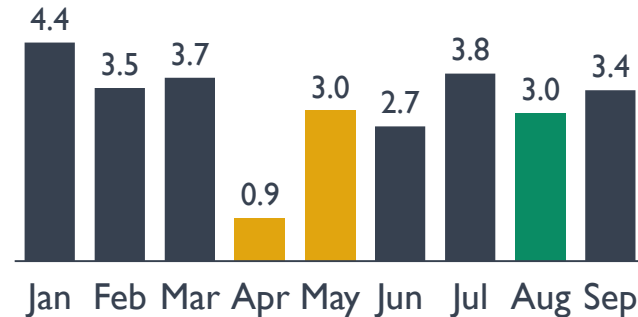
(EUR million)



- Italian and Spanish volumes gradually returned in Q3
- Challenging environment for new sales due to Covid-19 restrictions

## REO's Gross revenue

(EUR million)

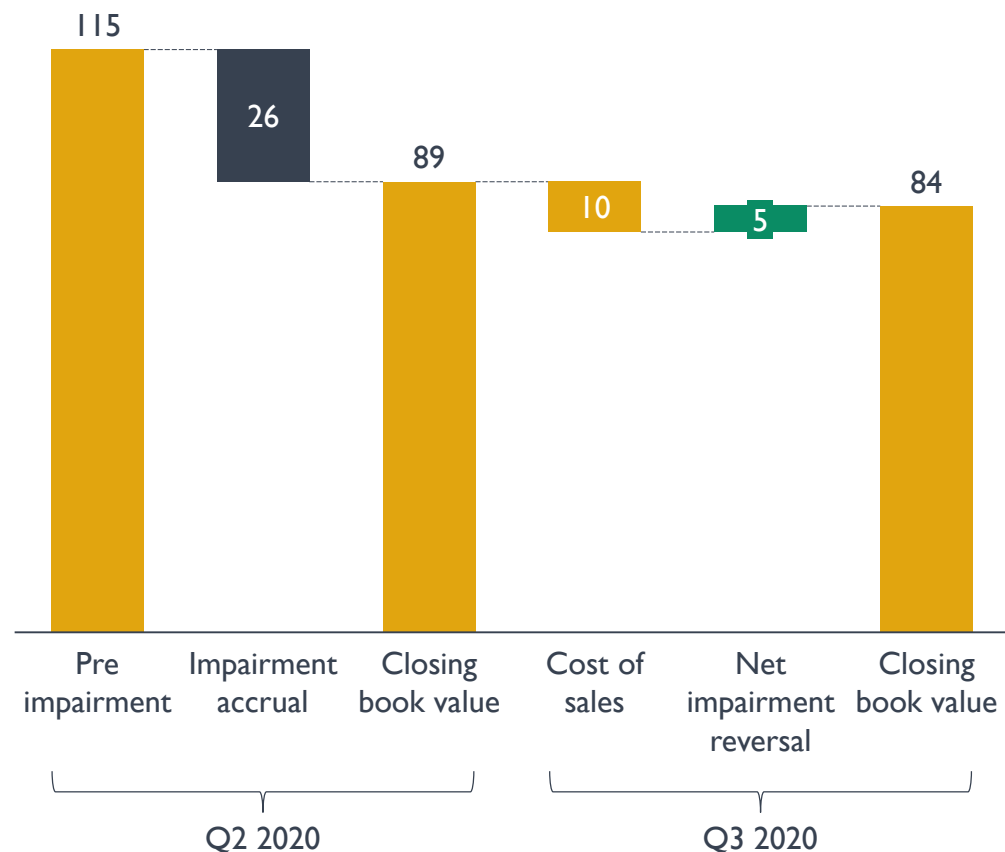


- Price and volume above expectation in Q3
- Q2 gross revenue was mainly closing of Q1 sales

# REO performance in Q3 triggered accrual reversal

- Final impairment still pending

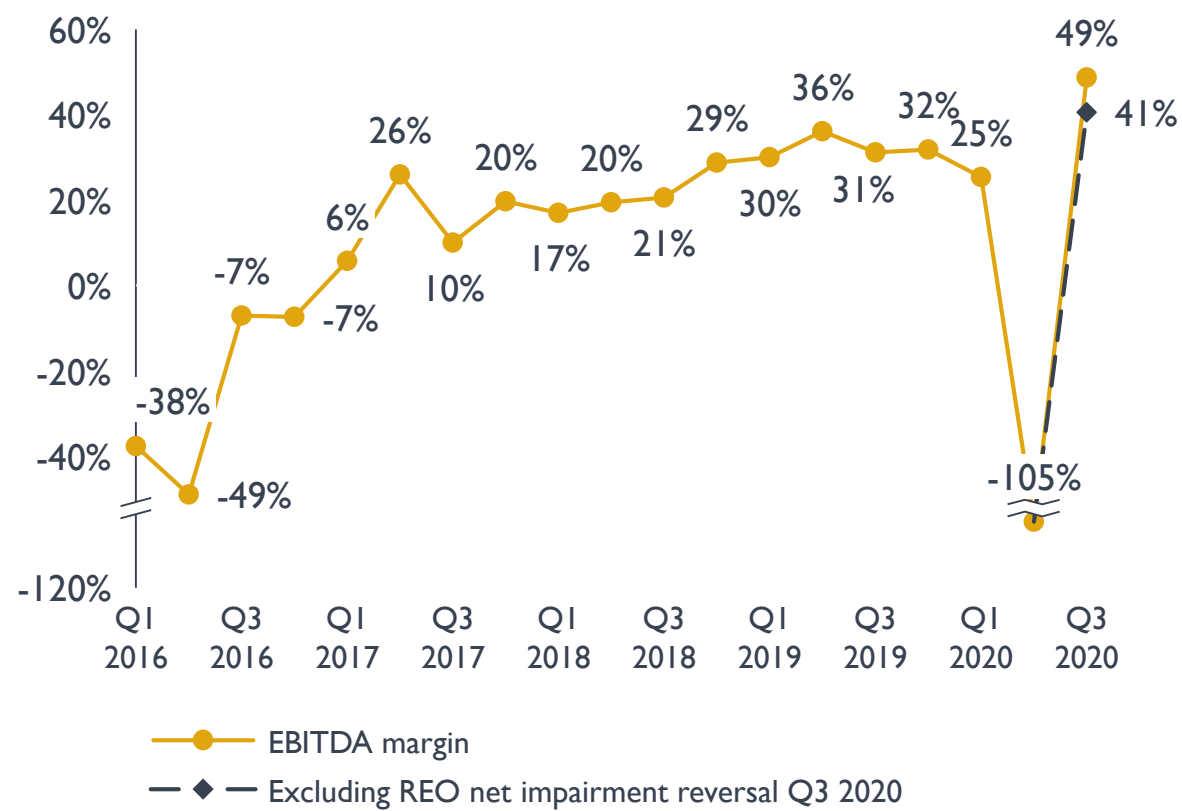
REO book value  
(EUR million)



- Released EUR 5.1 million of the impairment accrual booked in Q2
  - Price and volume above expectation in Q3
  - Healthy sales pipeline for the next quarters
- EUR 1.7 million of the reversal relates to:
  - Higher prices than expected for assets sold in Q3 2020
  - Better prices for assets where external valuation is completed
- Remaining EUR 3.4 million relates to improved estimates for future sales
  - Routine valuation by external vendor still ongoing

# Highest EBITDA margin ever recorded for Axactor

EBITDA margin development



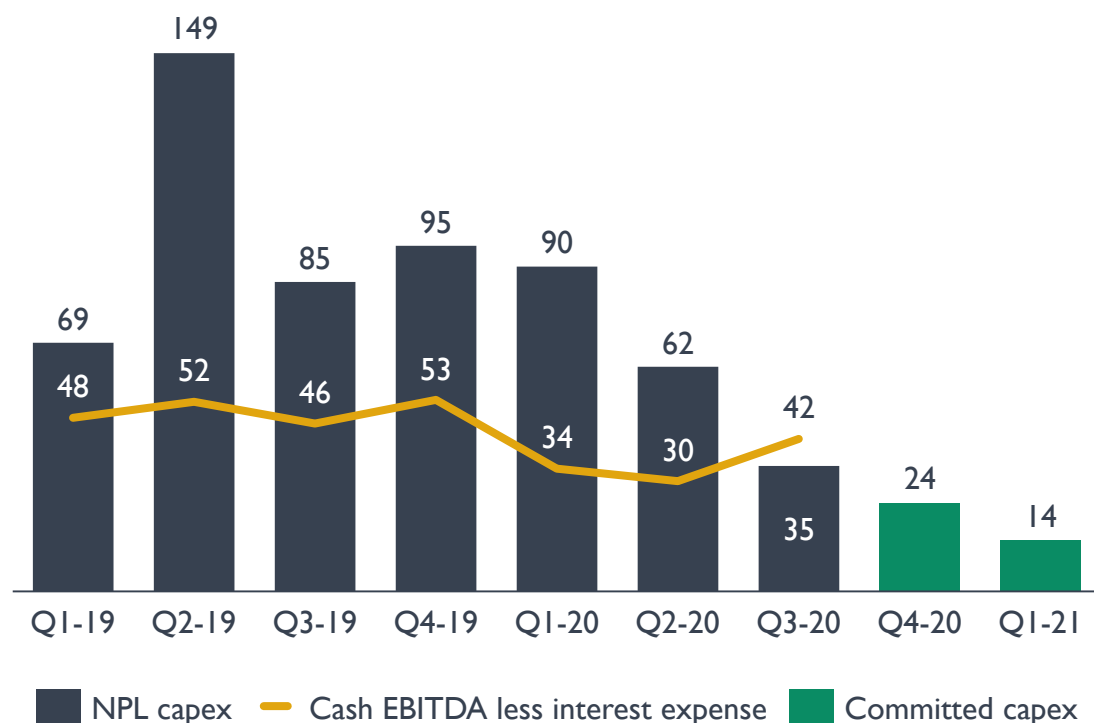
- Record-high EBITDA margin enabled by
  - Continued cost discipline with both permanent and temporary initiatives
  - Continued normalization of revenue
  - Operational improvements such as digitalization, improved business intelligence and advanced analytics
- EBITDA margin lifted by REO net impairment reversal
  - Margin excluding the reversal still highest recorded at 41%

# Reducing risk through lower forward flow commitments

- Available cash flow after interest expense exceeds committed capex going forward

## NPL investments and Cash EBITDA development

(EUR million)







- Cash EBITDA less interest expense expected to continue to improve through 2020 and into 2021
- Forward flow commitments continue to decline
  - Shift in focus towards one-off acquisitions and forward flows with shorter duration or exit clauses
- Positive trend in cash flow after investments expected to continue
  - Cash position of EUR 36 million end Q3
- Improved liquidity enables deleveraging going forward

# Axactor expects a potential second Covid-19 wave to have less negative business impact than in Q2

|                      | <b>“First wave”</b>                                 | <b>“Second wave”</b>                                 |
|----------------------|---|--|
| <b>Society</b>       | Country wide shutdowns                              | Local shutdowns                                      |
| <b>Legal systems</b> | Closed  | Open   |
| <b>Axactor</b>       | “Over night” – majority of employees on home office | Axactor is prepared<br>~400 employees at home office |



# Investing in people and systems to secure operational excellence

| Area                   | Description   |  | Comments   |
|------------------------|---|--|--|
| Operational efficiency |    | Continuous focus on operational improvements | <ul style="list-style-type: none"> <li>• New operational blueprint for NPL segment</li> <li>• Improved KPIs on telephony</li> <li>• Winning benchmarks on 3PC, using analytics and automated solutions in combination with increased manual work as an advantage</li> </ul>        |
|                        |    | Debtor portal                                | <ul style="list-style-type: none"> <li>• New portal launched in 4 countries, next country to launch in Q4</li> <li>• Self-service solutions and easy quick-pay functionality</li> <li>• Increased availability for debtors and reduced cost</li> </ul>                             |
| Business intelligence  |   | Centralized BI platform                      | <ul style="list-style-type: none"> <li>• Increased business control enabled by common datawarehouse and BI solution</li> <li>• BI solutions with self-service dashboards giving high efficiency gains</li> </ul>   |
|                        |  | Advanced analytics                           | <ul style="list-style-type: none"> <li>• Building advanced analytics capabilities, adding more resources to BI team and improving architecture</li> <li>• Focus on improving score cards and prediction models to ensure increased cash flow and avoid unnecessary cost</li> </ul> |

# Agenda

1 ★

Highlights

2 €

Financials

3 

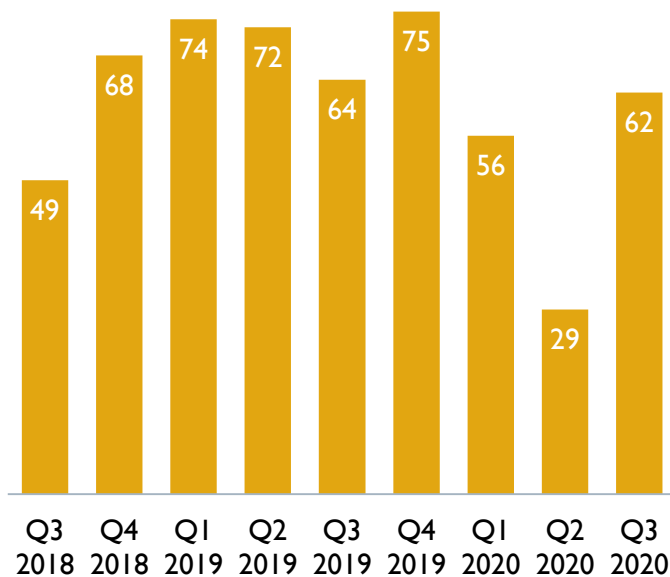
Summary & Outlook

4 

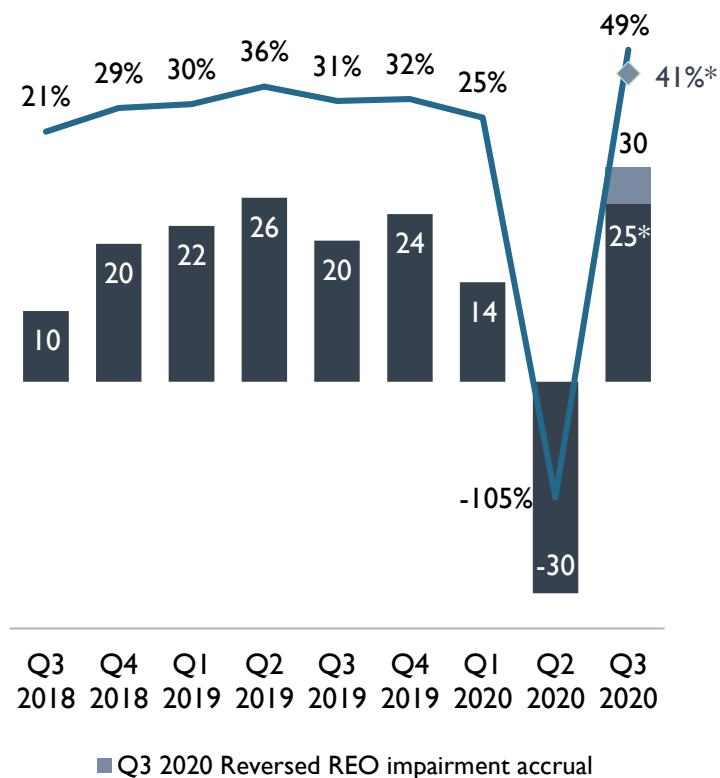
Q&A

# Record high margins in the quarter primarily driven by cost efficiency combined with income recovery

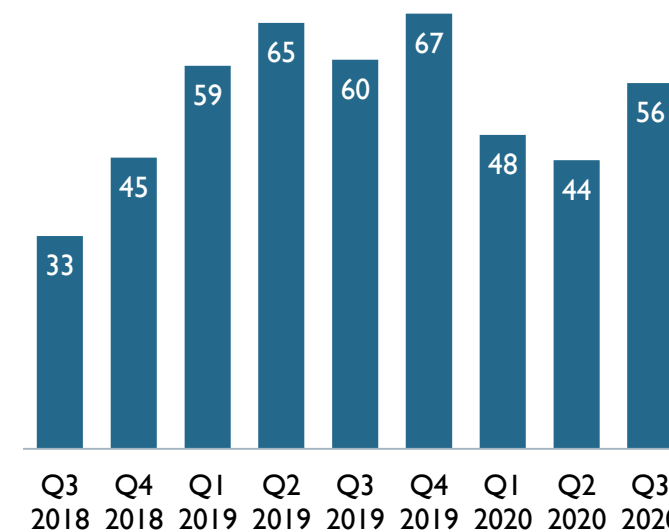
Total income development  
(EUR million)



EBITDA and EBITDA-margin  
(EUR million and %)



Cash EBITDA  
(EUR million)

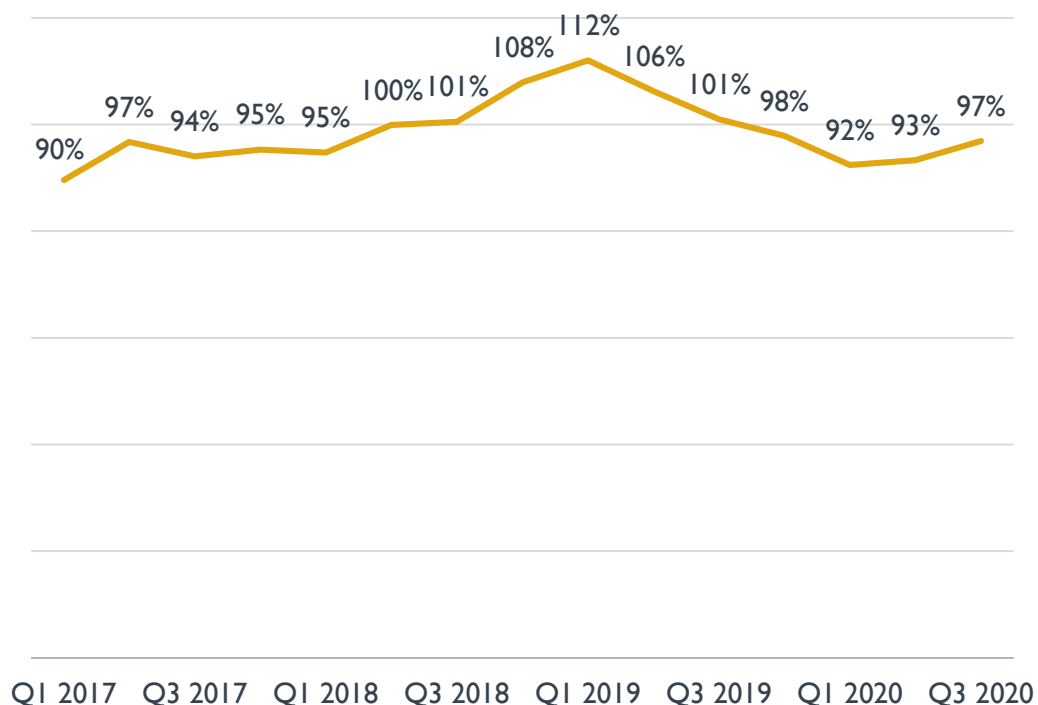


|| \*Excluding net reversal of REO impairment accrual in Q3 2020

# NPL – Improving collection performance in Q3

## Actual collection vs. active forecast\*

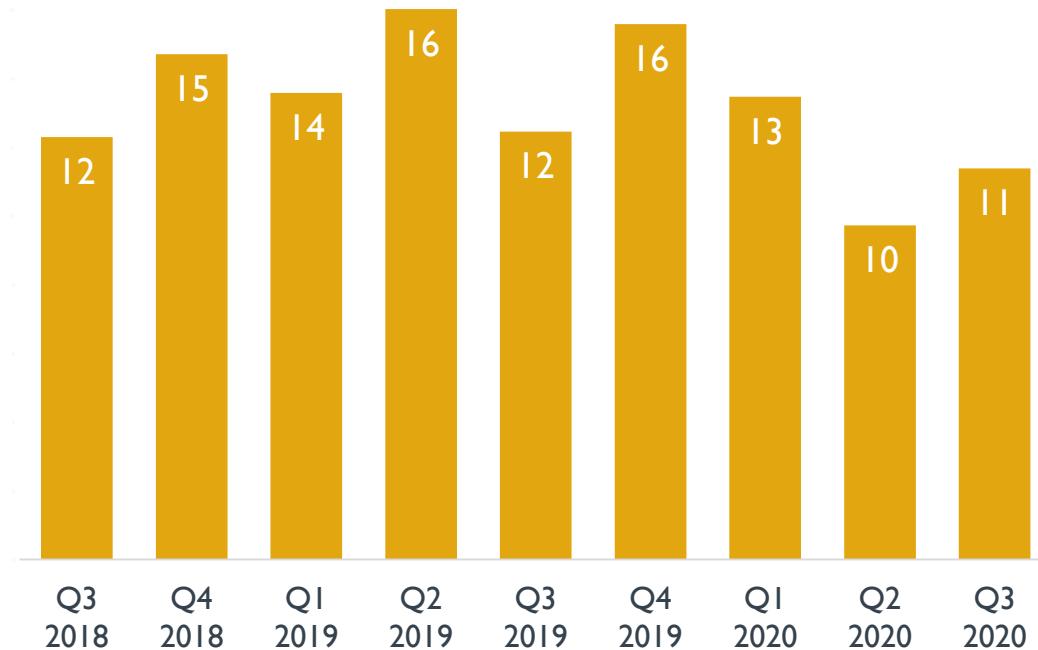
(LTM, rolling)



- Q3 collection performance of 101%
  - LTM collection performance increased to 97%
- Supported by curve revisions implemented in Q2
- Long term average performance expected to fluctuate around 100%

# 3PC – Increasing volumes in a traditionally slow third quarter

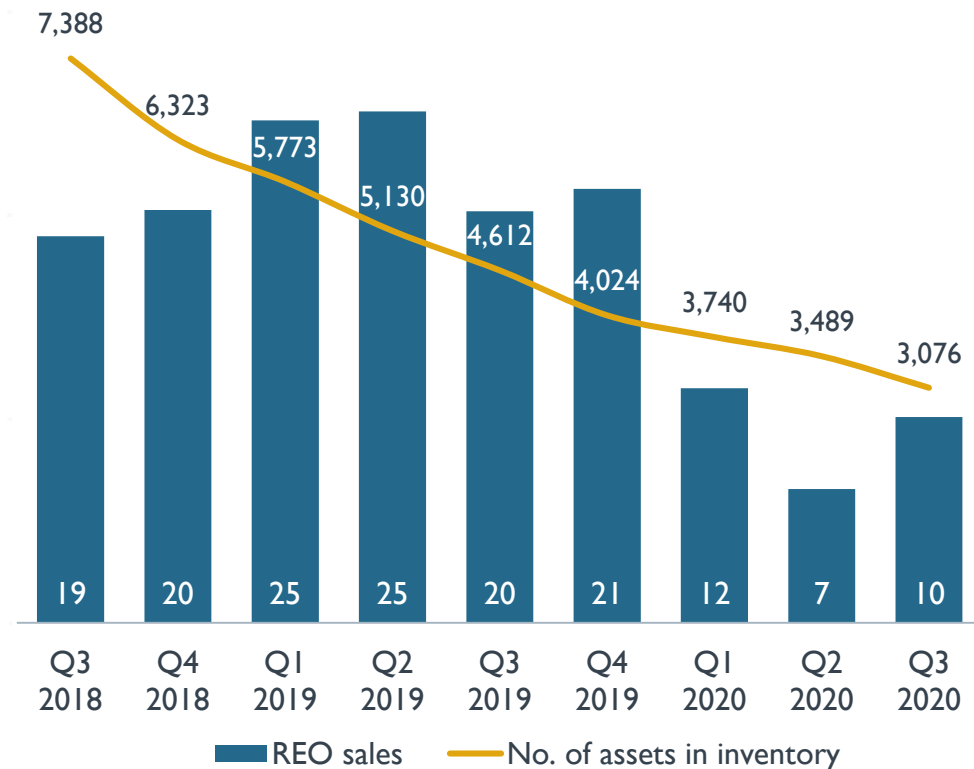
Total income 3PC  
(EUR million)



- 3PC volumes picking-up, although still not back at pre Covid-19 level
  - Q3 seasonally weak, but 2020 will deviate normal seasonality
  - Gradual return of suspended volumes in Italy and Spain
- Sales activity recovering
  - Good performance on 3PC benchmark contracts
  - Long-term macroeconomic effects from Covid-19 expected to increase volume
  - Still challenging environment for new sales due to Covid-19 restrictions
- Securing 3PC volume from combination deals with forward flows

# REO – Market activity improving quicker than anticipated

REO total income development  
(EUR million)



- 2/3 of all REO assets acquired now sold
- Accumulated sales of approximately two thirds of all REO assets acquired
- Higher volume and better prices than expected
  - Public notary offices processing sales faster and more effective
  - Some asset sales pulled forward from Q4
- EUR 5.1 million net reversal of impairment accrual following stronger Q3 and improved sales pipeline
  - Valuation from external vendor in progress
- 417 units sold in Q3, up 63% from Q2
- Average unit price of EUR 24 thousand
  - Average book value for remaining units of EUR 27 thousand

# Net finance, tax and net profits

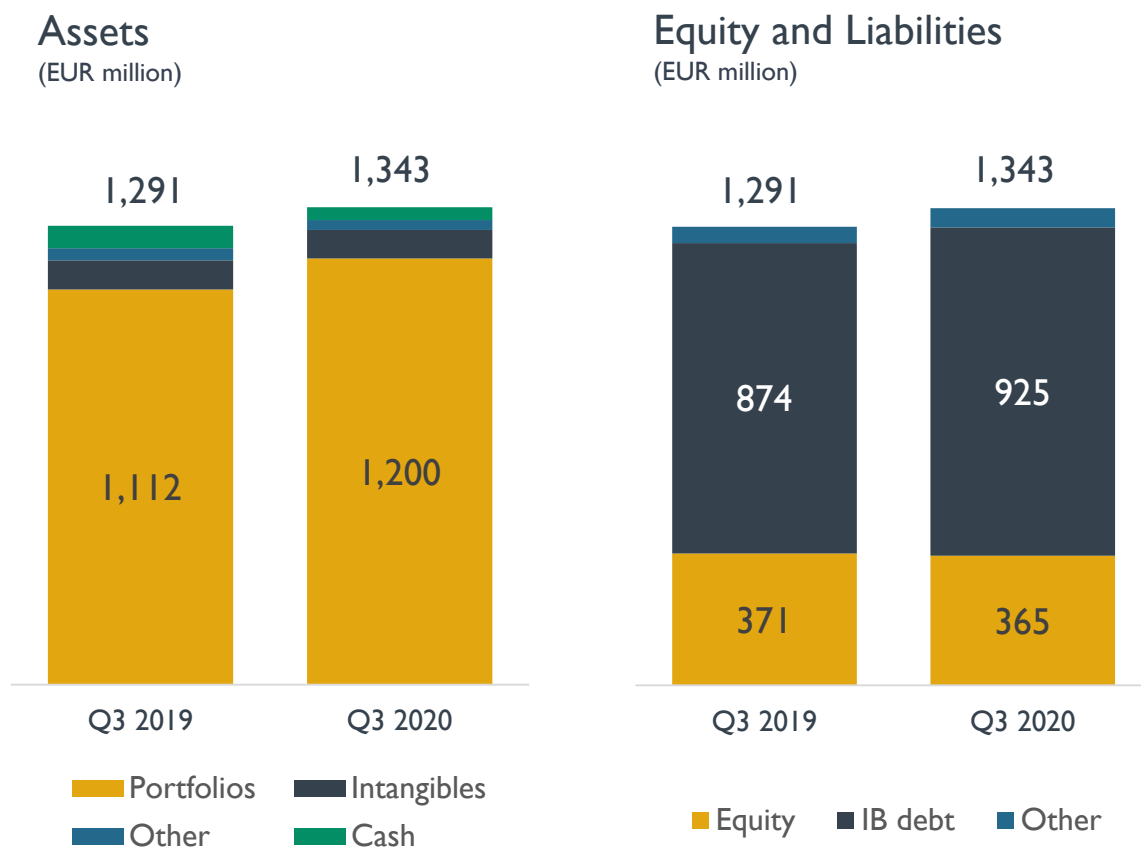
## Condensed Income statement

(EUR thousand)

| EUR thousand                                   | For the quarter end |             | Year to date |             |
|--|---------------------|-------------|--------------|-------------|
|  | 30 Sep 2020         | 30 Sep 2019 | 30 Sep 2020  | 30 Sep 2019 |
| EBIT   | <b>27,710</b>       | 17,405      | 6,650        | 61,027      |
| Financial revenue                              | <b>337</b>          | 2,892       | 8,877        | 2,262       |
| Financial expenses                             | <b>-15,751</b>      | -13,961     | -44,570      | -39,166     |
| Net financial items                            | <b>-15,414</b>      | -11,069     | -35,693      | -36,904     |
| Profit/(loss) before tax                       | <b>12,296</b>       | 6,336       | -29,043      | 24,123      |
| Tax (expense)                                  | <b>-5,795</b>       | -2,679      | -5,402       | -9,688      |
| Net profit/(loss) after tax                    | <b>6,501</b>        | 3,657       | -34,445      | 14,435      |
| Net profit/(loss) to Non-controlling interests | <b>2,938</b>        | -801        | -16,500      | 3,333       |
| Net profit/(loss) to equity holders            | <b>3,563</b>        | 4,457       | -17,945      | 11,103      |
| Earnings per share: basic                      | <b>0.019</b>        | 0.029       | -0.099       | 0.072       |
| Earnings per share: diluted                    | <b>0.018</b>        | 0.025       | -0.093       | 0.064       |

- Total net financial items of EUR 15.4 million
  - Interest cost of EUR 14.0 million
  - Average blended interest costs of approx. 5%
  - EUR 1.4 million in unrealized FX loss
- Tax expense of EUR 5.8 million
  - No recognition of tax assets from loss making entities, primarily REO entities
  - Interest limitation rules in Sweden
  - Average tax rate expected to trend towards ~25% over time
- Net profit of EUR 6.5 million
  - EUR 3.6 million to equity shareholders
  - EUR 2.9 million to non-controlling minorities

# Balance sheet items



- Portfolios represent the vast majority of asset base
- Debt has increased following portfolio acquisitions
- Equity injection in Q1 2020 of EUR ~50m
- Equity ratio of 27%
- Cash position end-Q3 EUR 36 million



# Agenda

1 ★

Highlights

2 €

Financials

3 

Summary & Outlook

4 

Q&A

# Axactor – becoming an established player

- Entering new phase with focus on profitability and operational excellence



# Covid-19 delaying Axactor ROE growth by one year

| Drivers                | Q3 2020  | Covid-19 impact                        | Outlook  |
|------------------------|--|--|--|
| • NPL portfolio prices | • Portfolios acquired at attractive IRRs in the Nordic market          | Positive                               | • Improved IRR levels to be blended in over time                           |
| • Business mix         | • Significant increase in combined 3PC and NPL deals                   | Positive over time (3PC will increase) | • Leveraging on 3PC and NPL synergies                                      |
| • Economies of scale   | • Record-high EBITDA, including net reversal of REO impairment accrual | Neutral                                | • Volume growth through 2020 and into 2021, with continued cost discipline |
| • Tax rate             | • Effective tax rate of 47% in Q3                                      | Slightly negative                      | • Long term steady state target of ~25%                                    |
| • Funding cost         | • Current level of ~5% <sup>1</sup>                                    | Negative (1-year delay)                | • Refinancing and continued improvement of capital structure               |



# Summary & Outlook

- Q3 financials show a normalization of activity levels for all business areas after a weak Q2 (Covid-19)
- NPL collection performance above 100% in Q3
- Net reversal of EUR 5 million REO impairment accrual
- Axactor more resilient than in Q2 towards a potential second Covid-19 wave
  - Positive net cash flow after investments in the quarter and expected to continue
  - Organization prepared to continue working under Covid-19 restrictions
- Q4 expected to continue the good performance, but will likely not see the usual seasonal increase
- Axactor will focus on deleveraging going forward
  - Opportunistic approach to attractive portfolio investments
  - Will still deliver top-line and cash EBITDA growth

# Agenda

1 ★

---

Highlights

2 €

---

Financials

3 

---

Summary & Outlook

4 

---

Q&A

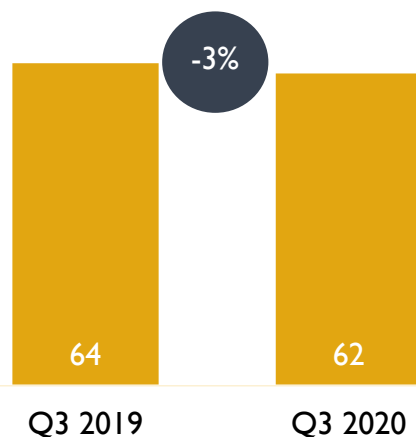


# Supporting information

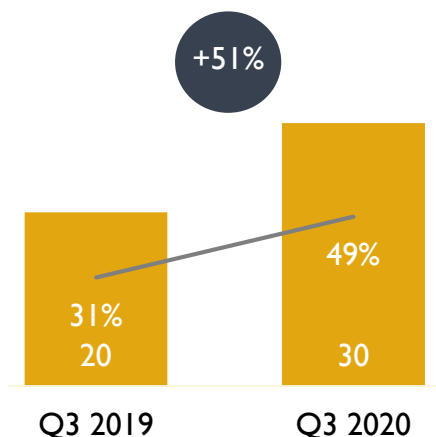


# Q3 2020 Financial highlights

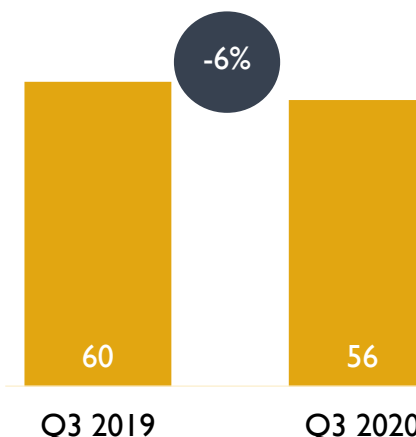
Total income  
(EUR million)



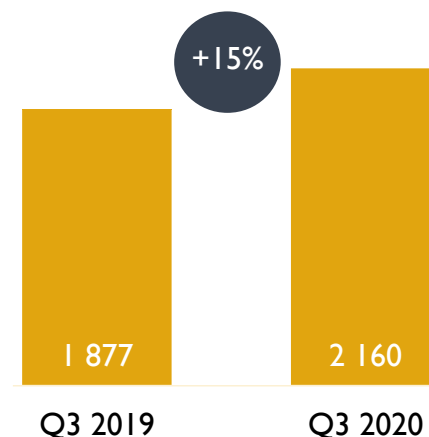
EBITDA and margin  
(EUR million)



Cash EBITDA  
(EUR million)



NPL ERC  
(EUR million)



- Continued the strong pick-up seen in Q2 2020 for both revenue and earnings
  - Particularly high improvement in the REO segment, triggering a EUR 5.1 million net reversal of impairment accrual
- Cost reduction initiatives implemented during first half of 2020 increasingly visible in earnings
  - Temporary cost cuts initiated in Q2 extended
- Capex invested in NPL portfolios of EUR 35 million – expect to invest in excess of EUR 200m for the FY 2020
- Profit before tax of EUR 12.3 million



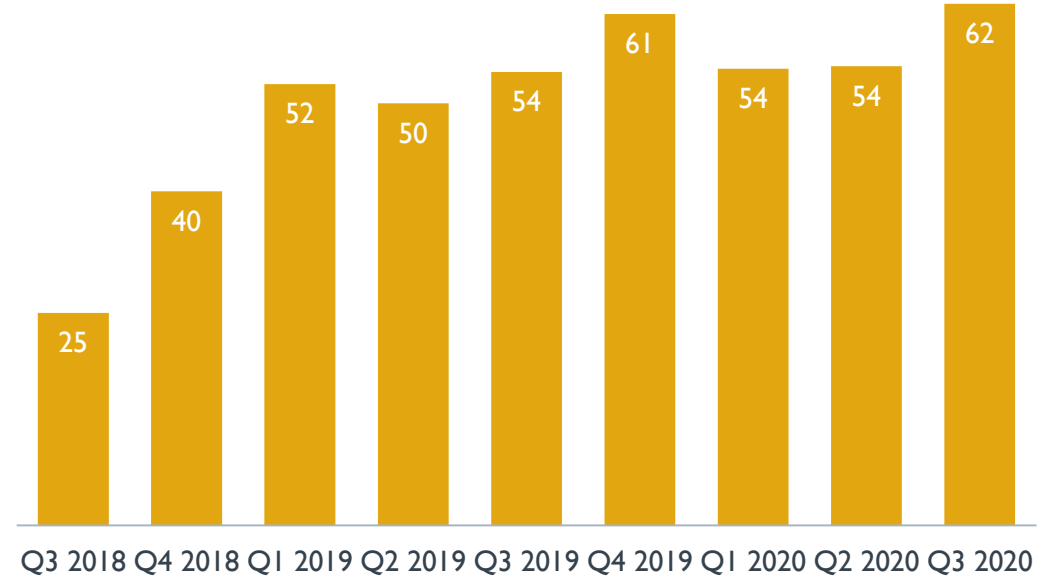
# NPL portfolio

Q3 2020

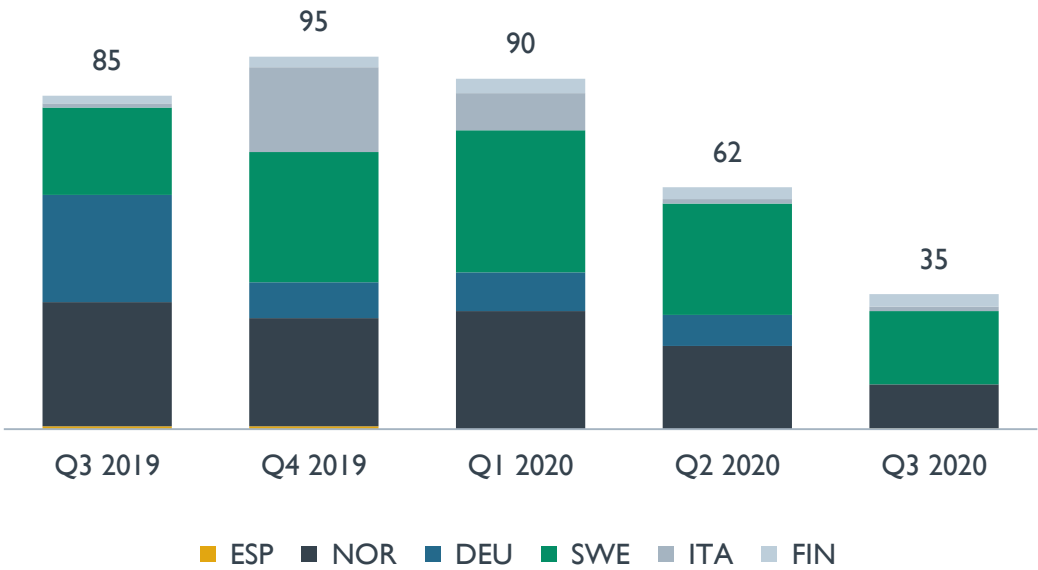


# Continue to hold back on new investments

NPL collection on own portfolios  
(EUR million)



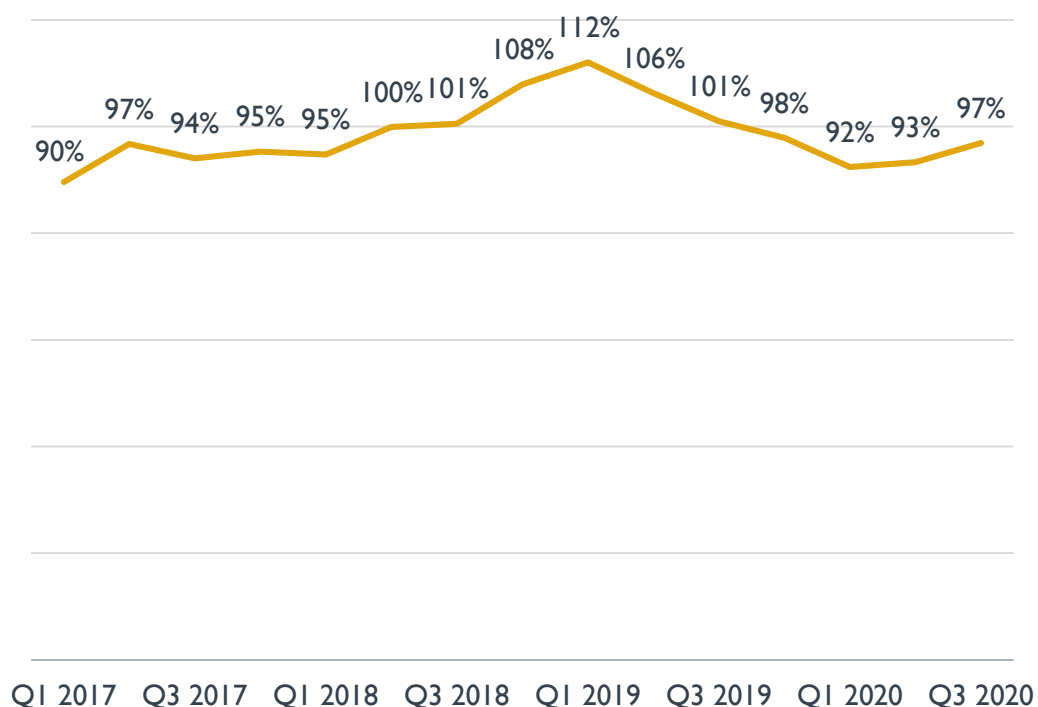
Quarterly NPL investments  
(EUR million)



# Improving collection performance in Q3

## Actual collection vs. active forecast\*

(LTM, rolling)

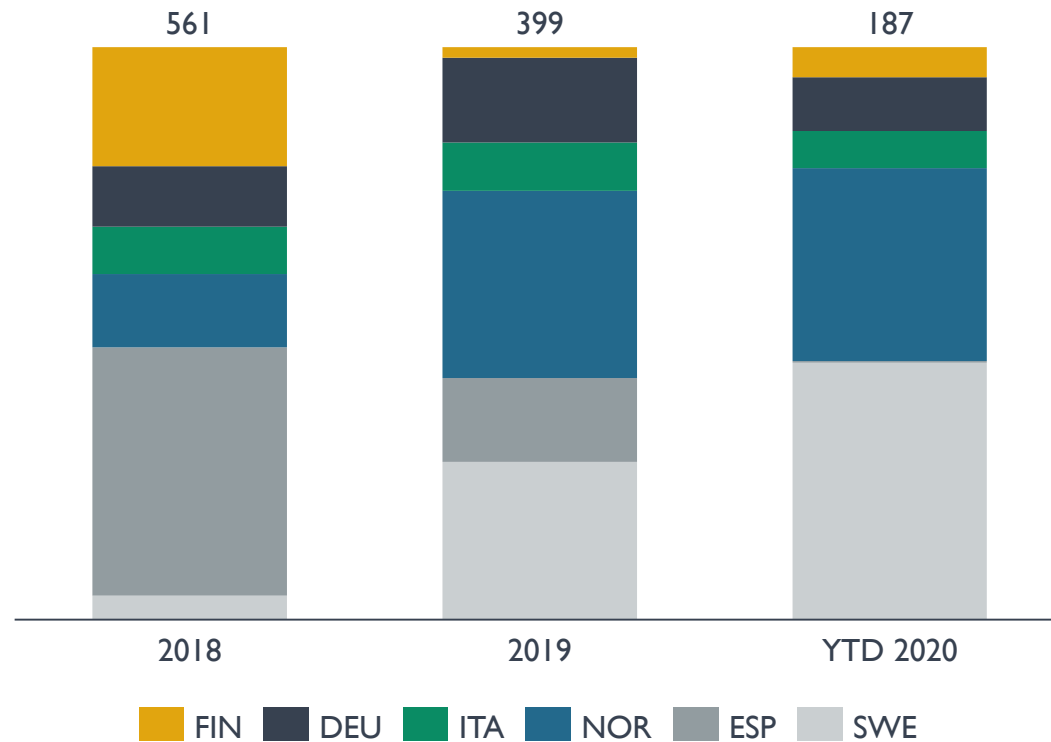


- Q3 collection performance of 101%
  - LTM collection performance increased to 97%
- Supported by curve revisions implemented in Q2
- Long term average performance expected to fluctuate around 100%

# Portfolio acquisitions focused on Nordic forward flows

## Portfolio capex distribution per country\*

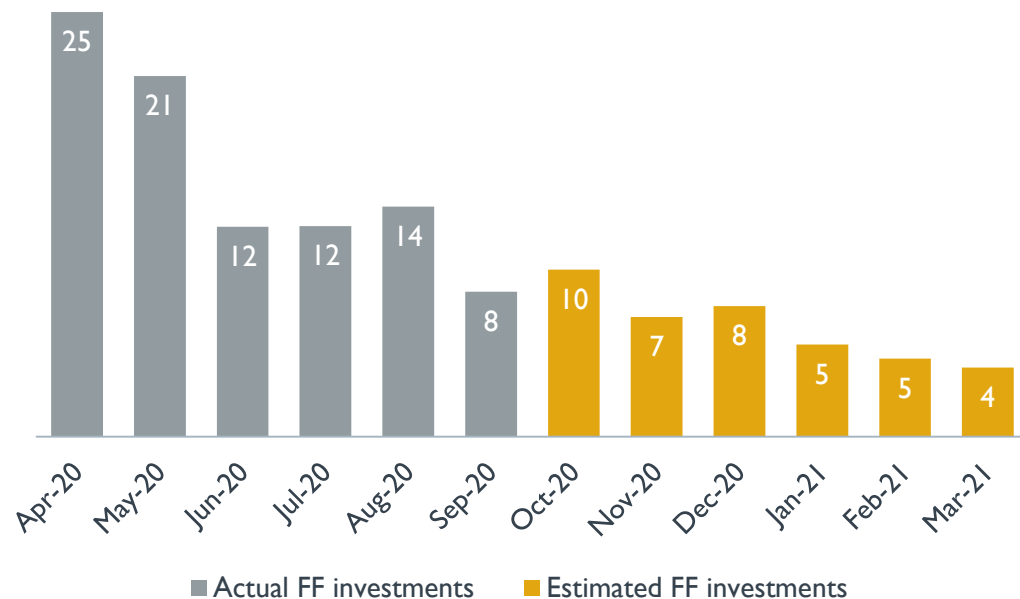
Share of total (EUR million)



- 84% of YTD 2020 capex invested in the Nordics
  - Shift from Spain towards the Nordic countries
  - Attractive IRR development through 2019 and into 2020
  - Primarily forward flow agreements for unsecured consumer finance claims
- Renegotiated existing forward flow agreements to include 3PC servicing and/or postpone capex
- Expected FY 2020 investment level in excess of EUR 200m – securing volume going into 2021
- Opportunistic approach to one-off portfolios
- No REO portfolios acquired since 2018

# Forward flow outlook

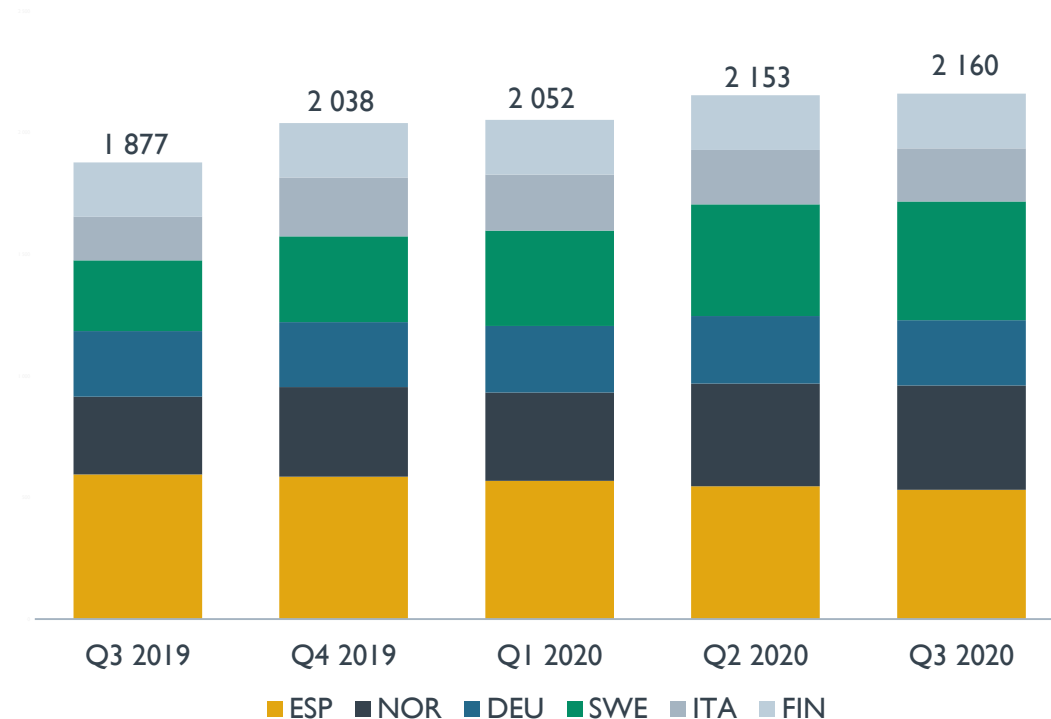
Estimated FF investments from signed contracts  
(EUR million)



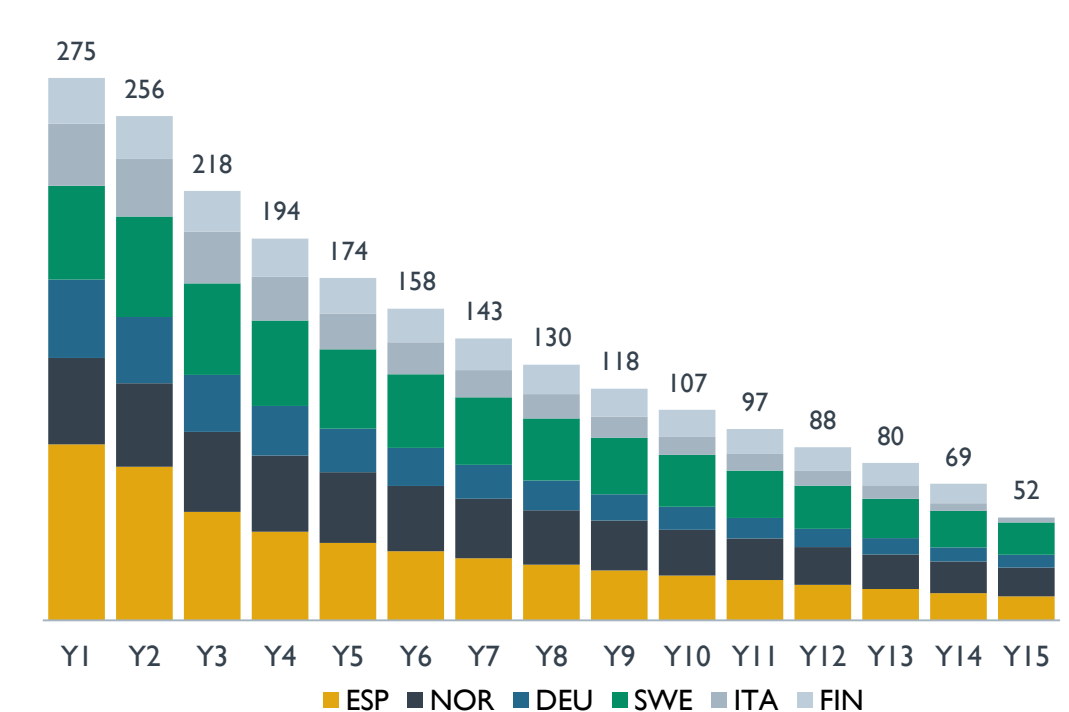
- Total investment of EUR ~175m in forward flow contracts so far in 2020
  - Estimated Q4 forward flow capex of EUR ~ 25m
  - No new contracts signed in Q3
- Continued trend of reducing commitments for the coming two quarters
- NPL portfolio investments secure volume going into 2021

# ERC increase following continued forward flow acquisitions

ERC development  
(EUR million)



Forward ERC profile by year  
(EUR million)



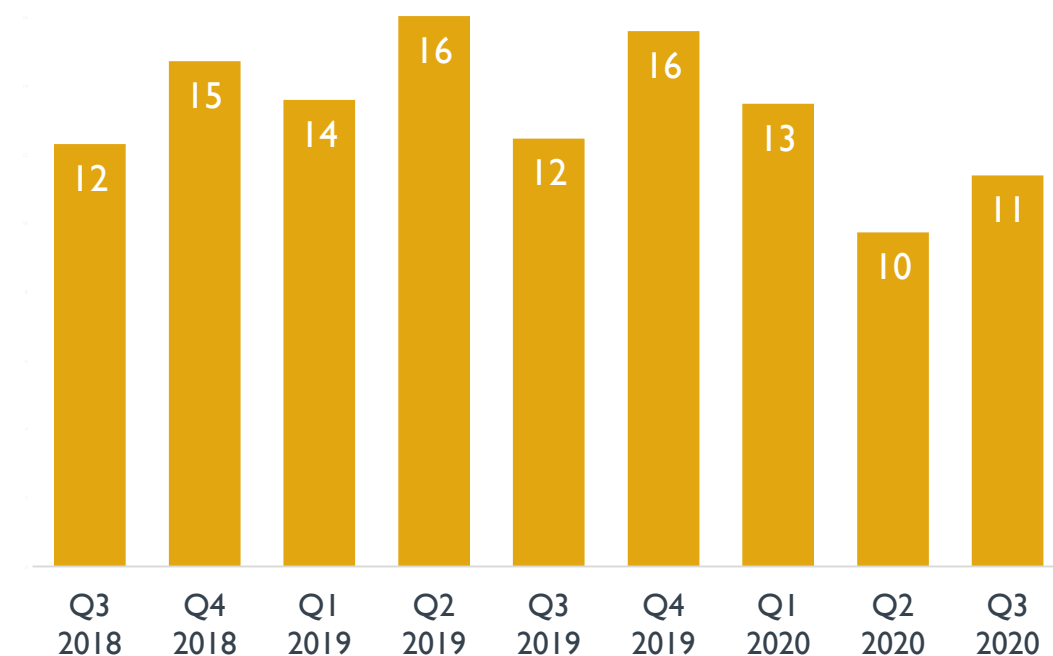


**3PC**

Q3 2020

# Increasing volumes in a traditionally slow third quarter

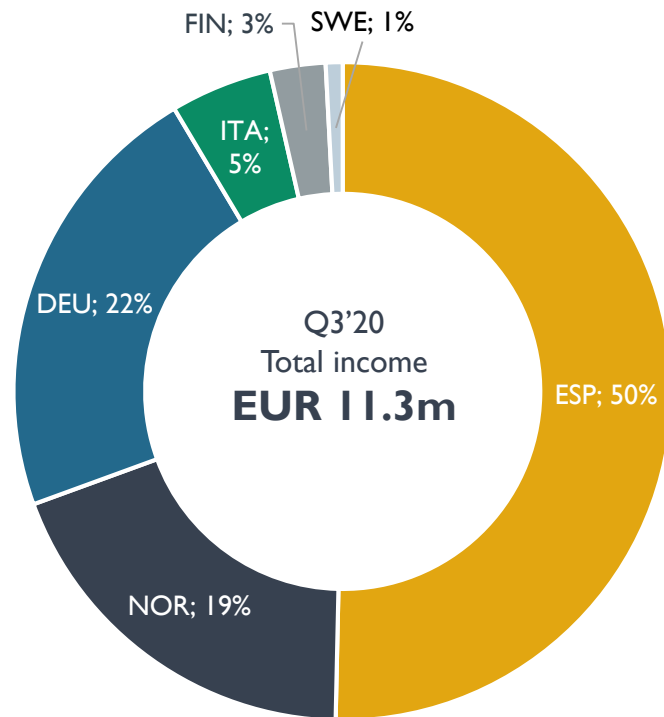
Total income 3PC  
(EUR million)



- 3PC volumes picking-up, although still not back at pre Covid-19 level
  - Q3 seasonally weak, but 2020 will deviate normal seasonality
  - Gradual return of suspended volumes in Italy and Spain
- Sales activity recovering
  - Good performance on 3PC benchmark contracts
  - Long-term macroeconomic effects from Covid-19 expected to increase volume
  - Still challenging environment for new sales due to Covid-19 restrictions
- Securing 3PC volume from combination deals with forward flows

# Strategic goal to increase 3PC market share in all regions

3PC total income split by geographic region



- Strong performance on benchmark contracts across all countries
- Germany increasing its relative share of 3PC revenue YoY
- Aim to increase the Nordic 3PC business
  - Synergies to be extracted from cross-border deals
  - Nordics accounted for 23% in the quarter
- Specialized value chain proposition
  - Focus on financial institutions, both in NPL and 3PC
  - 3PC offering with high value recurring revenue
  - Axactor's highly modern, flexible and scalable platform



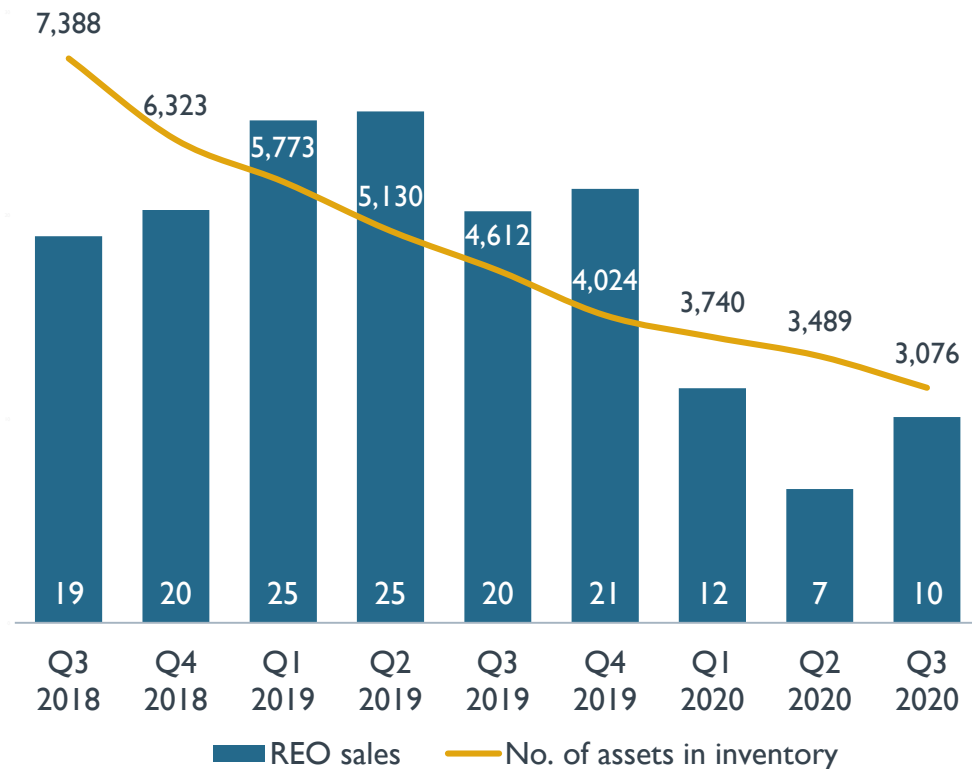


# REO portfolio

Q3 2020

# Market activity improving quicker than anticipated

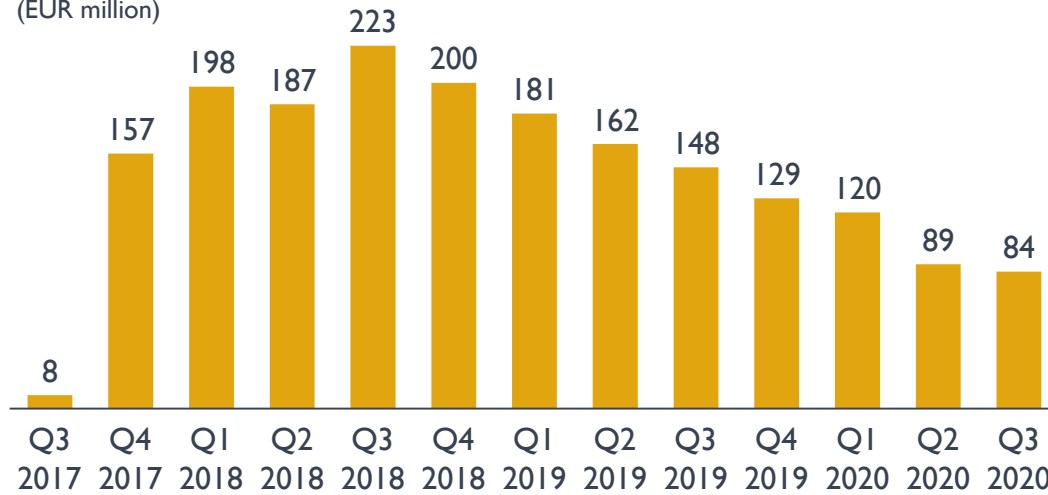
REO total income development  
(EUR million)



- 2/3 of all REO assets acquired now sold
- Accumulated sales of approximately two thirds of all REO assets acquired
- Higher volume and better prices than expected
  - Public notary offices processing sales faster and more effective
  - Some asset sales pulled forward from Q4
- EUR 5.1 million net reversal of impairment accrual following stronger Q3 and improved sales pipeline
  - Valuation from external vendor in progress
- 417 units sold in Q3, up 63% from Q2
- Average unit price of EUR 24 thousand
  - Average book value for remaining units of EUR 27 thousand

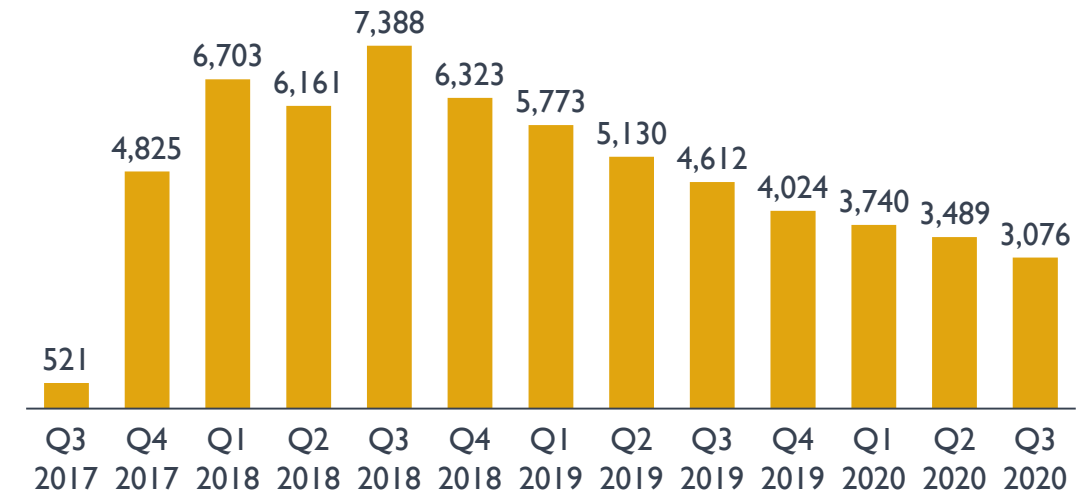
# REO portfolio moving towards the tail

REO book value\*  
(EUR million)



- Total portfolio investments of EUR 286m\*
- Last portfolio acquisition in Q3 2018
  - 62% decline in book value since peak
- Limited tail risk
  - Axactor owns ~40% of the REO book

REO # of units\*



- A total of 8,612 assets acquired\*
- 5,536 assets sold

# REO statistics\*

(EUR million)

| Current book        |              |              |             |              |
|---------------------|--------------|--------------|-------------|--------------|
| Asset class         | # assets     | % of total   | Book value  | % of total   |
| Housing             | 1,258        | 41 %         | 46.2        | 55 %         |
| Parking, annex etc. | 1,112        | 36 %         | 3.4         | 4 %          |
| Land                | 249          | 8 %          | 5.2         | 6 %          |
| Commercial          | 457          | 15 %         | 30.9        | 37 %         |
| Elimination         | 0            | 0 %          | -1.6        | 100 %        |
| <b>Total</b>        | <b>3,076</b> | <b>100 %</b> | <b>84.2</b> | <b>100 %</b> |

| Originally acquired |              |              |              |              |
|---------------------|--------------|--------------|--------------|--------------|
| Asset class         | # assets     | % of total   | Book value   | % of total   |
| Housing             | 4,024        | 47 %         | 194.5        | 68 %         |
| Parking, annex etc. | 3,394        | 39 %         | 15.8         | 6 %          |
| Land                | 324          | 4 %          | 8.9          | 3 %          |
| Commercial          | 870          | 10 %         | 66.4         | 23 %         |
| <b>Total</b>        | <b>8,612</b> | <b>100 %</b> | <b>285.6</b> | <b>100 %</b> |

- Housing represent 55% of current book value
  - Limited exposure to commercial assets
- Average book value per remaining asset EUR 27k
  - Average book value per sold asset of EUR 32k
  - Average sale price per sold asset of EUR 39k



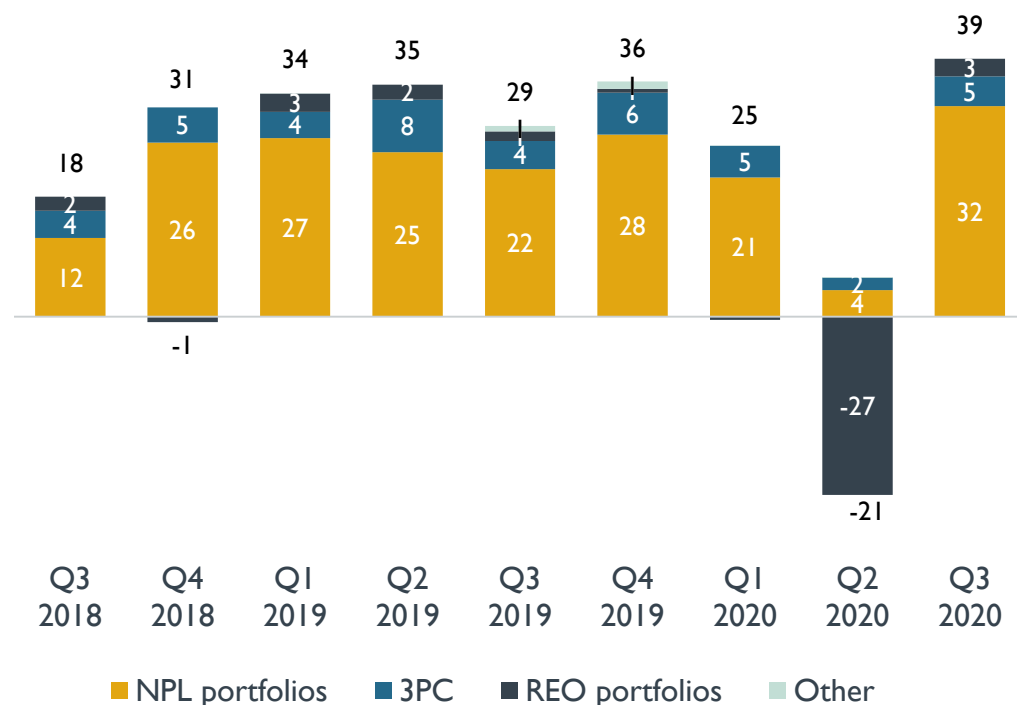
# Financials

Q3 2020

# Contribution per segment

## Contribution per segment\*

(EUR million) - Excluding unallocated overhead cost



## Total:

- Record-high contribution margin in Q3

## NPL:

- Portfolio amortization and revaluation of EUR 21.0 million (23.1)  
Contribution margin of 78% (73%)

## 3PC:

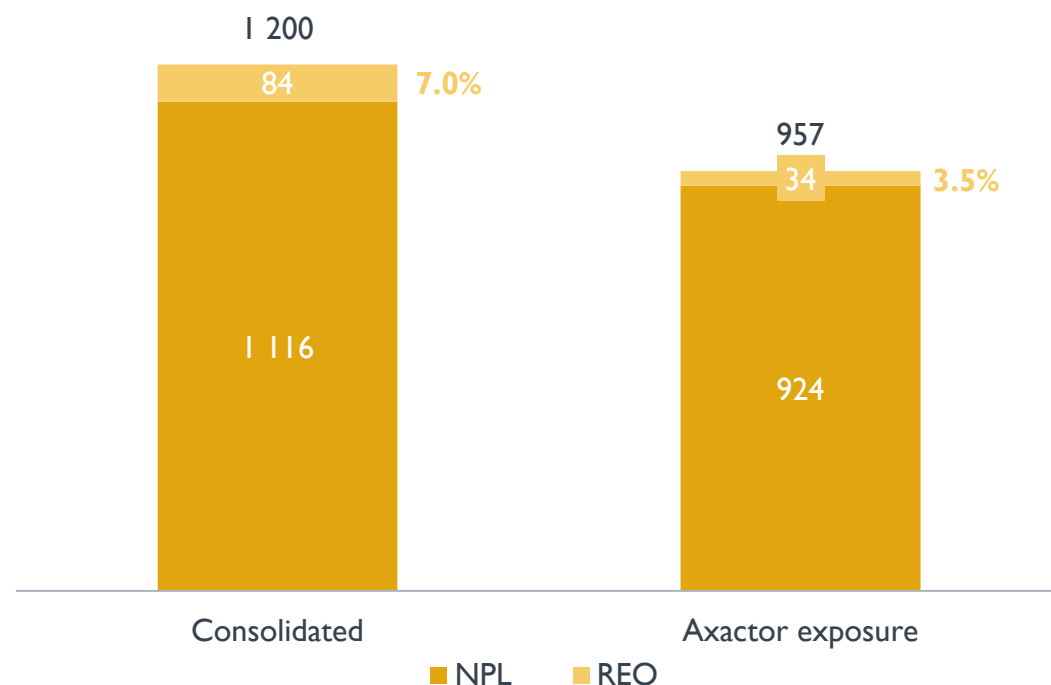
- 40% contribution margin (34%)

## REO:

- Net reversal of EUR 5.1 million of impairment accrual
- Slightly negative contribution excl. reversal of impairment accrual

# Minority shareholders in both NPL and REO

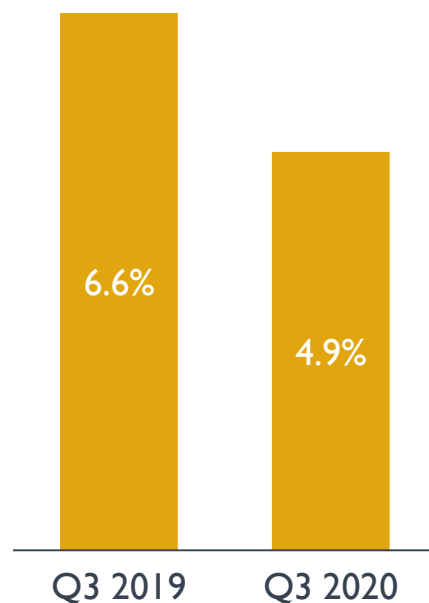
Total book value exposure  
(EUR million)



- Axactor has approximately 40% of the total exposure for REO
  - Minority shareholders in both Reolux and its subsidiaries
  - Axactor's share of REO amounts to approximately 3.5% of its total portfolio book value
- Axactor shareholders has approximately 83% of the total exposure for NPL
  - Minority shareholder in Axactor Invest

# Axactor targets improved ROE over time

Return on Equity\*  
(Annualized, %)

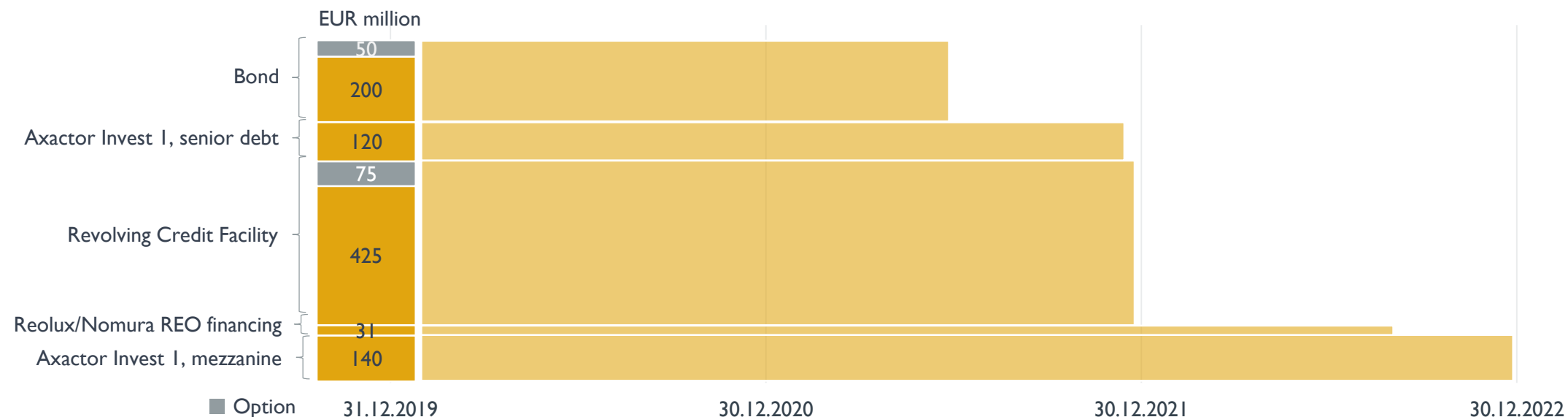


| Drivers                | Q3 2020  | Outlook   |
|------------------------|--|---|
| • NPL portfolio prices | • Portfolios acquired at attractive IRRs in the Nordic market          | • Improved IRR levels to be blended in over time                        |
| • Economies of scale   | • Record-high EBITDA, including net reversal of REO impairment accrual | • Volume growth through 2020 and into 2021, with strong cost discipline |
| • Tax rate             | • Effective tax rate of 47% in Q3                                      | • Long term steady state target of ~25%                                 |
| • Funding cost         | • Current level of ~5%   | • Refinancing and continued improvement of capital structure            |
| • Business mix         | • Significant increase in combined 3PC and NPL deals                   | • Leveraging on 3PC and NPL synergies                                   |



# Axactor funding structure

- Aim for deleveraging over next quarters



- EUR 365m equity, 27% equity ratio
- Funding base increased by EUR 51m in Q1 2020 through private placement
- Extended EUR 425m RCF by one year to December 2021, conditional on refinancing of bond by end Q1 2021
- Cash balance of EUR 36m end of September
- Expected remaining capex requirements in FF agreements in the range of EUR 25m for Q4 2020

# Net finance, tax and net profits

## Condensed Income statement

(EUR thousand)

| EUR thousand                                   | For the quarter end |             | Year to date |             |
|--|---------------------|-------------|--------------|-------------|
|  | 30 Sep 2020         | 30 Sep 2019 | 30 Sep 2020  | 30 Sep 2019 |
| EBIT   | <b>27,710</b>       | 17,405      | 6,650        | 61,027      |
| Financial revenue                              | <b>337</b>          | 2,892       | 8,877        | 2,262       |
| Financial expenses                             | <b>-15,751</b>      | -13,961     | -44,570      | -39,166     |
| Net financial items                            | <b>-15,414</b>      | -11,069     | -35,693      | -36,904     |
| Profit/(loss) before tax                       | <b>12,296</b>       | 6,336       | -29,043      | 24,123      |
| Tax (expense)                                  | <b>-5,795</b>       | -2,679      | -5,402       | -9,688      |
| Net profit/(loss) after tax                    | <b>6,501</b>        | 3,657       | -34,445      | 14,435      |
| Net profit/(loss) to Non-controlling interests | <b>2,938</b>        | -801        | -16,500      | 3,333       |
| Net profit/(loss) to equity holders            | <b>3,563</b>        | 4,457       | -17,945      | 11,103      |
| Earnings per share: basic                      | <b>0.019</b>        | 0.029       | -0.099       | 0.072       |
| Earnings per share: diluted                    | <b>0.018</b>        | 0.025       | -0.093       | 0.064       |

- Total net financial items of EUR 15.4 million
  - Interest cost of EUR 14.0 million
  - Average blended interest costs of approx. 5%
  - EUR 1.4 million in unrealized FX loss
- Tax expense of EUR 5.8 million
  - No recognition of tax assets from loss making entities, primarily REO entities
  - Interest limitation rules in Sweden
  - Average tax rate expected to trend towards ~25% over time
- Net profit of EUR 6.5 million
  - EUR 3.6 million to equity shareholders
  - EUR 2.9 million to non-controlling minorities



# Appendix

# P&L statement

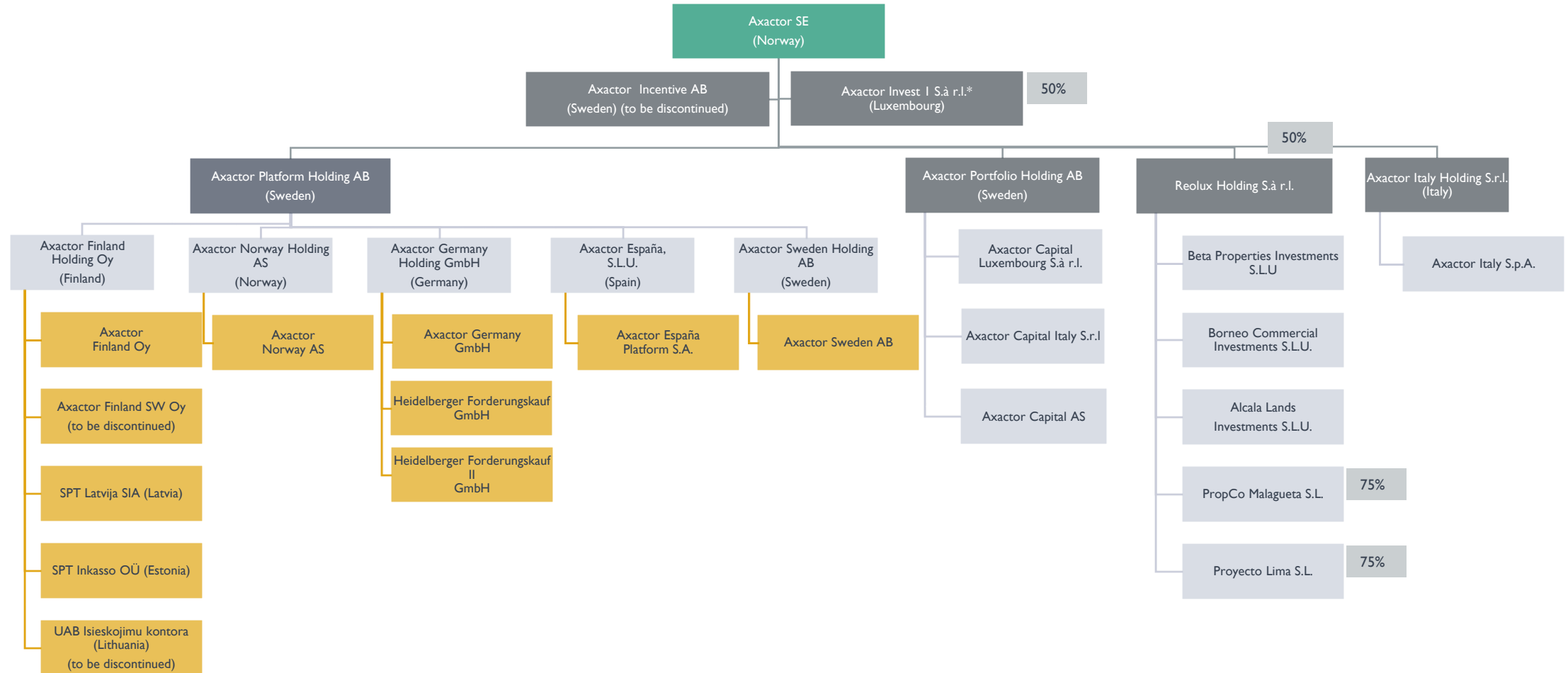
| EUR thousand                                   | For the quarter end |             | Year to date |             |
|--|---------------------|-------------|--------------|-------------|
|  | 30 Sep 2020         | 30 Sep 2019 | 30 Sep 2020  | 30 Sep 2019 |
| Interest income from purchased loan portfolios | 41,497              | 35,828      | 121,335      | 97,292      |
| Net gain/loss purchased loan portfolios        | -624                | -5,089      | -37,530      | 93          |
| Other operating revenue                        | 21,457              | 32,714      | 62,679       | 112,061     |
| Other income                                   | -50                 | 809         | 49           | 884         |
| Total income                                   | 62,280              | 64,263      | 146,533      | 210,329     |
| Cost of REO's sold, incl impairment            | -4,749              | -16,374     | -46,956      | -56,093     |
| Personnel expenses                             | -13,255             | -13,010     | -41,079      | -42,471     |
| Operating expenses                             | -13,933             | -14,849     | -43,991      | -43,451     |
| Total operating expense                        | -31,937             | -44,233     | -132,026     | -142,015    |
| EBITDA   | 30,343              | 20,029      | 14,506       | 68,314      |
| Amortization and depreciation                  | -2,633              | -2,625      | -7,856       | -7,287      |
| EBIT   | 27,710              | 17,405      | 6,650        | 61,027      |
| Financial revenue                              | 337                 | 2,892       | 8,877        | 2,262       |
| Financial expenses                             | -15,751             | -13,961     | -44,570      | -39,166     |
| Net financial items                            | -15,414             | -11,069     | -35,693      | -36,904     |
| Profit/(loss) before tax                       | 12,296              | 6,336       | -29,043      | 24,123      |
| Tax (expense)                                  | -5,795              | -2,679      | -5,402       | -9,688      |
| Net profit/(loss) after tax                    | 6,501               | 3,657       | -34,445      | 14,435      |
| Net profit/(loss) to Non-controlling interests | 2,938               | -801        | -16,500      | 3,333       |
| Net profit/(loss) to equity holders            | 3,563               | 4,457       | -17,945      | 11,103      |
| Earnings per share: basic                      | 0.019               | 0.029       | -0.099       | 0.072       |
| Earnings per share: diluted                    | 0.018               | 0.025       | -0.093       | 0.064       |

# Balance sheet statement

| EUR thousand                         | 30 Sep 2020      | 30 Sep 2019      | Full year 2019   |
|--------------------------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                        |                  |                  |                  |
| <i>Intangible non-current assets</i> |                  |                  |                  |
| Intangible Assets                    | 20,885           | 20,098           | 21,486           |
| Goodwill                             | 53,784           | 55,740           | 56,170           |
| Deferred tax assets                  | 5,111            | 6,336            | 9,742            |
| <i>Tangible non-current assets</i>   |                  |                  |                  |
| Property, plant and equipment        | 2,684            | 3,000            | 2,903            |
| Right-of-use assets                  | 5,332            | 5,938            | 5,846            |
| <i>Financial non-current assets</i>  |                  |                  |                  |
| Purchased debt portfolios            | 1,115,480        | 963,953          | 1,041,919        |
| Other non-current receivables        | 503              | 295              | 765              |
| Other non-current investments        | 193              | 662              | 193              |
| <b>Total non-current assets</b>      | <b>1,203,972</b> | <b>1,056,021</b> | <b>1,139,025</b> |
| <i>Current assets</i>                |                  |                  |                  |
| Stock of Secured Assets              | 84,163           | 148,101          | 129,040          |
| Accounts Receivable                  | 5,743            | 10,782           | 13,135           |
| Other current assets                 | 13,632           | 13,144           | 14,960           |
| Restricted cash                      | 2,718            | 2,611            | 3,739            |
| Cash and Cash Equivalents            | 33,083           | 60,481           | 71,657           |
| <b>Total current assets</b>          | <b>139,339</b>   | <b>235,119</b>   | <b>232,531</b>   |
| <b>TOTAL ASSETS</b>                  | <b>1,343,310</b> | <b>1,291,140</b> | <b>1,371,556</b> |

| EUR thousand   | 30 Sep 2020      | 30 Sep 2019      | Full year 2019   |
|--|------------------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                              |                  |                  |                  |
| <i>Equity attributable to equity holders of the parent</i> |                  |                  |                  |
| Share Capital  | 97,040           | 81,338           | 81,338           |
| Other paid-in equity                                       | 236,502          | 201,503          | 201,879          |
| Retained Earnings  | -15,791          | -3,070           | 2,153            |
| Reserves   | -27,843          | -7,724           | -4,721           |
| Non-controlling interests                                  | 74,958           | 99,067           | 96,977           |
| <b>Total Equity</b>  | <b>364,866</b>   | <b>371,114</b>   | <b>377,626</b>   |
| <i>Non-current Liabilities</i>                             |                  |                  |                  |
| Interest bearing debt                                      | 585,094          | 641,095          | 466,378          |
| Deferred tax liabilities                                   | 11,142           | 10,417           | 17,591           |
| Lease liabilities  | 3,056            | 3,578            | 3,481            |
| Other non-current liabilities                              | 1,324            | 1,917            | 1,415            |
| <b>Total non-current liabilities</b>                       | <b>600,616</b>   | <b>657,007</b>   | <b>488,864</b>   |
| <i>Current Liabilities</i>                                 |                  |                  |                  |
| Accounts Payable   | 3,099            | 1,384            | 5,902            |
| Current portion of interest bearing debt                   | 339,953          | 232,915          | 463,555          |
| Taxes Payable  | 9,547            | 8,658            | 6,570            |
| Lease liabilities  | 2,533            | 2,436            | 2,549            |
| Other current liabilities                                  | 22,697           | 17,626           | 26,491           |
| <b>Total current liabilities</b>                           | <b>377,829</b>   | <b>263,019</b>   | <b>505,066</b>   |
| <b>Total Liabilities</b>                                   | <b>978,445</b>   | <b>920,026</b>   | <b>993,930</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>1,343,310</b> | <b>1,291,140</b> | <b>1,371,556</b> |

# Legal organization September 2020



\*50% of the shares in Axactor Invest I S.à r.l. and Reolux Holding S.à r.l. is held by Geveran Trading Co. Limited (Cyprus).

\*Geveran Trading Co. Limited also holds shares of Axactor SE

# Terms and abbreviations

## APM / KPI definition

|   |  |
|---|--|
| Cash EBITDA   | EBITDA adjusted for calculated cost of share option program, portfolio amortizations and revaluations, REO cost of sales and REO impairments   |
| CM1 Margin  | Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total revenue  |
| Debt-to-equity ratio  | Total interest bearing debt as a percentage of total equity  |
| Discount  | The rate of discount of original debt balance used to negotiate repayment of debt  |
| EBITDA margin   | EBITDA as a percentage of Total revenue  |
| Economic growth   | GDP (Gross Domestic Product) growth  |
| Efficient Legal system  | Governmental bailiff exchanging information electronically   |
| Equity ratio  | Total equity and liabilities as a percentage of total equity   |
| ERC   | Estimated Remaining Collection express the expected future cash collection on own portfolios (NPLs) in nominal values, over the next 180 months.   |
| Gross margin  | Cash EBITDA as a percentage of gross revenue   |
| Gross revenue   | 3PC revenue, REO sale, cash collected on own portfolios and other revenue  |
| House pricing   | House price index, development of real estate values   |
| Interest changes  | The interest charged to debtors on active claims   |
| Interest level  | Lending rate in the market   |
| NIBD  | Net Interest Bearing Debt means the aggregated amount of interest bearing debt, less aggregated amount of unrestricted cash and bank deposits, on a consolidated basis                               |
| Opex ex SG&A, IT and corp.cost                                  | Total expenses excluding overhead functions  |
| Payment agreement   | Agreement with the debtors to repay their debt   |
| Recovery rate   | Portion of the original debt repaid  |
| Return on Equity, excluding minorities, annualized              | Net profit/(loss) to equity holders as a percentage of total equity excluding Non-controlling interests, annualized based on number of days in period  |
| Return on Equity, including minorities, annualized              | Net profit/(loss) after tax as a percentage of total equity, annualized based on number of days in period  |
| Settlements   | One payment of full debt   |
| SG&A, IT and corporate cost                                     | Total operating expenses for overhead functions  |
| Solution rate   | Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis  |
| Total estimated capital commitments for forward flow agreements | The total estimated capital commitments for the forward flow agreements are calculated based on the volume received over that last months and limited by the total capex commitment in the contract. |
| Tracing activity  | Finding and updating debtor contact information  |

## Terms and abbreviations

|        |  |
|--------|--|
| 3PC    | Third-party collection   |
| ARM    | Accounts receivable management   |
| B2B    | Business to Business   |
| B2C    | Business to Consumer   |
| BoD    | Board of Directors   |
| CGU    | Cash Generating Unit   |
| CM1    | Contribution Margin  |
| Dopex  | Direct Operating expenses  |
| EBIT   | Operating profit, Earning before Interest and Tax  |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization   |
| ECL    | Expected Credit Loss   |
| EPS    | Earnings Per Share   |
| EUR    | Euro   |
| FTE    | Full Time Equivalent   |
| IFRS   | International Financial Reporting Standards  |
| NCI    | Non-controlling interests  |
| NOK    | Norwegian Krone  |
| NPL    | Non-performing loan  |
| OB     | Outstanding Balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees |
| PCI    | Purchased Credit Impaired  |
| PPA    | Purchase Price Allocations   |
| REO    | Real Estate Owned  |
| SEK    | Swedish Krone  |
| SG&A   | Selling, General & Administrative  |
| SPV    | Special Purpose Vehicle  |
| VIU    | Value in Use   |
| WACC   | Weighted Average Cost of Capital   |
| WAEF   | Weighted Average Exercise Price  |

**axactor.com**

**AXACTOR**



