

# AXACTOR

## Corporate Governance



# 2020

# Axactor Corporate Governance report

Axactor is committed to good corporate governance standards that contributes to optimal value creation over time and strengthen stakeholders' trust and confidence in the company. The company's corporate governance framework regulates the division of roles, responsibilities and accountability between shareholders, the Board of Directors (the "Board"), the chief executive officer (the "CEO") and the company's executive management, to ensure that the company's resources are utilised in an efficient and sustainable manner.

Axactor's Board of Directors has the ultimate responsibility for ensuring that good corporate governance is practiced. Confidence in Axactor and its business activities is essential for the Group's competitiveness. Axactor is committed to openness and transparency about its principles and procedures for how the Group is managed.

## 1. Implementation and reporting on corporate governance

Axactor SE (the "company" or the "group") is a Norwegian SE-company (Societates Europaeae) listed on the Oslo Børs, and thus bases its corporate governance structure on Norwegian legislation and recommended guidelines.

The company adheres to the Norwegian Code of Practice for corporate governance ("Code of Practice" or "Code"), last revised 17 October 2018, issued by the Norwegian Corporate Governance Board ("NCGB" or "NUES"). The principles and implementation of corporate governance are subject to annual reviews and discussions by the company's Board, last revised and approved by the Board 15 December 2020. The current corporate governance policy is available on the company's website.

This report addresses Axactor's main corporate governance policies and practices and how Axactor has complied with the Code of Practice in the preceding year. Application of the Code of Practice is based on the "comply or explain" principle and any deviation from the Code is explained under each item. By the company's own assessment, Axactor deviated on one section from the Code of Practice in 2020, pertaining to share options to board members (section 11 on Board remuneration).

## 2. Business activity

The company's business as set out in the articles of association is: *"to directly or indirectly through subsidiaries or investment partnerships, conduct debt collection work, financial and administrative services, legal services, invoicing services, debt acquisition and other investment activities, as well as therewith associated activities"*.

The Board has developed clear objectives, strategies and a risk profile for the business within the scope of the definition of its business, to create value over time. Engaging in the activities described above, the company's long-term objective is to establish itself as a leading

European player within the areas of its operations. The company will pursue the following main strategies to reach its overall objective:

- Putting emphasis on loyal and satisfied customers,
- Being an innovative player that takes full advantage of available technologies to achieve competitive advantages,
- Identifying and securing access to attractive debt portfolios and other opportunities in the marketplace based on responsible investment and product offering,
- Being an attractive employer, with a focus on creating an environment for professional and personal growth, with respect and due regard for each employee,
- Being a profitable company with a focus on organic and structural growth,
- Maintain a sound corporate culture, efficient corporate governance and preserve Axactor's integrity by supporting employees to follow good ethical business standards towards all people and players in all our markets, and
- Emphasis on becoming and maintaining a position as a leading, responsible and sustainable European player in the company's market

A description of the key risk factors and risk management can be found in the Board of directors' report on page 14 in the annual report.

During 2020, the company has reviewed its policies and procedures providing business practice guidance on environmental, social and governance matters including human resources, legal and compliance, data privacy, information security, anti-money laundering, corporate social responsibility, code of conduct and anti-fraud and anti-corruption. A separate report on how these policies and procedures are integrated with the company's activities and how they relate to value creation for the company's stakeholders can be found in the sustainability section in the annual report for 2020.

The company's objectives, strategies and risk profile are subject to regularly review by the Board throughout the year.

**Deviations from the Code of Practice: None**

## 3. Equity and dividend

The Board aims to maintain a satisfactory equity ratio in the company considering the company's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board continuously assess the company's capital requirements in light of the company's strategy and risk profile.

At 31 December 2020, the Group had an equity ratio of 27.6% and a debt-to-equity ratio of 2.5x. The Board regards the current capital structure as appropriate in the context of Axactor's objectives, strategy and risk profile.

The Board has stated a policy for shareholder return as part of the overall strategy for the company. The company's objective is to

generate a return for the shareholders at a level which is at least equal to other investment possibilities with comparable risk. After a period of significant growth Axactor is about to enter a new phase as an established player. The main goal going forward is to build scale, improve efficiency and increase profitability. An increased return on equity will allow Axactor to initiate dividend payments during the coming five-year period.

At the Annual General Meeting ("AGM") on 1 April 2020, three authorisations were granted to the Board:

- Authorisation to increase the share capital through the issue of new shares with a total nominal value of up to EUR 19,366,658, equal to 37 million shares, each with a nominal value of EUR 0.523423187712375. The authorisation may be exercised in connection with acquisitions of assets within the company's core areas of expertise. It covers both cash and non-cash considerations, including mergers. As of 31 December 2020, the authorisation has not been used.
- Authorisation to increase the share capital by up to EUR 7,067,810.52 by issuing up to 13,503,052 shares in Axactor with a nominal value of EUR 0.523423187712375, in connection with the share options allocated under ESOP 2019 and ESOP 2020 which are incentive programs for the company's senior management and key personnel. As of 31 December 2020, a total of 10,180,552 share options are approved under the authorisation.
- Authorisation to acquire treasury shares in connection with the share options allocated under ESOP 2019 and ESOP 2020 incentive programs for its senior management and key personnel. As per 31 December 2020, the authorisation has not been used.

All three authorisations are valid until the next AGM in 2021, and no later than 30 June 2021. There was a separate vote on each of the three authorisations. All three authorizations have a limited overall amount by which the Board is permitted to increase the company's share capital. For supplementary information, see the minutes of the AGM held on 1 April 2020 available from [www.axactor.com](http://www.axactor.com).

**Deviations from the Code of Practice: None**

#### 4. Equal treatment of shareholders and transactions with closely related parties

The company's Board and executive management are committed to treating all the company's shareholders equally, unless there is a factual basis for not to.

In the event of a capital increase based on authorisation from the AGM, where the pre-emptive rights of shareholders are set aside, the company shall provide reasons for the action in the stock exchange release in which the capital increase is announced. In 2020, Axactor completed two private placements and one transaction where settlement was conducted through a contribution in kind against issuing of new shares in Axactor as described below. The capital increases main objectives are to fund growth opportunities and general corporate purposes. In the first private placement, the pre-emptive rights of the shareholders were set aside by an existing board authorisation. For details, see stock exchange releases from February 2020. The Board did not consider a need for a repair share issue considering the low discount from a market perspective and the limited size of the offering a repair share issue was not considered

necessary from a legal and market practice point of view. The second private placement and the share issuing due to the below-mentioned contribution in kind were performed 9 December 2020 prerequisite of the approval of the shareholders, which were given in the extraordinary general meeting 5 January 2021, ref. information available on [www.axactor.com](http://www.axactor.com), stock exchange announcements given December 2020 and January 2021 and the notice to the general meeting dated 15 December 2020. The Board decided to offer a subsequent repair offering with a subscription price equal to the subscription price in the private placement.

Any transactions the company carries out in its own shares shall be carried out either through the stock exchange or at prevailing stock exchange prices. If there is limited liquidity in the company's shares, the company shall consider other ways to ensure equal treatment of all shareholders. There were no transactions in treasury shares in 2020.

For significant transactions with closely related parties, Axactor will use valuations and statements from an independent third party, if the transaction is not to be considered by the general meeting. There were one such transactions in 2020 with the largest shareholder Geveran Trading Co Limited and Sterna Finance Ltd. Axactor entered an agreement with these parties 9 December 2020, where they agreed to transfer their Axactor Invest 1 S.a.r.l shares and Axactor Invest A Notes to Axactor as a contribution in kind against issuance of a total of 50 million new shares in Axactor. An independent fairness opinion confirmed by an independent third party was arranged, and the independent declaration sent to the general meeting. For further details, see the notice to the extraordinary general meeting held 5 January 2021 and the stock exchange announcement of 9 December 2020.

On 17 February 2020, the Company entered into a servicing agreement with Seatankers Management Co. Ltd. (a company controlled by Geveran), under which Seatankers Management Co. Ltd. has agreed to provide the Company with advisory and other support services upon request. The agreement is entered on an arm-length basis and is not considered material.

For further details, see Note 30 to the annual financial statements for 2020.

**Deviations from the Code of Practice: None**

#### 5. Shares and negotiability

Axactor has one class of shares, and each share carries equal voting rights. The shares of Axactor are freely negotiable. There are no restrictions on owning, trading or voting for shares in the company's articles of association.

**Deviations from the Code of Practice: None**

#### 6. The general meeting

The General Meeting ("GM") is the company's ultimate corporate body. The Board strives to ensure that the GM is an effective forum for communication between shareholders and the Board. All registered shareholders have the right to participate in the GMs of the company, which exercise the highest authority of the company. In order to

attend, nominee-registered shareholders must be registered in the VPS by the close of business the day before the GM.

Notices of GMs are made available on newsweb.no and the company's website (axactor.com) and are sent to all shareholders no later than three weeks in advance of the meeting. The company's articles of association stipulate that the supporting documents handling matters to be considered at a meeting can be made available on the company's website rather than being sent to shareholders by post. However, shareholders are still entitled to receive the documents by post upon request if they so wish.

Due to the Covid-19 situation, the AGM was conducted digital with no prior registration deadline. When attending the online GMs shareholders were able to listen to a live audiocast of the meeting, see the presentation, submit questions relating to the items on the agenda and cast their votes in the real time poll. Identification of the shareholders was secured. The EGM was conducted through a physical meeting under strict Covid-19 restrictions.

The notices included information providing the shareholders with sufficient detail in order for the shareholders to make an assessment of all the matters to be considered as well as all relevant information regarding attendance and voting procedures including a proxy form with and without voting instructions that permitted separate votes for each item up for consideration and each candidate up for election by the GM. Advanced votes and proxies must be provided the last business day prior to the GM by electronic means, in writing or by use of written proxy forms.

The chair of the Board has declared the GMs open. The person chairing the GM elected by the GM is independent of the company and the Board. Representatives of the Board, management and the company's auditor were present at AGM. The nomination committee chair was represented at the GMs through a statement given to the person chairing the GM and was available by phone to answer any questions. For the EGM only the chairman of the Board and CEO were present as deemed necessary given the items treated.

In 2020, Axactor held its AGM on 1 April 2020 with 47.05% of the shares represented. In addition, an EGM was held on 25 May 2020 to

increase the constitution of the Board and elect a new Board member, with 35.22% of the shares represented.

The minutes from GMs is published on newsweb.no and on the company's website axactor.com.

**Deviations from the Code of Practice: None**

## 7. Nomination committee

The company has established a nomination committee, ref. articles of association article 8. It consists of two members:

- Anne Lise E. Gryte (chair)
- Magnus Tvenge (member, re-elected)

Both were elected by the AGM in 2020 for a period of two years, until the AGM in 2022. Both members are considered independent of the Board and the executive personnel. Efforts is made to ensure that the composition of the nomination committee is broadly representative of shareholder interests and necessary expertise. The GM elected the leader of the nomination committee, and determined the remuneration based on the nature of the duties performed and the time invested.

The duties and responsibilities of the nomination committee is regulated by the instructions to the nomination committee approved by the AGM on 1 April 2020. The main responsibilities are to propose candidates for election to the Board and to recommend remuneration of board members. Grounds for recommendations are provided when nominees are presented to the GM, at latest at the time of the notice of the GM. All shareholders are entitled to nominate candidates to the Board, and information on whom to contact can be found on the company's website [www.axactor.com](http://www.axactor.com).

The nomination committee monitor the need for any changes in the composition of the Board through contact with the board members and executive personnel. The nomination committee review the Board's report on its own performance as outlined in section 9 below.

**Deviations from the Code of Practice: None**

### General Meeting (GM)



## 8. The Board

### Composition

The Board of Directors shall constitute of three to seven directors as regulated in the articles of association clause 5. The Board and

the chair are elected by the GM. At 31 December 2020, the Board of Directors consisted of the following seven directors:

Name	Role	Age	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2020	Share ownership in Axactor (direct/indirect)
Glen Ole Rødland	Chair	56	Yes	01.04.2020	AGM 2021	16	0
Brita Eilertsen	Director	58	Yes	20.01.2017	AGM 2021	32	10,000
Merete Haugli	Director	56	Yes	20.01.2017	AGM 2021	32	0
Lars Erich Nilsen	Director	39	No	04.05.2018	AGM 2021	32	0
Kathrine Astrup Fredriksen	Director	37	No	01.04.2020	AGM 2021	16	0
Terje Mjøs	Director	59	Yes	20.01.2017	AGM 2021	32	100,000
Hans Harén	Director	70	Yes	25.05.2020	AGM 2021	13	22,150

All members of the Board are elected until the next AGM and may be re-elected. The composition of the Board is based on broad representation of the company's shareholders, as well as the company's need for competence, capacity and ability to form balanced decisions. Information on each Board member's expertise and capacity can be found in the annual report 2020 and on the company's website [www.axactor.com](http://www.axactor.com).

### Independence

The nomination committee has evaluated all of the board members to be independent of the company's executive management and material business contacts. Five out of seven board members are regarded as independent of the company's main shareholders.

### Deviations from the Code of Practice: None

## 9. The work of the Board

The Board has the primary responsibility for overseeing and supervising the company's executive management and operations. The Board has adopted written instructions which describes the responsibilities and duties of the Board and regulate the allotment of work between the CEO and the Board. The instructions also regulate work related to the Board committees.

The Board prepares an annual plan for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibilities include: (i) participating in the development and approval of the company's strategy and budget, (ii) performing necessary monitoring functions, and (iii) acting as an advisory body for the executive management team. The Board's duties may change over time, depending on the company's ongoing needs. The Board ensures that the operation of the company complies with the company's values, ethical guidelines and corporate social responsibility, that the company's business and assets are managed, and risk management and the financial reporting is carried out in a prudent and satisfactory manner.

The Board has established rules on conflicts of interest to ensure that any potential conflicts are identified and handled in a professional

manner. If the Board is to consider material matters in which the chairperson is, or has been, personally involved, the consideration shall be chaired by another board member. There were no such cases in 2020.

The chairperson of the Board ensures that the Board's work is performed in an effective and correct manner. It is the Board's responsibility to ensure that the company has a good management with clear internal distribution of responsibilities and duties. The Board appoints the CEO, which is responsible for the day-to-day operations of Axactor Group and for ensuring that the Board receives accurate, relevant and timely information that is sufficient to allow it to carry out its duties. The duties, responsibilities and delegated authorities for the CEO is stated in a board instruction.

All members of the Board regularly receive information about the company's operational and financial development. The company's strategies are regularly subject to review and evaluation by the Board. The Board holds regular physical meetings, at least every two months. Extraordinary board meetings are held when necessary and may be conducted as telephone conferences or, in exceptional circumstances, the Board may take its decisions on the basis of circulating documents. In 2020, the Board held 32 board meetings. 4 of these were held prior to the interim reporting, while 4 were devoted to strategy discussions, business, operational and financial updates, risk and internal control, ESG discussions, portfolio assessments, remuneration and employee related matters, review of policies and instructions etc. In addition, 23 extraordinary board meetings were held to discuss a potential public offer for the company, private placements, business consequences of the Covid-19 situation, change of CEO and the Board's composition, portfolio purchase and restructuring of the company's balance sheet. The CEO has been present in all board meetings. However, the Board has discussions without management present in all board meetings and separate discussions with the auditor without management present.

The Board conducts an annual assessment of its performance and expertise, which is presented to the nomination committee. The last assessment was conducted by an external party in January 2020 and discussed in the board meeting 11 February 2020. Further, the Board's work, constitution of the board committees and the board instructions were discussed in the constitutional board meeting following the AGM.

### Board committees

The Board has established an audit committee, an investment committee and a remuneration committee to provide subject matter advice to and preparation for the full Board.

The **audit committee's** main responsibilities is to supervise the Group's systems for internal control, to ensure that the auditor's independency and to ensure that the annual accounts give a fair picture of the Group's financial results and financial condition in accordance with generally accepted accounting practice. The audit committee works as the Board's risk committee, reviews the procedures for risk management and assess the company's risks and financial controls related to the Group's business activities. The audit committee ensures that the company has sufficient focus on ESG to contribute to sustainable development and appropriate risk management to minimise negative impact of the company's operations. The committee follow-up on regulatory changes, compliance matters that may have a material impact on the company's financial statements or policies, monitor material external investigations, sanctions, claims, litigations, substantial authority contact, licenses issues and follow up security incidents and whistle blower reports. The audit committee also receives reports on the work of the internal and the external auditor and the results of the audits.

As of 31 December 2020, the audit committee consisted of the following members:

- Hans Harén (Chair)
- Merete Haugli
- Terje Mjøs
- Brita Eilertsen

All of the members are independent of the company's executive management, and all of the member(s) has qualifications within accounting. The audit committee held seven meetings in 2020.

The **investment committee** oversees the financial investment process and proposals to ensure that the relevant investments meet the company's requirements with respect to expected return, responsible investments and due diligence prior to commitment of funds. Further, the investment committee quarterly reviews the impairments on portfolios and test whether a portfolio meets the performance criteria or not, assess regularly the risks of the market from a micro and macro perspective and evaluate and implement necessary mitigations to reduce the risks.

As of 31 December 2020, the Investment Committee consisted of the following members:

- Brita Eilertsen (Chair)
- Lars Erich Nilsen
- Kathrine Astrup Fredriksen
- Glen Ole Rødland

The investment committee held twelve meetings in 2020.

The **remuneration committee** develop the philosophy, policy and guidelines for remuneration that creates the link between remuneration levels, business performance and return to shareholders and makes proposals to the Board on the employment terms and total remuneration of the CEO and approve the terms and remuneration for the executive personnel which are communicated to the GM. These proposals are also relevant for other employees. Further, the committee oversees that the company has an appropriate succession plan, monitor employee satisfaction and assess and follow-up other material employment issues related to executive personnel.

As of 31 December 2020, the remuneration committee consisted of the following members:

- Terje Mjøs (Chair)
- Glen Ole Rødland

The remuneration committee held four meetings in 2020.

**Deviations from the Code of Practice: None**

## 10. Risk management and internal control

The Board is responsible for ensuring that the company has sound internal control and systems for risk and compliance management appropriate to the extent and nature of the company's activities.

The company's systems and procedures related to risk management and internal control contributes to efficient operations, timely and correct financial reporting and compliance with applicable laws and regulations. These systems form an integral part of the management's decision-making process.

The company's internal control and risk management systems consist of the organizational structure, managerial responsibilities for compliance, a set of policies and procedures, training, customer and supplier due diligence, monitoring through financial reviews and internal audits, incident investigations and corrective actions as well as reporting. The Code of Conduct and Group policies are reviewed and approved by the Board annually. All policies have designated owners within the executive management, responsible for developing and monitoring compliance with the relevant area.

The Board has approved the following policies in 2020:

Corporate governance	Code of Conduct	IT and information security
Procurement	Finance	Communication
Human resources	Legal and Compliance	Operations
Delegation of authority	Physical security	CSR
Environmental	Debt purchase	Anti-corruption and anti-money laundering
Data protection	Insider	Treasury

To each policy a set of procedures are established e.g. the Legal and Compliance policy has a procedure for managing internal control and risk management. The risk management framework shall ensure that the business operations follow laws and regulation, ESG and business ethics, as well as ensuring profitability, efficiency and continuity. The company operates a structured risk management process that includes relevant categories of risk, including strategic risk, financial risk, reputational risk, technical risk, and legislative and regulatory compliance risk. A top-down/bottom-up risk assessment is conducted annually, and risks reported and mitigations monitored through monthly business reviews with the executive management and quarterly reporting to the Board.

In 2020, special focus has been on updating the company's guidelines and practices on environmental, social and governance (ESG) to ensure that consideration for its stakeholders is well integrated into the company's strategy and value creation.

All employees are trained regularly, at least annually, through general training on business ethics, anti-fraud and anti-corruption, good debt collection practices, GDPR and anti-money laundering and customized training within their area of responsibility.

Compliance with the company's Code of Conduct is a key component of the Group's internal control system. The company has established an independent whistle-blowing channel for all employees to report any concerns related to illegal or unethical conduct.

Internal controls through self-assessments are conducted throughout the Group annually. Controls are tested, documented, deviations monitored and reported to the Board. Axactor's internal auditor conducted audits recommended by the Board and report to the Board at least quarterly. Axactor's separate entities prepares its financial statements within a standard financial accounting system which are automatically consolidated into the Group's results. Impairment testing of NPLs is conducted on a quarterly basis and goodwill and REOs on an annual basis. These processes are reviewed by the external auditor for each set of published financial statements. The external auditor presents a review of the internal control procedures, including identified weaknesses and proposals for improvement, to the Board at least once a year. The audit committee monitors the financial reporting and internal control regularly.

Under Norwegian securities laws, the Norwegian Financial Supervisory Authorities (FSA) oversees that the financial reporting of issuers of transferable securities which are quoted or for which admission to quotation has been requested on a regulated market within the EEA, are in compliance with law or regulations. The Board accounts for the main features of the company's internal control and risk management systems in the annual report.

**Deviations from the Code of Practice: None**

## 11. Remuneration of the Board of Directors

The remuneration of Board members is stipulated annually by the AGM based on the nomination committee's recommendation. The remuneration reflects the Board's responsibilities, work, time invested and the complexity of the company.

The remuneration of Board members is not performance based and in principal the company does not grant share options to board members.

The chairperson of the Board receives a higher compensation than the other Board members, and work in board committees provides for additional compensation. The Board shall be informed if any board members perform other tasks for the company than exercising their role as Board members. There were no such arrangements in 2020.

Further details about the remuneration of the Board can be found in Note 8 to the accounts in the annual report for 2020.

### Deviations from the Code of Practice:

The Code of Practice recommends that the company does not grant share options to board members. When Glen Ole Rødland was elected as Chairman of the Board at the AGM in 2020, it was agreed that he will provide advisory services in excess of the tasks that rests with the position as Chairperson for a three years term. As compensation for the advisory services, he has received an option to subscribe for up to 1,000,000 shares in the company. The options have a five-year duration and can be exercised with 1/3 after one year, 1/3 after the second year and 1/3 after the third year. If Rødland is not re-elected to the Board, or for other reasons resigns from the Board, the advisory arrangement will terminate and options that at such time has not been vested will be terminated.

## 12. Remuneration of executive management

The Board decides the salary and other compensation paid to the CEO. The CEO's salary and bonus are based on an evaluation with emphasis on specific factors determined by the Board. Each year, the Board carries out an assessment of the salary and other remuneration to the CEO and revise the total compensation and remuneration criteria without any executive management present.

The CEO determines the remuneration of executive employees together with the Board's remuneration committee. The Board have issued guidelines for the remuneration of the CEO and the executive management team which has been presented and approved by the AGM and published on the company's website. The salary level ensures that the company can attract and retain executive employees with the desired expertise and experience without harming the company's reputation or exceeding the norm in comparable companies. Performance related salary in the form of share options, bonus schemes or the like is linked to value creation for shareholders or the company's earnings performance over time, and subject to an absolute limit of 75% of the annual base salary for the CEO and 50% for the members of the executive team.

The Board's statement regarding remuneration of the executive management can be found in Note 8 to the company's annual accounts in the annual report for 2020.

**Deviations from the Code of Practice: None**

### 13. Information and communication

The company complies with the relevant recommendations and market practices for reporting financial and other IR information.

The Board and the executive management team prioritise to give shareholders quick, relevant and current information about the company and its activity areas, while ensuring equal treatment.

The Board has adopted an insider policy to increase awareness of the responsibility entailed by the possession of inside information and the consequences of misusing such information and to ensure that Axactor itself fulfils its responsibilities. The Board has also adopted a communication policy which regulates spokespersons on behalf of the company and disclosure of information to the market and investor community in a transparent, honest, consistent, reliable and timely manner. The CEO and the Chief of IR and strategy are the main contact persons of the company in such respects. Contact details of the company's IR representatives are available at the company website to facilitate the dialogue between the company and its shareholders.

Financial information is published by producing quarterly reports and annual reports as well as stock exchange notices, in accordance with the Oslo Børs' recommendation.

The Board shall keep itself updated on matters of special importance to the shareholders. The Board shall therefore ensure that the shareholders are given the opportunity to make known their points of view at and outside the GM.

**Deviations from the Code of Practice: None**

### 14. Take-over bids

There are no restrictions in the company's articles of association to hinder the acquisition of shares in Axactor. Guidelines have been prepared for how the Board shall respond to any takeover bids. The guidelines are in accordance with the Code of Practice.

As announced 4 February 2020, Axactor terminated discussions regarding a potential public offer for the company that were initiated in Q4 2019. The decision followed receipt of an updated, conditional expression of interest which was submitted after conclusion of due diligence. The proposal included an offer price of NOK 22 per share. The termination by the Board, in consultation with its appointed advisors was made on the basis of an overall assessment of the proposal, including the indicated timeline, and a determination that confirmation of a definitive offer at adequate terms would not materialise in a timely manner. The Board hence concluded that putting full focus on execution of Axactor's strategy must take priority.

Further, as announced 9 December 2020 and approved by the EGM 5 January 2021, Axactor achieved 100% ownership of Axactor Invest 1 S.a.r.l through the acquisition of Geveran's 50% stake therein as one of multiple initiatives taken to strengthen Axactor's financial platform in order to improve shareholder returns and support further growth. Axactor and Geveran agreed on a consideration of 50 million shares to be issued at a share price of NOK 8.00, corresponding to a value

for the 50% stake of EUR 38 million. The transaction increased Geveran's ownership in Axactor from 31.95% to 46.41% and Geveran was consequently obliged to provide a mandatory offer to purchase the remaining shares. The offer was evaluated by an independent third-party expert approved by the Oslo Børs. Geveran received valid acceptances under the mandatory offer for a total of 625,806 shares, corresponding to approximately 0.23% of the registered share capital and voting rights in the company. Following completion of the mandatory offer and subject to due settlement of the shares for which acceptances are received, Geveran will own 122,643,578 shares representing 44.53% of the total registered share capital and voting rights in the company (based on 275,395,464 issued and registered shares in the company). Following registration of the share capital increase issued by the company on 23 February 2021, Geveran's relative shareholding will be 40.59% of the total share capital and voting rights in the company.

**Deviations from the Code of Practice: None**

### 15. Auditor

The auditor has attended one meeting with the Board at which the company's management was not present to review the company's financial reporting, accounting principles, risk areas, internal control routines, etc. and confirm in writing that independence and objectivity requirements are met. The Board's audit committee has met twice with the auditor during 2020 where the auditor presented a plan for the implementation of the audit work, observations, risks etc.

The auditor is only used as a financial advisor to the company if such use of the auditor cannot influence or call into question the auditors' independence and objectiveness in his capacity as auditor for the company. Such advisory assignments can only be entered into by the company's CEO and/or CFO. The breakdown between the auditor's fee and consultancy fees for 2020 is described in Note 9 to the annual accounts.

At the AGM, the Board presents a review of the compensation paid to the auditor for audit work required by law and remuneration for other concrete assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board also reviewed the work and performance of the auditor.

The Board arranges for the auditor to attend all AGMs and EGMs when deemed necessary depending on item treated.

The company's auditor is PwC and considered independent from the company and the Board.

**Deviations from the Code of Practice: None**

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

**Cautionary Statement:** *Statements and assumptions made in this document with respect to Axactor SE's ("Axactor") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Axactor. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Axactor operates; (ii) changes relating to the statistic information available in respect of the various debt collection projects undertaken; (iii) Axactor's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential partners, ventures and alliances, if any; (v) currency exchange rate fluctuations between euro and the currencies in other countries where Axactor or its subsidiaries operate. In the light of the risks and uncertainties involved in the debt collection business, the actual results could differ materially from those presented and forecast in this document. Axactor assumes no unconditional obligation to immediately update any such statements and/or forecasts.*

