

AXACTOR

Report

Q2 2021



Highlights

Second quarter 2021

- Axactor continued the positive trend in the second quarter 2021 with total income growth across all three business segments
- Gross revenue for the quarter grew 34% from the second quarter last year and 12% from the previous quarter, ending at EUR 95.2 million (70.8)
- Total income was EUR 65.9 million, up 130% from the same quarter last year (28.7) and up 8% from the previous quarter
- The cost saving program launched during the first quarter 2021 is progressing well with estimated annualized savings of EUR 3.9 million realized by the end of the second quarter. Further initiatives to be implemented over the next two quarters are expected to increase annual savings up to EUR 5.2 million
- A total of EUR 0.9 million of restructuring cost connected to the cost saving program was booked in the second quarter
- EBITDA came in at EUR 22.2 million, up from EUR -30.0 million in the second quarter 2020 and from EUR 17.7 million in the first quarter 2021. This results in an EBITDA margin of 34% (-105%), which increases to 35% excluding the restructuring cost
- Cash EBITDA was EUR 65.7 million for the quarter, an increase of 26% from the first quarter (44.4)
- Earnings before tax ended at EUR 8.0 million (-46.9), while net profit came in at EUR 4.4 million (-44.4). Adjusting for non-controlling interests, this translates to an annualized return on equity for shareholders of 6.9% for the quarter (-36.1%)
- Investments in NPL portfolios amounted to EUR 12.3 million for the quarter (62.0), made entirely under forward flow agreements. Several new forward flow contracts have been signed during the second quarter and committed NPL investments for the remainder of 2021 stand at EUR 55-60 million
- The remaining EUR 15.8 million in REO funding facility from Nomura was repaid in full during the second quarter, representing a milestone in phasing out the REO segment
- A continued focus on ESG related items puts Axactor at the forefront of debt collection agencies in the world. The strong position was evidenced in the second quarter by an updated report from Sustainalytics rating Axactor in the upper fifth percentile of all companies worldwide
- On 2 May, Nina Mortensen was appointed CFO of Axactor. She comes from the position as Head of Corporate Controlling and Finance Operations at TietoEVERY and has extensive experience from various leadership positions in the finance area. Ms Mortensen started in her position on 1 August 2021
- On 31 May, Merete Haugli took the position as interim Chair of the Board. Ms Haugli has been a member of the Board since 20 January 2017 and knows the management and the company well. She is currently chair in Norwegian property ASA and Nomination Committee Member in Mowi ASA and North Energy ASA

First half 2021

- Gross revenue for the first half ended at EUR 180.1 million, a significant increase from EUR 150.0 million in the first half 2020
- Total income for the first half increased 51% compared to last year, ending at EUR 126.9 million (84.3). The increase is partly due to negative revaluations of the NPL portfolio booked last year
- A cost saving program was launched in the first quarter 2021, aiming for total annual savings of EUR 5.2 million. Initiatives corresponding to annual savings of EUR 3.9 million have been realized during the first half
- EBITDA was EUR 39.9 million, up from EUR -15.8 million in the same period last year. EBITDA last year was significantly affected by negative NPL revaluations and REO impairments
- Earnings before tax ended at EUR 6.3 million for the first half (-41.3), while net profit came in at EUR 1.0 million (-40.9). Adjusting for non-controlling interests, this translates to an annualized return on equity for shareholders of 3.1% (-14.9%)
- Investments in NPL portfolios amounted to EUR 28.4 million (151.8)
- During the first half of 2021, the large balance sheet restructuring announced at the end of 2020 was finalized:
 - Axactor bought Geveran's minority stake in the investment vehicle Axactor Invest I. The settlement was done through a contribution in kind
 - The Axactor Invest B-notes were refinanced through a bond loan subscribed in full by Geveran
 - The main bank facility was merged with the Axactor Invest I bank facility, with improved terms and an extended maturity
 - The AXA01 bond loan was refinanced with a new EUR 200 million bond issue, ACR02.
 - Private placements of EUR 51 million were carried out, significantly increasing the company's equity ratio
 - As a result of the Axactor Invest I roll-up, Geveran was obliged to issue an offer for the remaining Axactor shares. The offer was made at NOK 8 per share and the Board recommended shareholders to reject the offer. Geveran received acceptances for 0.23% of the registered share capital before closing the offer

Events after the period

In August, Axactor obtained and published credit ratings from leading credit rating agencies Moody's and S&P. The ratings obtained were B1 and B, respectively. The credit ratings will enable Axactor to access a much wider investor market in potential future bond placements, and is expected to lower the cost of debt over time.

Key Figures Axactor Group

EUR million	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Gross revenue	95.2	70.8	180.1	150.0	325.2
Total income	65.9	28.7	126.9	84.3	201.2
EBITDA	22.2	-30.0	39.9	-15.8	32.0
Cash EBITDA ¹⁾	65.7	44.4	117.8	92.6	209.5
Depreciation and amortization (excl Portfolio Amortization)	-2.3	-2.6	-4.9	-5.2	-10.8
Net financial items	-11.8	-14.4	-28.7	-20.3	-53.4
Tax (expense)	-3.6	2.5	-5.3	0.4	-1.8
Net profit/(loss) after tax	4.4	-44.4	1.0	-40.9	-34.0
Return on Equity, excluding Non-controlling interests, annualized	6.9 %	-36.1 %	3.1 %	-14.9 %	-6.1 %
Return on Equity, including Non-controlling interests, annualized	4.1 %	-46.9 %	0.5 %	-21.8 %	-9.1 %
Growth total income	129.8 %	-60.4 %	50.6 %	-42.3 %	-29.5 %
Cash and Cash Equivalents, end of period ²⁾	44.4	31.4	44.4	31.4	47.8
Gross revenue from NPL Portfolios	69.0	54.5	132.4	108.6	236.5
Gross revenue from REO Portfolios	13.3	6.6	23.3	18.1	40.4
Acquired NPL portfolios during the period	12.3	62.0	28.4	151.8	208.2
Acquired REO portfolios during the period	0.1	0.1	0.1	0.3	0.4
Book value of NPL, end of period	1,104.1	1,107.3	1,104.1	1,107.3	1,124.7
Book value of REO, end of period	55.0	88.6	55.0	88.6	78.8
Estimated Remaining Collection, NPL	2,119.3	2,153.1	2,119.3	2,153.1	2,169.2
Interest bearing debt, end of period	831.4	918.5	831.4	918.5	936.2
Number of Employees (FTEs), end of period	1,062	1,135	1,062	1,135	1,128
Price per share, last day of period	10.35	6.01	10.35	6.01	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 second quarter of 2021 continued the return towards normality, with improving collections and recovery rates, as well as improved cost position within the core business of NPL and 3PC. The total NPL collection performance for the second quarter reached 99% of the active forecast, with improving performances both in Italy and Spain indicating that the pandemic-related struggles are beginning to subside. The 3PC volumes continue to be lower than normal, but new contracts signed in Spain, Italy and Sweden during the second quarter are promising signals for the coming quarters. The REO segment is treated as a run-off scenario, but continues with high sales volumes despite a rapidly declining asset base.

Several of the initiatives under the cost saving program launched in the first quarter of 2021 were finalized during the second quarter. The site-consolidation in Spain was finalized in May, by closing the operational sites in Sevilla, Bilbao and Zaragoza. The home shoring of back office tasks from the Baltics to Finland was finalized in June. In total 51 employees were affected in Spain and 11 employees in Estonia and Latvia combined. The legal entities in the Baltics will be liquidated in the third quarter of 2021.

As part of the updated strategy direction with more focus on Axactor's core competence, the German field-service operation has been outsourced during the second quarter affecting 26 employees. The service offering includes repossession of collateralized cars and will still be offered through Axactor for both existing and new customers.

With the restructuring initiatives, the operational divisions have reduced the total operating staff to 849 FTEs at the end of the second quarter 2021. This represents 80% of all FTEs within the Axactor Group.

Performance by business segment

As inflow of new NPL claims has slowed down over the past months, most of the focus within the NPL segment has been on the back-book portfolios and the debt collection cases segmented as surveillance portfolios. The combination of tax refund months and increased amicable solutions were the main drivers to achieve a gross revenue of EUR 69.0 million within the NPL segment, an increase of 27% compared to the second quarter of 2020 (54.5). The results were achieved with less operational resources and higher efficiency, and is aligned with the Axactor goal of being the industry leader in terms of cost-to-collect.

The 3PC area had total income of EUR 12.9 million in the second quarter of 2021, an increase of 34% from the corresponding quarter last year (9.7). The segment is still experiencing lower volumes from the existing customers than anticipated, but the sales pipeline is currently transforming into signed contracts with start-up dates in the third quarter of 2021. Axactor continues to perform well on

benchmark competitions within the bank and financial sector, with results particularly good on consumer loans and credit card portfolios.

The positive sales momentum continued within the REO segment and 361 assets were sold during the second quarter of 2021. This leaves 2,039 assets in inventory at quarter-end, with the majority being residential and parking space assets.

Ethical debt collection as a part of the organization's DNA

Axactor has always focused on being available for debtors to help in a potentially difficult situation. In the second quarter of 2021, the Group had an average answering rate of 98% of all inbound phone calls addressed to the contact centers. The high focus on telephony service levels, in combination with increased investments in self-service solutions, ensures availability for debtors needing help.

The debtor satisfaction survey launched in all markets is also an important tool to understand how debtors view the assistance they get from Axactor. The results have stabilized during the second quarter at an average score of 4.5 out of maximum 5. The results are highly valued and motivates the operational staff to continue to work hard for both debtors and customers.

There is also a continued focus on being available in the digital space and to offer new and innovative payment methods. A project has been started to include Germany in the Group wide debtor portal initiative, with the aim of launching the inhouse built payment portal, QuickPay!, for Germany in the fourth quarter of 2021. Axactor has also recently signed a contract with Neonomics to offer their open banking solutions for the debtor portal across the Group, making it easier for debtors to conduct payments. This cost-efficient solution will be launched first in the Nordic countries, with Spain, Germany and Italy expected to follow.

Axactor rated as number two globally with low ESG risk

Axactor has had a strong focus on ESG from the inception, with emphasis on responsible operations to enable long-term value creation in an ethical, sustainable, environmentally and socially responsible manner. The Group continuously strive to become better and to improve the communication around its work. Axactor is pleased to see that external rating agencies are recognizing the effort, with Sustainalytics improving Axactor's rating for the second time this year. Axactor has moved from the "medium risk" category with a score of 24.8 in 2020, to the "low risk" category with a current score of 13.3. This means Axactor is now rated as the second-best company in terms of ESG out of the 151 rated companies within the consumer finance sub-industry. It also places Axactor among the top 5% best performing companies world-wide, regardless of sector.

During second quarter, Axactor has made further improvements within the ESG area through signing the UN Global Compact, implementing a common governance risk and compliance tool to further strengthen the internal control and risk management across the group, providing whistle blowing e-learning training to all employees and preparing for environmental certifications in all countries, and more.

Moreover, all HR processes have been reviewed and improvements to be implemented during the second half of 2021 identified. Career pages have been developed for all countries to strengthen the recruitment processes, and leadership development programs have been initiated cross the group.

Multiple digital nano learning trainings have been provided to all employees covering security and GDPR related topics, such as mobile phone security, usage of home office network, verification of links in e-mail, privacy risks, confidentiality, data minimization, privacy across devices and digital security in general. The encryption procedure has also been updated, and training has been provided to operational staff.

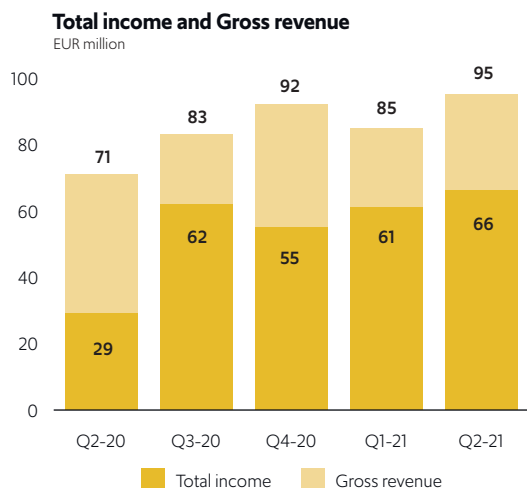
The business continuity plan (BCP) has been reviewed in all countries and different scenario trainings conducted in Norway, Spain and Italy. The remaining countries and group will conduct the training in August.

The European Banking Authority (EBA) has approved and suggested several changes to its guidelines, and Axactor have evaluated the consequences for the Group. On 4 May 2021, the EBA published a discussion paper to facilitate the review of the standardized NPL data templates providing common data sets for the screening, financial due diligence and valuation during NPL transactions in the EU of which Axactor has prepared a reply. Axactor has also reviewed the proposal for a Directive on credit servicers and credit purchasers after the political agreement between the European Parliament and the Council. Axactor already operate in line with the key objectives of the directive besides in Spain where debt collection legislation and license requirements are expected. As Axactor already operate in line with the expectations and are strongly involved in the local branch association ANGECCO, the consequences of the directive are not conceived as high risk.

The internal audit has continued focus on identifying risks for fraud and corruption, and have among others reviewed the payment process in Italy during the second quarter. The NPL post-sale process in Norway and the physical security in Sweden have also been tested. The audits identified only limited risks, and no breaches.

Financials

Income



Total income ended at EUR 65.9 million for the second quarter 2021, up from EUR 28.7 million in the corresponding quarter last year. The 130% growth is primarily explained by the impacts of the Covid-19 pandemic on the second quarter results last year. Activity levels were below normal in the second quarter 2020 and gross revenue thus increased 34% to EUR 95.2 million for the second quarter 2021 (70.8). In addition, Axactor booked a net revaluation of NPL portfolios during the second quarter 2020 of EUR -27.0 million. This compares to EUR -1.4 million for the second quarter this year. The impact of less revaluation was partially offset by an 85% increase in NPL amortization.

Comparing to the first quarter of 2021, total income grew by 8%, while gross revenue grew by 12%. The growth was spread across all three business segments.

For the first half of 2021, total income ended at EUR 126.9 million, up from EUR 84.3 million during the first half of 2020. Gross revenue grew

20% to EUR 180.1 million for the first half 2021 (150.0).

The NPL total income grew 221% to EUR 39.7 million from the second quarter last year (12.4), while gross revenue increased by 27% to EUR 69.0 million (54.5). The growth came partially as a result of higher activity levels as societies are reopening, but also as a result of continuous investments in new NPL portfolios over the last twelve months. NPL amortization and revaluation ended at EUR 29.3 million, down from EUR 42.1 million last year. This includes net revaluations of EUR -1.4 million for the second quarter 2021, compared to EUR -27.0 million in the corresponding period last year.

NPL total income grew 1% compared to the first quarter 2021, while NPL gross revenue grew 9%. The difference in growth rates is explained by higher NPL amortization and revaluation.

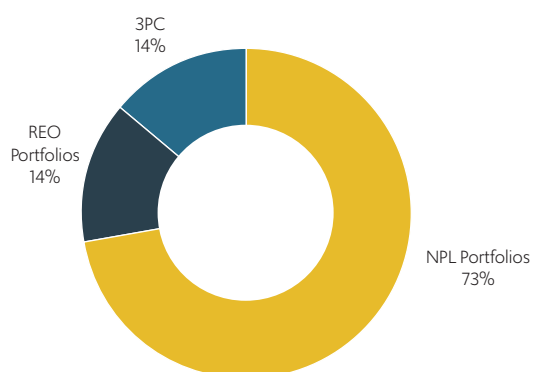
For the first half 2021, NPL total income ended at EUR 79.2 million (42.9), while NPL gross revenue ended at EUR 132.4 million (108.6).

3PC total income grew 34% compared to the second quarter last year, ending at EUR 12.9 million (9.7). The impacts of government-imposed restrictions throughout Europe are still affecting operations, although the impacts are gradually reducing. Several new 3PC deals have been signed during the quarter, including a transformational deal for Axactor Sweden. The deal establishes Axactor as a serious contender in the Swedish 3PC market, a market where Axactor has previously held a very small market share.

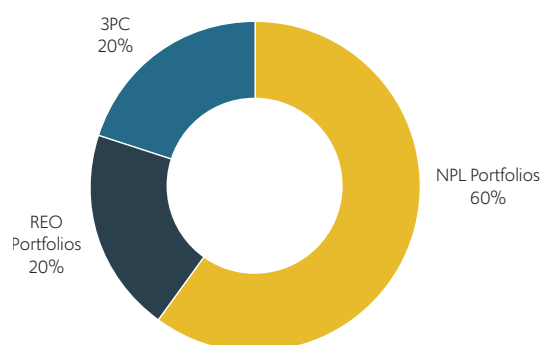
For the first half 2021, total income for the 3PC segment ended at EUR 24.4 million, up from EUR 23.1 million for the first half 2020.

Total income for the REO segment ended at EUR 13.3 million for the quarter (6.6), with 361 assets sold. The inventory of REO assets was 2,039 at the end of the second quarter, down 42% over the last twelve months. The REO segment is treated as a run-off segment, with a remaining book value of EUR 55.0 million (88.6).

Gross revenue mix Q2-21



Total income mix Q2-21



REO total income for the first half 2021 was EUR 23.3 million, up from EUR 18.1 million in the corresponding period last year. The number of assets sold increased from 563 in the first half 2020 to 665 in the first half 2021.

Operating expenses

Total operating expenses before depreciation and amortization amounted to EUR 43.7 million for the second quarter, down from EUR 58.6 million in the second quarter last year. This includes EUR 14.1 million in REO cost of sale, compared to EUR 6.0 million in REO cost of sale and EUR 26.0 million in REO impairments during the second quarter last year.

The operating expenses for the quarter also include EUR 0.9 million in restructuring costs related to a cost saving program initiated earlier in 2021. The restructuring cost is mainly related to outsourcing of the German field-service operation and home shoring of Finnish back-office tasks from the Baltic countries. The second quarter 2020 included restructuring costs as well, totaling at EUR 1.2 million.

The cost saving program is progressing well and estimated annual savings from actions implemented during the first half 2021 is EUR 3.9 million. Expected annual savings when all initiatives are implemented at year-end is EUR 5.2 million.

The operating expenses in percent of gross revenue was 46% in the second quarter 2021, a decline from 83% in the second quarter of 2020 and from 51% in the first quarter 2021.

Total operating expenses before depreciation and amortization for the first half 2021 were EUR 87.0 million, down from EUR 100.1 million in the first half 2020. This includes restructuring costs of EUR 4.0 million for the first half 2021, and EUR 1.2 million for the first half 2020.

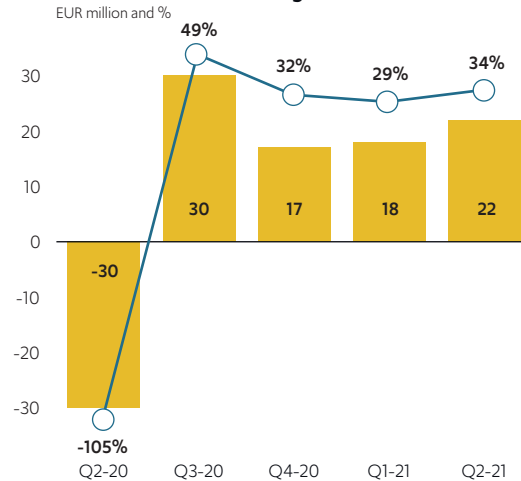
Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.3 million for the second quarter 2021, down from EUR 2.6 million in the second quarter last year. For the first half 2021, depreciation and amortization amounted to EUR 4.9 million (5.2).

Operating results

Total contribution from the business segments came in at EUR 32.8 million for the quarter, compared to EUR -20.9 million in the corresponding quarter last year. All three segments saw significantly improved earnings, with the NPL revaluation and REO impairment last year being the most important explanatory factors. The resulting margin on total income was 50% (-73%).

The NPL segment delivered a contribution margin of EUR 31.4 million in the second quarter 2021, up from EUR 4.0 million for the same quarter last year. The margin on segment income was thus 79% (33%). Comparing towards the previous quarter, the NPL contribution grew 3%, from EUR 30.5 million.

EBITDA and EBITDA-margin



Contribution from 3PC was EUR 3.9 million, including EUR 0.7 million in restructuring cost. This represents an increase of 105% from the same period last year (1.9). The resulting margin on segment income was 30% (20%), and would have been 35% excluding the restructuring cost. Contribution margin grew from EUR 0.7 million in the first quarter, which included EUR 2.8 million of restructuring cost. Contribution from the 3PC segment is expected to continue to increase as the full effect of the ongoing cost savings are realized, and the volumes return towards pre Covid-19 levels.

Contribution from the REO segment was EUR -2.5 million for the second quarter (-27.0). This corresponded to a -19% margin on segment income (-41%). The main reason for the improved margin compared to last year is the impairments booked in the second quarter 2020.

For the first half 2021, total contribution from the business segments came in at EUR 61.9 million (4.5), of which NPL accounted for EUR 61.9 million (25.1), 3PC accounted for EUR 4.6 million (6.7) and REO accounted for EUR -4.6 million (-27.4).

EBITDA for the quarter ended at EUR 22.2 million, up from EUR -30.0 million in the second quarter last year and from EUR 17.7 million in the first quarter 2021. The EBITDA margin was 34%, up from -105% in the same quarter last year, and from 29% in the previous quarter. Excluding restructuring cost, the second quarter EBITDA margin would have been 35%.

EBITDA for the first half 2021 ended at EUR 39.9 million, up from EUR -15.8 million in the first half 2020.

The difference between contribution margin and EBITDA comprises unallocated SG&A and IT costs, which amounted to EUR 10.7 million in the second quarter. This includes restructuring costs of EUR 0.2 million, and compares to EUR 9.0 million for the second quarter 2020 and to EUR 11.3 million for the first quarter 2021. For the first half 2021, unallocated SG&A and IT costs amounted to EUR 22.0 million (20.3).

Cash EBITDA came in at EUR 65.7 million (44.4) for the second quarter 2021. 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.

Cash EBTIDA for the first half 2021 ended at EUR 117.8 million, up from EUR 92.6 million in the first half 2020.

Operating profit (EBIT) was EUR 19.8 million for the second quarter 2021 (-32.6), and EUR 35.0 for the first half 2021 (-21.1).

Net financial items

Total net financial items for the quarter were negative EUR 11.8 million, compared to negative EUR 14.4 million in the second quarter last year and to negative EUR 16.8 million in the first quarter 2021. Net financial items include a EUR 1.5 million net FX gain (0.1), compared to a net FX loss of EUR 3.2 million in the first quarter 2021. The FX gain comes primarily as a result of closing open SEK positions at favorable exchange rates. Interest expense on borrowings for the quarter ended at EUR 13.3 million, 5% lower than last year (13.9).

During the quarter, the REO funding facility from Nomura was paid down in full, which triggered an early write down of EUR 0.6 million of remaining capitalized loan fees.

For the first half 2021, total net financial items ended at EUR 28.7 million (20.3), including interest expenses of EUR 26.8 million (28.3), net FX impacts of EUR -1.7 million (8.9) and other financial items of EUR -0.1 million (-0.9).

Earnings and taxes

Earnings before tax ended at EUR 8.0 million for the second quarter (-46.9), while net profit ended at EUR 4.4 million (-44.4). The effective tax rate was thus 45.2% (5.4%). The high effective tax rate came mainly as a result of losses in the REO companies that are not tax deductible. Excluding the REO companies, the effective tax rate for the quarter would have been a more modest 28%. The tax rate is expected to decline going forward as the legal structure is further simplified and the REO segment is gradually phased out.

The net profit to shareholders ended at EUR 7.2 million for the second quarter 2021 (-26.7), the highest reported profit in Axactor's history. The net profit to non-controlling interests was EUR -2.8 million (-17.7).

The earnings per share was hence EUR 0.024 on a reported basis (-0.144), and EUR 0.023 on a fully diluted basis (-0.144), based on the average number of shares outstanding in each period.

Earnings before tax for the first half 2021 ended at EUR 6.3 million (-41.3), while net profit ended at EUR 1.0 million (-40.9). The net profit was split EUR 5.7 million to shareholders (-21.5) and EUR -4.7 million to non-controlling interests (-19.4). The resulting earnings per share

was thus EUR 0.020 on reported basis (-0.120), and EUR 0.019 on a fully diluted basis (-0.120), based on the average number of shares outstanding in the period.

Cash flow

Net cash flow from operating activities, including NPL and REO investments, amounted to EUR 49.1 million (-20.5) for the second quarter 2021. The improvement compared to last year is mainly related to lower NPL investments and improved cash EBITDA. The amount paid for NPL portfolios fell from EUR 65.1 million in the second quarter 2020 to EUR 13.2 million in the second quarter 2021.

Excluding investments in NPL and REO portfolios, cash flow from operations for the quarter increased to EUR 62.2 million, from EUR 44.6 million in the corresponding period last year. The difference between Cash EBITDA and cash flow from operations excluding investments in NPL and REO portfolios reflects an increase in working capital of EUR 3.3 million (decrease of 0.3) and taxes paid of EUR 0.1 million (0.1).

For the first half 2021, net cash flow including NPL and REO investments amounted to EUR 87.1 million (-53.8). The amount paid for NPL portfolios fell from EUR 148.2 million during the first half 2020 to EUR 35.8 million in the first half 2021. Excluding investments in NPL and REO portfolios, cash flow from operations for the first half 2021 was EUR 122.7 million (94.0).

Total net cash flow from investments, not including investments in NPL and REO portfolios, were EUR -1.5 million for the second quarter (-1.6), and EUR -2.6 million for the first half (-3.5).

Total cash flow from financing activities was EUR -50.3 million (9.7) in the second quarter, with a net repayment of debt of EUR 37.1 million (net drawdown of 27.2). For the first half, total cash flow from financing activities was EUR -88.8 million (15.8).

Total net cash flow was EUR -2.7 million (-12.4) for the quarter and EUR -4.3 million for the first half (-41.5). Total cash and cash equivalents were thus EUR 47.3 million at the end of the second quarter 2021 (34.3), including EUR 2.9 million in restricted cash (2.9).

Equity position and balance sheet considerations

Total equity for the Group was EUR 428.9 million at the end of the first half 2021 (363.1), including non-controlling interests of EUR 12.4 million (73.6). This compares to total equity of EUR 375.7 million at the end of 2020 and EUR 430.1 million at the end of the first quarter 2021. The main reason for the increased equity compared to last year is the share issue performed during the first quarter of 2021.

The equity ratio at the end of the first half 2021 was thus 33%, up from 27% at the end of the first half 2020 and up from 28% at the end of 2020.

Improved Return on Equity

Axactor targets improved return on equity over time, based on increasing economies of scale, changes in the business mix, reduced funding cost and the gradual blending in of lower NPL Portfolio prices. The company sees growth opportunities in the capital light 3PC segment and increasing 3PC and NPL synergies, whereas the non-core REO business will be phased-out over time. The company also expects a gradual lowering of the effective tax rate towards 25% to support the return on equity.

The annualized return on equity excluding non-controlling interests for the second quarter 2021 was 6.9% (-36.1%), while return on equity including non-controlling interests ended at 4.1% (-46.9%). Correspondingly, the annualized first half 2021 return on equity ended at 3.1% excluding non-controlling interests (-14.9%) and at 0.5% on a reported basis (-21.8%).

Capital expenditure and Funding

Axactor invested EUR 12.3 million (62.0) in NPL portfolios during the second quarter of 2021, down from EUR 16.1 million in the previous quarter. NPL portfolio investments for the first half amounted to EUR 28.4 million (151.8), all of which were invested under forward flow contracts.

After a period of reducing forward flow commitments due to the Covid-19 induced volatility, Axactor has during the past two quarters secured additional volumes for the coming months. Total estimated forward flow commitments for the remainder of 2021 stands at EUR 55-60 million.

During the first quarter 2021, a large balance sheet restructuring involving several separate transactions was conducted. The main elements were share issues of EUR 51 million, buying Geveran's share of Axactor Invest I, merging the two credit lines from DNB and Nordea, as well as refinancing of the outstanding bond loan.

The revolving credit facility from DNB and Nordea has a total size of EUR 620 million after the transaction, whereof EUR 75 million are in the form of an accordion option. The maturity of the revolving credit facility is at the end of 2023. At the end of the first half 2021, the drawn amount on the revolving credit facility was EUR 464.1 million.

There are two outstanding bond loans at the end of the first half 2021. The publicly listed ACR02 has a nominal value of EUR 200.0 million. The other outstanding bond is held in full by Geveran, and has a nominal value of EUR 140.0 million.

Axactor's Italian entity is locally funded through different facilities with a number of Italian banks. The total outstanding amount at the end of the first half was EUR 39.5 million.

The previous REO financing arrangement with Nomura was paid down in full during the second quarter 2021.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 831.4 million (918.5).

Axactor are in compliance with all loan covenant as per the end of the first half of 2021.

Outlook

The cost savings program initiated in the first quarter 2021 is progressing well, and will lower operating expenses going forward. There are still some initiatives under implementation, and there will be additional restructuring costs estimated to EUR 0.4 million for the third quarter of the year. When all initiatives are fully implemented at year-end, total expected annual savings is estimated to EUR 5.2 million.

3PC sales are in a good trend with several attractive contracts signed over the first half of 2021. New and softer moratorium rules are applicable in Italy from July 1, and Axactor expects the volume to gradually return to a more normalized level for all geographies as societies continue the reopening.

Although the volume of NPL portfolios for sale has increased during the first half of 2021, the activity level is still below pre-pandemic levels. There is fierce competition in certain markets, as several players have increased their investment capacity and are competing for a limited number of one-off transactions. The market activity is expected to pick up further in the second half of the year, with gross IRRs stabilizing at 18%-22%. Axactor will continue to show investment discipline and strictly prioritize deals with high expected return and that fits Axactor's niche strategy: fresh unsecured debt originated from banks or financial institutions. The expected investment level for 2021 is approximately EUR 200 million, but Axactor will prioritize deleveraging over investments if market prices are perceived as unfavorable.

In August, Axactor obtained credit ratings from leading credit rating agencies S&P and Moody's. The ratings will allow Axactor access to a larger bond investor market than previously, which in turn should reduce the interest cost on potential future bond loans.

Through continued focus on cost efficiency, improving tax rates and lower funding cost, Axactor expects return on equity to increase further over time. Favorable changes to the business mix is also expected to have a positive impact, through growth in the capital light 3PC segment and a decreasing REO portfolio.

Responsibility Statement

We confirm that, to the best of our knowledge, the unaudited Financial Statements for the first half of 2021 have been prepared in accordance with IFRS as adopted by EU, with such additional information as required by the Norwegian Accounting Act, and give a true and fair view of the Group's consolidated assets, liabilities, financial position and results of operations.

We confirm that, to the best of our knowledge, the report provides a true and fair view of the development and performance of the business and the position of the Group, together with a description of the key risks and uncertainty factors that the Group is facing.

Oslo, 16 August 2021
The Board of Directors of Axactor SE

Merete Haugli
Chair of the Board

Brita Eilertsen
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup Fredriksen
Board member

Terje Mjøs
Board member

Hans Harén
Board Member

Johnny Tsois
Chief Executive Officer

Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end		Year to date		Full year 2020
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Interest income from purchased loan portfolios	6	41,779	40,511	83,677	79,838	163,093
Net gain/(loss) purchased loan portfolios	6	-2,084	-28,147	-4,120	-36,906	-49,813
Other operating revenue		26,161	16,219	47,331	41,222	87,871
Other income		3	71	2	99	24
Total income	3,5	65,859	28,654	126,891	84,253	201,175
Cost of REO's sold, incl impairment	7	-14,144	-32,033	-24,530	-42,207	-52,932
Personnel expenses		-14,252	-12,923	-33,120	-27,824	-54,872
Operating expenses		-15,313	-13,663	-29,348	-30,058	-61,372
Total operating expenses		-43,709	-58,619	-86,997	-100,089	-169,176
EBITDA		22,150	-29,965	39,893	-15,836	31,999
Amortization and depreciation		-2,325	-2,612	-4,919	-5,224	-10,838
EBIT		19,826	-32,577	34,975	-21,060	21,161
Financial revenue	4	1,565	201	1,010	9,934	12,650
Financial expenses	4	-13,391	-14,558	-29,669	-30,213	-66,039
Net financial items		-11,826	-14,357	-28,659	-20,279	-53,390
Profit/(loss) before tax		8,000	-46,934	6,316	-41,339	-32,228
Tax (expense)		-3,619	2,538	-5,329	393	-1,774
Net profit/(loss) after tax		4,380	-44,396	987	-40,946	-34,002
Attributable to:						
Non-controlling interests		-2,771	-17,722	-4,730	-19,438	-15,871
Equity holders of the parent company		7,152	-26,674	5,717	-21,508	-18,131
Earnings per share: basic		0.024	-0.144	0.020	-0.120	-0.099
Earnings per share: diluted		0.023	-0.144	0.019	-0.120	-0.099

Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Net profit/(loss) after tax	4,380	-44,396	987	-40,946	-34,002
<i>Items that will not be classified subsequently to profit and loss</i>					
Remeasurement of pension plans	0	0	0	0	-58
<i>Items that may be classified subsequently to profit and loss</i>					
Foreign currency translation differences - foreign operations	-3,433	12,006	6,429	-19,963	-11,278
Other comprehensive income/(loss) after tax	-3,433	12,006	6,429	-19,963	-11,336
Total comprehensive income for the period	948	-32,390	7,416	-60,908	-45,338
Attributable to:					
Non-controlling interests	-2,771	-17,722	-4,730	-19,438	-15,871
Equity holders of the parent company	3,719	-14,667	12,146	-41,470	-29,467

Interim Consolidated Statement of Financial Position

EUR thousand	Note	30 Jun 2021	30 Jun 2020	Full year 2020
ASSETS				
<i>Intangible non-current assets</i>				
Intangible Assets		19,064	21,184	19,989
Goodwill		55,527	54,087	54,879
Deferred tax assets		7,766	11,776	7,769
<i>Tangible non-current assets</i>				
Property, plant and equipment		2,509	2,787	2,530
Right-of-use assets	9	3,704	5,765	4,826
<i>Financial non-current assets</i>				
Purchased debt portfolios	6	1,104,079	1,107,257	1,124,699
Other non-current receivables		416	530	458
Other non-current investments		196	193	196
Total non-current assets		1,193,260	1,203,579	1,215,346
<i>Current assets</i>				
Stock of Secured Assets	7	55,012	88,625	78,786
Accounts Receivable		5,975	6,468	7,124
Other current assets	10	12,832	11,797	11,645
Restricted cash		2,909	2,891	2,946
Cash and Cash Equivalents		44,429	31,398	47,779
Total current assets		121,157	141,179	148,281
TOTAL ASSETS		1,314,417	1,344,758	1,363,627

Interim Consolidated Statement of Financial Position

EUR thousand	Note	30 Jun 2021	30 Jun 2020	Full year 2020
EQUITY AND LIABILITIES				
Share Capital		158,150	97,040	97,040
Other paid-in equity		269,907	236,454	236,562
Retained Earnings		-1,956	-19,354	-16,036
Reserves		-9,570	-24,684	-15,999
Non-controlling interests		12,365	73,595	74,113
Total Equity		428,895	363,052	375,680
<i>Non-current Liabilities</i>				
Interest bearing debt	8	695,658	802,240	579,282
Deferred tax liabilities		6,395	15,409	6,436
Lease liabilities	9	2,078	3,395	2,804
Other non-current liabilities		1,567	1,334	1,433
Total non-current liabilities		705,698	822,378	589,955
<i>Current Liabilities</i>				
Accounts Payable		6,145	3,584	6,147
Current portion of interest bearing debt	8	135,737	116,225	356,903
Taxes Payable		16,944	9,535	12,002
Lease liabilities	9	1,866	2,613	2,282
Other current liabilities	10	19,132	27,371	20,657
Total current liabilities		179,824	159,328	397,992
Total Liabilities		885,522	981,706	987,947
TOTAL EQUITY AND LIABILITIES		1,314,417	1,344,758	1,363,627

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end		Year to date		Full year 2020
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Operating activities						
Profit/(loss) before tax		8,000	-46,934	6,316	-41,339	-32,228
Taxes paid		-127	-77	-424	-858	-5,515
Adjustments for:						
- Finance income and expenses		11,826	14,357	28,659	20,279	53,390
- Portfolio amortization and revaluation		29,330	42,127	52,802	65,713	123,179
- Cost of secured assets sold, incl. Impairment		14,144	32,033	24,530	42,207	52,932
- Depreciation and amortization		2,325	2,612	4,919	5,224	10,838
- Calculated cost of employee share options		68	164	168	471	578
Change in Working capital		-3,328	276	5,754	2,261	3,309
<i>Cash flow from operating activities before NPL and REO investments</i>		62,236	44,557	122,723	93,958	206,483
Purchase of debt portfolios	6	-13,218	-65,074	-35,841	-148,171	-213,032
Sale of debt portfolio	6	150	150	300	750	2,050
Purchase of REO's	7	-69	-134	-113	-292	-399
Net cash flow from operating activities		49,099	-20,501	87,069	-53,755	-4,898
Investing activities						
Purchase of intangible and tangible assets		-1,453	-1,633	-2,567	-3,561	-6,114
Interest received		0	1	0	22	25
Net cash flow from investing activities		-1,453	-1,632	-2,567	-3,539	-6,089
Financing activities						
Proceeds from borrowings	8	128,440	32,526	154,490	68,222	81,631
Repayment of debt	8	-165,561	-5,318	-250,460	-69,752	-84,395
Interest paid		-10,783	-11,989	-18,512	-24,060	-48,058
Loan fees paid	8	-215	-4,348	-19,973	-4,479	-4,503
New Share issues		0	0	50,792	50,767	50,767
Proceeds (repayments) from (to) Non-controlling interests		-2,225	-1,132	-3,700	-3,944	-6,994
Cost related to share issues		0	0	-1,460	-959	-959
Net cash flow from financing activities		-50,343	9,739	-88,823	15,795	-12,512
Net change in cash and cash equivalents		-2,697	-12,394	-4,321	-41,499	-23,499
Cash and cash equivalents at the beginning of period		50,052	48,808	50,725	75,395	75,396
Currency translation		-17	-2,125	934	393	-1,172
Cash and cash equivalents at end of period, incl. restricted funds		47,338	34,289	47,338	34,289	50,725

Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company					Total	Non-controlling interest	Total Equity
	Restricted	Non-restricted						
	Share Capital	Other paid in equity	Reserves	Retained earnings and profit for the year				
Closing balance on 31 Dec 2019	81,338	201,879	-4,721	2,153	280,648	96,977	377,626	
Result of the period				-18,131	-18,131	-15,871	-34,002	
Remeasurement of pension plans				-58	-58		-58	
Foreign currency translation differences - foreign operations			-11,278		-11,278		-11,278	
Total comprehensive income for the period	0	0	-11,278	-18,190	-29,467	-15,871	-45,338	
Proceeds from Non-controlling interests					0	-6,994	-6,994	
New Share issues	15,703	35,064			50,767		50,767	
Cost related to share issues		-959			-959		-959	
Share based payment		578			578		578	
Closing balance on 31 Dec 2020	97,040	236,562	-15,999	-16,036	301,566	74,113	375,680	
Result of the period				5,717	5,717	-4,730	987	
Foreign currency translation differences - foreign operations			6,429		6,429		6,429	
Total comprehensive income for the period	0	0	6,429	5,717	12,146	-4,730	7,416	
Proceeds from Non-controlling interests					0	-3,701	-3,701	
Acquisition of remaining 50% of Axactor Invest 1		7,319		8,363	15,682	-53,317	-37,635	
New Share issues	61,110	27,318			88,427		88,427	
Cost related to share issues		-1,460			-1,460		-1,460	
Share based payment		168			168		168	
Closing balance on 30 Jun 2021	158,150	269,907	-9,570	-1,956	416,530	12,364	428,895	

Notes to the Financial Report

Note 1 Reporting Entity and Accounting Principles

The Parent Company Axactor SE (Company) is a company domiciled in Norway. These condensed consolidated interim statements ("interim financial statements") comprise the Company and its subsidiaries (together referred to as "the Group"). The Group is primarily involved in debt management, specializing on both purchasing and collection on own portfolios and providing collection services for third party owned portfolio.

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 effects the application and 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 comprehensive discussed in the Group Annual report for the Financial Year 2020, which is available on Axactor's website: www.axactor.com.

The significant judgements made by managements applying the Group's accounting policies and the key resources of estimation uncertainty were the same as those described in the last annual financial statements. Also, the effect of Covid-19 on expectations of future events that are believed to be reasonable under the circumstances, has been described in Annual report. Management continues to assess the data and information available at the reporting data.

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 risks. 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 ongoing Covid-19 pandemic. Risks associated with changes in economic conditions are monitored through on-going dialogue with each country management team and through regular follow up on macro-economic development in each country. Nevertheless, the long-term effects remain uncertain. For a more elaborate discussion on the aforementioned risks one is referred to the Group's Annual Report for the Financial Year 2020, which is available on Axactor's website: www.axactor.com (Note 3 of the Group financial statement).

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. The driver of negative cash flow from operating activities is investments in NPL portfolios. The Group had cash and cash equivalent of EUR 473 million at 30 June 2021 (EUR 34.3 million). The following tables detail the Group's remaining contractual quarterly maturity for its liabilities based on the most likely date on which cash flows can be required to pay.

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

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

EUR thousand	Q3-21	Q4-21	Q1-22	Q2-22	1-2 years	2-4 years	4+ years	Total
Forward flow NPL agreements, non-cancellable ¹⁾²⁾	27,871	20,146	19,118	17,288	52,538	0	0	136,961
Forward flow NPL agreements, cancellable ¹⁾²⁾³⁾	0	8,201	7,367	5,300	3,000	0	0	23,868
Interest bearing loans DNB/Nordea	4,061	4,061	4,284	4,284	55,248	442,395	0	514,333
Interest bearing loans Italy	2,522	2,170	1,980	2,105	480	200	32,024	41,481
Bond loan	3,539	3,578	3,578	3,500	14,194	210,694	0	239,083
Bond loan / Obligation	2,301	2,326	2,326	2,250	9,226	149,316	0	167,744
Other non-current liabilities	0	0	0	0	0	0	1,567	1,567
Accounts payable	6,145	0	0	0	0	0	0	6,145
Other current liabilities	15,632	883	2,618	0	0	0	0	19,132
Total	62,071	41,364	41,270	34,727	134,687	802,605	33,591	1,150,315

1) Forward flow NPL agreements split by country:

Germany 57 %
Norway 40 %
Finland 3 %

2) Expected cash flows. Cash flows are limited to EUR 240.4 million by contracted capex limits. There is one minor contracts without contracted limits

3) Cancellable with three months notice

The table above shows an estimated calculation of repayment on interest bearing loans of EUR 171.3 million for the next 12 months. The calculation is made under the assumption that no new portfolios are acquired and that Axactor therefore partly need to repay the facility to stay below the LTV covenant (Loan to Value) in order to match portfolio amortization and decrease in portfolio value. The same mechanism as for amortization applies for any impairment situation. The table above does not reflect any repayments based on impairment.

The ERC represent 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	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Year 1
ERC	71,738	80,153	67,617	67,742	287,250
Amortization	31,083	40,823	29,885	31,162	132,953
Yield	40,655	39,330	37,732	36,580	154,297

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	287,250	247,905	218,625	193,670	173,112	155,096	139,417	125,768	113,669	102,770	92,692	84,251	75,590	59,033	50,433	2,119,282
Amortization	132,953	112,478	99,247	88,138	79,991	73,301	67,995	64,019	61,054	58,906	57,282	57,165	56,812	48,101	46,637	1,104,079
Yield	154,297	135,427	119,378	105,532	93,121	81,795	71,422	61,749	52,615	43,864	35,410	27,086	18,778	10,932	3,796	1,015,203

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

Note 3 Segment note

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) and 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. They apply both amicable and legal proceedings in order to collect the Non-performing loans, and typically receive a commission for these services. They also help creditors to prepare documentation for future legal proceedings against debtors, and for this they typically receive a fixed fee.

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

Axactor reports its business through reporting segment which corresponds to the operating segments. Segment profitability and country profitability are the two most important dimensions when making strategic priorities and deciding where to allocate the Group's resources.

Segment total income reported represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment contribution margin represents contribution margin earned by each segment without allocation of management fee, central administration costs, other gains, and losses as well as finance costs. The measurement basis of the performance of the segment is the segment's contribution margin.

For the quarter end 30 Jun 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	69,025	0	13,260	0	82,286
Portfolio amortization and revaluation	-29,330	0	0	0	-29,330
<i>Other operating income:</i>					
-Change in forward flow derivatives	1	0	0	0	1
-Other operating revenue and other income	0	12,899	0	3	12,902
Total income	39,697	12,899	13,260	3	65,859
REO cost of sales	0	0	-14,144	0	-14,144
Impairment REOs	0	0	0	0	0
Direct operating expenses	-8,284	-8,990	-1,599	0	-18,874
Contribution margin	31,413	3,909	-2,483	3	32,842
SG&A, IT and corporate cost				-10,692	-10,692
EBITDA					22,150
Amortization and depreciation				-2,325	-2,325
EBIT					19,826
Total operating expenses	-8,284	-8,990	-15,743	-10,692	-43,709
CMI Margin	79.1 %	30.3 %	-18.7 %	na	49.9 %
EBITDA Margin					33.6 %
Opex ex SG&A, IT and corp.cost / Gross revenue	12.0 %	69.7 %	118.7 %	na	34.7 %
SG&A, IT and corporate cost / Gross revenue					11.2 %

For the quarter end 30 Jun 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	54,491	0	6,564	0	61,054
Portfolio amortization and revaluation	-42,127	0	0	0	-42,127
<i>Other operating income:</i>					
-Change in forward flow derivatives	0	0	0	0	0
-Other operating revenue and other income	0	9,655	0	71	9,726
Total income	12,364	9,655	6,564	71	28,654
REO cost of sales	0	0	-6,028	0	-6,028
Impairment REOs	0	0	-26,005	0	-26,005
Direct operating expenses	-8,320	-7,746	-1,490	0	-17,556
Contribution margin	4,044	1,909	-26,958	71	-20,934
SG&A, IT and corporate cost				-9,031	-9,031
EBITDA					-29,965
Amortization and depreciation				-2,612	-2,612
EBIT					-32,577
Total operating expenses	-8,320	-7,746	-33,522	-9,031	-58,619
CMI Margin	32.7 %	19.8 %	-410.7 %	na	-73.1 %
EBITDA Margin					-104.6 %
Opex ex SG&A, IT and corp.cost / Gross revenue	15.3 %	80.2 %	510.7 %	na	70.1 %
SG&A, IT and corporate cost / Gross revenue					12.8 %

Year to date 30 Jun 2021

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	132,360	0	23,256	0	155,616
Portfolio amortization and revaluation	-52,802	0	0	0	-52,802
<i>Other operating income:</i>					
-Change in forward flow derivatives	-374	0	0	0	-374
-Other operating revenue and other income	0	24,448	0	2	24,451
Total income	79,184	24,448	23,256	2	126,891
REO cost of sales	0	0	-24,487	0	-24,487
Impairment REOs	0	0	-42	0	-42
Direct operating expenses	-17,310	-19,863	-3,291	0	-40,464
Contribution margin	61,874	4,585	-4,564	2	61,897
SG&A, IT and corporate cost				-22,004	-22,004
EBITDA					39,893
Amortization and depreciation				-4,919	-4,919
EBIT					34,975
Total operating expenses	-17,310	-19,863	-27,821	-22,004	-86,997
CM1 Margin	78.1 %	18.8 %	-19.6 %	na	48.8 %
EBITDA Margin					31.4 %
Opex ex SG&A, IT and corp.cost / Gross revenue	13.1 %	81.2 %	119.6 %	na	36.1 %
SG&A, IT and corporate cost / Gross revenue					12.2 %

Year to date 30 Jun 2020

EUR thousand	NPL	3PC	REO	Eliminations/ Not allocated	Total
Collection on own portfolios	108,645	0	18,087	0	126,732
Portfolio amortization and revaluation	-65,713	0	0	0	-65,713
<i>Other operating income:</i>					
-Change in forward flow derivatives	0	0	0	0	0
-Other operating revenue and other income	0	23,135	0	99	23,234
Total income	42,932	23,135	18,087	99	84,253
REO cost of sales	0	0	-15,100	0	-15,100
Impairment REOs	0	0	-27,107	0	-27,107
Direct operating expenses	-17,791	-16,435	-3,313	0	-37,539
Contribution margin	25,141	6,700	-27,434	99	4,506
SG&A, IT and corporate cost				-20,342	-20,342
EBITDA					-15,836
Amortization and depreciation				-5,224	-5,224
EBIT					-21,060
Total operating expenses	-17,791	-16,435	-45,521	-20,342	-100,089
CM1 Margin	58.6 %	29.0 %	-151.7 %	na	5.3 %
EBITDA Margin					-18.8 %
Opex ex SG&A, IT and corp.cost / Gross revenue	16.4 %	71.0 %	251.7 %	na	53.2 %
SG&A, IT and corporate cost / Gross revenue					13.6 %

Full year 2020

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

Note 4 Financial items

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Financial revenue					
Interest on bank deposits	0	1	0	22	25
Exchange gains realized	103	150	985	247	705
Net unrealized exchange gain	1,459	47	0	9,655	11,901
Other financial income	3	4	24	10	20
Total financial revenue	1,565	201	1,010	9,934	12,650
Financial expenses					
Interest expense on borrowings ¹⁾	-13,253	-13,947	-26,783	-28,265	-63,554
Exchange losses realized	-66	-131	-203	-977	-1,153
Net unrealized exchange loss ²⁾	0	0	-2,526	0	0
Other financial expenses ³⁾	-72	-480	-156	-970	-1,332
Total financial expenses	-13,391	-14,558	-29,669	-30,213	-66,039
Net financial items	-11,826	-14,357	-28,659	-20,279	-53,390

1) Full year 2020 includes expensed capitalized loan fees of EUR 71 million related to the refinancing. See Note 8 'Borrowings and other interest-bearing debt' for more information

2) Relates to unrealised exchange loss on intercompany loans

3) Includes interest from negative bank accounts in group multicurrency cash pool

Note 5 Total income

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

Total income EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Finland	3,722	2,942	7,656	6,349	10,710
Germany	8,068	7,084	16,629	15,465	31,964
Italy	4,589	1,283	9,428	4,642	14,424
Norway	10,832	6,373	20,566	16,356	37,949
Spain	28,940	10,562	54,310	36,483	87,962
Sweden	9,709	410	18,301	4,958	18,165
Total	65,859	28,654	126,891	84,253	201,175

The result from the fair value calculation of the derivative (forward flow agreements) appears in the line "other income" in the Profit and loss" statement. The fair value adjustment of both realized and unrealized derivatives are EUR 1 during the period.

Interest income from purchased loan portfolios & net gain/(loss) purchased loan portfolios are represented by Yield, and the accumulative of CU1, CU2 and CU2 tail.

Portfolio revenue

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	For the quarter end 30 Jun 2021
Finland	3,750	-139	-79	0	3,531
Germany	5,139	43	0	111	5,293
Italy	4,079	-67	15	31	4,058
Norway	9,240	-657	-80	411	8,914
Spain	10,993	-133	-2,638	279	8,501
Sweden	8,578	280	-60	600	9,398
Total	41,779	-674	-2,841	1,432	39,695

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	For the quarter end 30 Jun 2020
Finland	3,663	-1,002	-95	0	2,566
Germany	5,898	-1,034	-196	152	4,820
Italy	4,310	-356	-3,328	73	699
Norway	7,190	931	-4,325	456	4,252
Spain	11,980	1,015	-13,540	243	-303
Sweden	7,470	-660	-7,021	541	330
Total	40,511	-1,107	-28,506	1,465	12,364

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	Year to date 30 Jun 2021
Finland	7,497	-304	16	0	7,209
Germany	10,444	450	0	225	11,119
Italy	8,240	52	27	61	8,380
Norway	18,028	-2,224	377	816	16,997
Spain	22,252	-727	-4,048	565	18,042
Sweden	17,216	-446	-171	1,211	17,810
Total	83,677	-3,200	-3,799	2,879	79,557

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	Year to date 30 Jun 2020
Finland	7,248	-1,577	-95	0	5,577
Germany	11,677	-1,377	-50	304	10,554
Italy	8,510	-1,946	-3,335	148	3,377
Norway	13,854	1,164	-4,284	923	11,657
Spain	24,511	-2,382	-15,683	493	6,940
Sweden	14,038	-3,241	-7,028	1,058	4,827
Total	79,838	-9,358	-30,474	2,926	42,932

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

1) The effective interest rate on portfolios

2) Catch up 1. Over- or underperformance compared to collection forecast

3) Catch up 2. Revaluations and net present value of changes in forecast

4) Catch up 2 tail. The net present value effect of rolling 180 months forecast, except for Finland who is limited to 180 months from legal date

Note 6 Non-performing loans

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Balance at start of period	1,123,596	1,064,618	1,124,699	1,041,919	1,041,919
Acquisitions during the period ²⁾	12,317	62,014	28,438	151,751	208,250
Collection	-69,025	-54,491	-132,360	-108,645	-236,459
Yield - Interest income from purchased loan portfolios	41,779	40,511	83,677	79,838	163,093
Net gain/(loss) purchased loan portfolios ¹⁾	-2,084	-28,147	-4,120	-36,906	-49,813
Repossession of secured NPL to REO	-623	-177	-642	-1,500	-2,279
Deliveries on forward flow contracts	-976	0	-976	0	0
Disposals ¹⁾	0	0	0	-384	-403
Translation difference	-904	22,929	5,362	-18,817	392
Balance at end of period	1,104,079	1,107,257	1,104,079	1,107,257	1,124,699
Payments during the period for investments in purchased debt amounted to EUR	13,218	65,074	35,841	148,171	213,032
Deferred payment	-901	-3,060	2,883	13,866	5,504
1) Gain on disposals is netted in P&L as 'Net gain/(loss) purchased loan portfolios'					
2) Reconciliation of credit impaired acquisitions during the year;					
Nominal value acquired portfolios	22,668	103,944	51,946	295,595	424,062
Expected credit losses at acquisition	-10,351	-41,930	-23,508	-143,844	-215,812
Credit impaired acquisitions during the period	12,317	62,014	28,438	151,751	208,250

For an elaborate description of Axactor's accounting principles for Purchased Debt, see Note 2, and 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, consists 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 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.

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 the 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 bulk of the non-performing loans are unsecured. Only an immaterial part of the loans, approximately 2% of the loans, are secured by a property object.

Factors affecting the estimation of future cash flow

Market	Book value	Market specific	All markets
Finland	117,950	<ul style="list-style-type: none"> • Level of settlements vs payment agreements • Efficient legal system • Interest charges • High recovery rate • Interest level • House pricing 	<ul style="list-style-type: none"> • Documentation of claims • Operational efficiency • Economic growth • Unemployment rate • Debtor contact information
Norway	245,267		
Sweden	260,822		
Germany	118,515		
Italy	118,247	<ul style="list-style-type: none"> • Discounts • Economic growth • Tracing activity • Legal activities costly and time consuming 	
Spain	243,278		
Total	1,104,079		

For additional information, see Note 2.13.1 in the Group's Annual Report for the Financial Year 2020.

Axactor has incorporated into the ERC the effect of the economic factors and conditions that is expected to influence collections going forward, based on the continued Covid-19 crisis and its development. An analysis of the effects of historical crisis like the financial crisis in 2008 and the experience on collections of the Covid-19 over the last year has formed the basis for the current ERC. The ERC table is included in note 2.

Note 7 Stock of secured assets - REO

EUR thousand	For the quarter end		Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	
Acquisition cost at 1 Jan	68,463	120,346	78,786	129,040	129,040
Acquisitions during the year ¹⁾	69	134	113	292	399
Repossession of secured NPL	623	177	642	1,500	2,279
Cost of sold secured assets	-14,144	-6,028	-24,487	-15,100	-36,818
Total acquisition cost	55,012	114,630	55,054	115,732	94,901
Impairment	0	-26,005	-42	-27,107	-16,114
Balance at end of period	55,012	88,625	55,012	88,625	78,786
Number of assets			2,039	3,489	2,694

1) Capex 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 to IAS 2 Inventories, valued at the lower of cost price and net realizable value.

Axactor SE has provided an interest-bearing loan to Reolux Holding Sarl with an outstanding balance of EUR 44.7 million at the end of Q2 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 Borrowings and other interest-bearing debt

EUR thousand	Currency	Facility limit	Nominal value	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility								
ISIN NO 0010914666	EUR		200,000	-5,855	3,033	197,179	3m EURIBOR+700pbs	12.01.2024
Total Bond loan						197,179		
Revolving credit facility DNB/Nordea	EUR	620,000	203,289	-11,036	1	192,254	EURIBOR+ margin	22.12.2023
(multiple currency facility)	NOK		38,224			38,224	NIBOR+ margin	22.12.2023
	SEK		222,596			222,596	STIBOR+ margin	22.12.2023
Total Credit facilities						453,074		
Geveran / ISIN NO 0010924715	EUR	na	140,000	0	1,328	141,328	6.500 %	13.07.2024
Italian banks	EUR	na	39,519	0	296	39,814	EURIBOR+ margin	2021-2026
Total Other borrowings						181,142		
Total Borrowings at end of period						831,395		
whereof:								
Non-current borrowings						695,658		
Current borrowings						135,737		
of which in currency:								
NOK						38,224		
SEK						222,596		
EUR						570,575		

EUR thousand	Bond loan	Credit facilities	Other borrowings	Total Borrowings
Balance at 1 Jan	200,283	530,278	205,625	936,186
Proceeds from loans and borrowings	11,050	143,440	0	154,490
Repayment of loans and borrowings	-11,050	-212,473	-26,937	-250,460
Loan fees	-6,888	-13,087	2	-19,973
Total changes in financial cash flow	-6,888	-82,120	-26,935	-115,943
Change in accrued interest	2,722	-81	1,288	3,930
Amortization capitalized loan fees	1,062	2,139	1,165	4,365
Currency translation differences	0	2,857	0	2,857
Total Borrowings at end of period	197,179	453,073	181,144	831,395

Maturity

EUR thousand	Currency	Carrying amount	Total future cashflow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years
ISIN NO 0010914666	EUR	197,179	203,033	3,033	0	0	200,000
Total Bond loan		197,179	203,033	3,033	0	0	200,000
Revolving credit facility DNB/Nordea (multiple currency facility)	EUR/NOK/SEK	453,074	464,109	67,799	57,347	102,873	236,091
Total Credit facilities		453,074	464,109	67,799	57,347	102,873	236,091
Geveran / ISIN NO 0010924715	EUR	141,328	141,328	1,328	0	0	140,000
Italian banks	EUR	39,814	39,814	6,202	6,479	9,140	17,993
Total Other borrowings		181,142	181,142	7,530	6,479	9,140	157,993
Total Borrowings at end of period		831,395	848,285	78,362	63,826	112,013	594,084

The maturity calculation is made under the assumption that no new portfolios are acquired and that Axactor therefore partly need to repay the facility to stay below the LTV covenant (Loan to Value) in order to match portfolio amortization and decrease in portfolio value. The same mechanism as for amortization applies for any impairment situation. The table above does not reflect any repayments based on impairment.

Bond loan

During the fourth quarter 2020, a refinancing of the AXA01 bond loan was announced. A new bond, AXACTOR02 (ISIN NO 0010914666), was fully subscribed in December 2020 with the majority of AXA01 holders agreeing to roll the debt into the new bond. AXACTOR02 is placed on similar terms as AXA01, at 7.00% interest, the same covenant structure, and a maturity date in January 2024.

The AXA01 bonds that were not rolled into AXACTOR02 was liquidated during the first quarter 2021.

The bonds are listed on Oslo Exchange.

The following financial covenants applies:

- 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

During the fourth quarter 2020, Axactor announced that they will acquire the minority stake in Axactor Invest I, as well as the remaining outstanding A-notes. The transaction has been settled in the first quarter by a conversion to shares in Axactor SE. The class B-notes of EUR 140 million has been settled during first quarter, funded by a new bond loan full subscribed by Geveran to Axactor SE of the same amount. The new bond is placed at 6.50% interest, with a maturity date in July 2024.

Revolving credit facility DNB/Nordea

Following the announcement that Axactor SE has acquired the minority stake in Axactor Invest I, as well as the remaining outstanding A-notes, the two facility agreements with DNB Bank ASA and Nordea Bank AB have been merged into one facility agreement of EUR 545 million, with an additional 75 million in the form of accordion options. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

Under the terms of this debt facility the group is required to comply with the following financial covenants:

- Group NIBD Ratio to Pro-Forma Adjusted Cash EBITDA < 3:1
- Portfolio Loan to Value Ratio < 60 %
- Portfolio Collection performance > 90 %
- Parent Loan to Value < 80 %

The new loan agreement was signed in Q4 2020 with effective date in January 2021. The maturity table above reflects the projected repayment schedule for the portfolios owned as of end of Q1 2021. The maturity date for the new facility is January 2024.

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.

Italian subsidiaries together as well as the REO Holding company in Luxembourg are not a part of the agreement nor the security arrangement.

Nomura

In August 2018, Reolux Holding S.à.r.l signed a EUR 96 million senior secured term loan facility with Nomura International plc ("Nomura") to refinance Reolux's existing Spanish Real Estate Owned (REO) investments. The facility was amended in September 2019 to facilitate new Spanish Real Estate Owned (REO) investments.

As of Q2 2021 the bond has been repaid in full.

Italian Banks

The facilities of the Italian banks relate to different facilities and agreements with several Italian banks. The loans carry variable interest rates based on the interbank rate with a margin. Some of the loans are secured with collaterals worth EUR 33 million.

Note 9 Leasing

Right-of-use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right-of-use assets per 1 Jan 2020	5,039	541	267	5,846
New leases	1,421	780	0	2,201
Depreciation of the year	-2,358	-502	-187	-3,048
Disposals	-94	-18	0	-112
Currency exchange effects	-58	-3	0	-61
Right-of-use assets per 1 Jan 2021	3,949	797	80	4,826
New leases	429	-46	0	383
Depreciation of the year	-1,152	-182	-74	-1,408
Disposals	-67	-38	-4	-110
Currency exchange effects	12	1	0	13
Carrying amount of right-of-use assets, end of period	3,171	532	1	3,704
Remaining lease term	1-6 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	30 Jun 2021	30 Jun 2020	Full year 2020
Undiscounted lease liabilities and maturity of cash outflow			
< 1 year	2,024	2,873	2,496
1-2 years	1,171	1,642	1,396
2-3 years	702	1,026	1,027
3-4 years	216	644	368
4-5 years	67	226	125
> 5 years	45	112	78
Total undiscounted lease liabilities, end of period	4,225	6,523	5,492
Discount element	-282	-515	-405
Total discounted lease liabilities, end of period	3,943	6,008	5,086

Note 10 Forward flow derivatives

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	30 Jun 2021	30 Jun 2020	Full year 2020
Opening balance at 1 Jan	-834	0	0
Deliveries	976	0	0
Value change	-374	0	-826
Translation difference	-14	0	-8
Closing balance	-245	0	-834

The changes in forward flow derivatives is included in 'Other current assets' and 'Other current liabilities' in balance sheet;

EUR thousand	30 Jun 2021	30 Jun 2020	Full year 2020
Forward flow derivatives, asset	0	0	257
Forward flow derivatives, liability	-246	0	-1,091
Closing balance	-246	0	-834

Note 11 Shares

Issued shares and share capital

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

30 largest shareholders as at 30 Jun 2021

Name	Shareholding	% Share
Geveran Trading Co Ltd	133,251,495	44.1 %
Torstein Ingvald Tvenge	10,000,000	3.3 %
Ferd AS	7,864,139	2.6 %
Verdipapirfondet Nordea Norge Verd	4,024,699	1.3 %
VPF Dnb Am Norske Aksjer	3,301,597	1.1 %
Verdipapirfondet Dnb Norge	3,048,034	1.0 %
Nordnet Livsforsikring AS	2,511,348	0.8 %
Skandinaviska Enskilda Banken AB	2,500,000	0.8 %
Gvepseborg AS	2,018,694	0.7 %
Endre Rangnes	2,017,000	0.7 %
Stavern Helse Og Forvaltning AS	2,000,000	0.7 %
Nordnet Bank AB	1,681,918	0.6 %
Alpette AS	1,661,643	0.5 %
Verdipapirfondet Nordea Avkastning	1,549,528	0.5 %
Verdipapirfondet Klip Aksjenorge IN	1,541,276	0.5 %
Velde Holding AS	1,400,000	0.5 %
Cam AS	1,312,000	0.4 %
The Bank Of New York Mellon Sa/Nv	1,287,582	0.4 %
Verdipapirfondet Nordea Kapital	1,250,037	0.4 %
Andres Lopez Sanchez	1,177,525	0.4 %
David Martin Ibeas	1,177,525	0.4 %
Skandinaviska Enskilda Banken AB	1,144,420	0.4 %
Svein Dugstad	1,094,187	0.4 %
Nordea Bank AB	1,089,229	0.4 %
Latino Invest AS	1,040,000	0.3 %
Titas Eiendom AS	1,000,000	0.3 %
Klotind AS	971,162	0.3 %
Danske Bank A/S	930,000	0.3 %
Vardfjell AS	919,372	0.3 %
AS Clipper	900,000	0.3 %
Total 30 largest shareholders	195,664,410	64.8 %
Other shareholders	106,481,054	35.2 %
Total number of shares	302,145,464	100 %
Total number of shareholders	11,844	

Shares owned by related parties

Name	Shareholding	% Share
Latino Invest AS ²⁾	1,040,000	0.3 %
Johnny Tsolis Vasili ²⁾	670,000	0.2 %
Robin Knowles ¹⁾	303,180	0.1 %
Terje Mjøs Holding AS ³⁾	200,000	0.1 %
Kyrre Svae ¹⁾	150,000	0.0 %
Vibeke Ly ¹⁾	133,750	0.0 %
Arnt Andre Dullum ¹⁾	110,000	0.0 %
Hans Olov Harén ³⁾	22,150	0.0 %
Brita Eilertsen ³⁾	19,892	0.0 %

1) Member of the Executive Management Team of Axactor

2) CEO/Related to the CEO of Axactor

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

Alternative Performance Measures

Alternative Performance Measures (APM) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	3PC revenue, REO sale, cash collected on own portfolios and other revenue, excluding change in forward flow derivatives	To review the revenue before split into interest and amortization (for own portfolios)	Total income, P&L
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 in P&L and Net cash flow from operating activities in Cash flow statement
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 Balance sheet
Net interest bearing debt (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	NIBD is used as an indication of the Group's ability to pay off all of its debt	Note 'Borrowings and other interest-bearing debt'
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

APM tables

EUR million	Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	
Total income	126.9	84.3	201.2
Portfolio amortizations and revaluations	52.8	65.7	123.2
Change in forward flow derivatives	0.4	0.0	0.8
Gross revenue	180.1	150.0	325.2

EUR million	Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	
EBITDA	39.9	-15.8	32.0
Change in forward flow derivatives	0.4	0.0	0.8
Calculated cost of share option program	0.2	0.5	0.6
Portfolio amortizations and revaluations	52.8	65.7	123.2
REO Cost of sale, including impairment	24.5	42.2	52.9
Cash EBITDA	117.8	92.6	209.5
Taxes paid	-0.4	-0.9	-5.5
Change in forward flow derivatives	-0.4	0.0	-0.8
Change in Working capital	5.8	2.3	3.3
Cash flow from operating activities before NPL and REO investments	122.7	94.0	206.5

EUR million	Year to date		Full year 2020
	30 Jun 2021	30 Jun 2020	
Purchased debt portfolios	1,104.1	1,107.3	1,124.7
Estimated opex for future collection at time of acquisition	298.8	303.9	303.7
Estimated discounted gain (after tax)	716.4	741.9	740.7
Estimated Remaining Collection, NPL	2,119.3	2,153.1	2,169.2

APM / KPI definition

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
CM1 Margin	Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total income
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 income
Economic growth	GDP (Gross Domestic Product) growth
Efficient Legal system	Governmental bailiff exchanging information electronically
Equity ratio	Total equity as a percentage of total equity and liabilities
ERC	Estimated Remaining Collection express the expected future cash collection on own portfolios (NPLs) in nominal values, over the next 180 months
Gross IRR	The internal rate of return that makes the net present value of ERC equal to NPL book value. Calculated using monthly cash flows over a 180-month period
Gross margin	Cash EBITDA as a percentage of gross revenue
Gross revenue	3PC revenue, REO sale, cash collected on own portfolios and other revenue, excluding change in forward flow derivatives
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 average equity in period 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 average equity in period, 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 the last months and limited by the total capex commitment in the contract
Total income	Gross revenue minus portfolio amortizations and revaluations
Tracing activity	Finding and updating debtor contact information

Terms and 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
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
WAEP	Weighted Average Exercise Price

Financial calendar 2021

Quarterly Report - Q3	27.10.2021
Quarterly Report - Q4	24.02.2022

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