

AXACTOR

Report

Q1 2022



Highlights

First quarter 2022

- Axactor delivered profitable growth in the first quarter, with increased gross revenue and improving margins in both the NPL and the 3PC segment
- Annualized return on equity excluding non-controlling interests ended at 7.0%, including discontinued operations. Excluding discontinued operations, the annualized return on equity ended at 7.6% (-0.3%)
- NPL investments amounted to EUR 79.6 million, up from EUR 16.1 million in the corresponding quarter last year, continuing the positive trend of 2021. Adding estimated forward flow commitments of EUR 78.1 million for the remainder of 2022, NPL investments of EUR 157.7 million is already secured for the year
- Total gross revenue ended at EUR 77.2 million, up 3% from the first quarter last year, while total income increased by 10% to EUR 56.2 million
- Total operating expenses were reduced from EUR 31.4 million in the first quarter 2021 to EUR 29.2 million in the first quarter 2022. The decline is explained by cost savings and the EUR 3.2 million of restructuring cost recognized in the first quarter 2021, partially offset by increased volumes and a shift in business mix towards 3PC
- EBITDA ended at EUR 27.0 million (19.7), resulting in an EBITDA margin of 48% (39%)
- Cash EBITDA was EUR 48.1 million, up from EUR 43.6 million in the first quarter last year. Adding the discontinued REO segment, Cash EBITDA was EUR 53.4 million (52.1)
- Net profit came in at EUR 7.2 million (-0.3). Adding the discontinued REO segment, net profit to shareholders was EUR 6.6 million (-1.4) and EUR -1.0 million to non-controlling interests (-2.0)
- The acquisition of Credit Recovery Service was formally closed in January 2022 and is included in the consolidated financial statements. The acquisition will significantly strengthen Axactor's presence in the Italian 3PC market
- Kristian Melhuus was elected chair of the Board in an extraordinary general meeting on 21 February 2022

Events after the period

- Terje Mjøs, Kathrine Astrup Fredriksen, Brita Eilertsen and Lars-Erich Nilsen were re-elected as Board members for another term in the annual general meeting. The newly elected chair, Kristian Melhuus, will also continue in his role for the commencing term
- The annual general meeting voted to convert Axactor SE from a Societas Europaea company to a Norwegian Allmennaksjeselskap (ASA). The process is expected to conclude during the second quarter 2022

The highlights section refers to Axactor's continuing operations, unless explicitly stated otherwise

Key Figures Axactor Group

EUR million	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021 ⁵⁾	Full year 2021 ⁵⁾
Gross revenue	77.2	74.9	304.6
Total income	56.2	51.0	155.3
EBITDA	27.0	19.7	40.3
Net profit/(loss) after tax from continuing operations	7.2	(0.3)	(25.1)
Net profit/(loss) after tax from discontinued operations	(1.6)	(3.1)	(20.9)
Net profit/(loss) after tax	5.7	(3.4)	(46.0)
Return on equity, excluding non-controlling interests, annualized	7.0%	(1.6%)	(8.5%)
Return on equity, continuing operations, annualized	7.6%	(0.3%)	(6.5%)
Growth gross revenue, period to period	3.2%	10.7%	6.9%
Cash and cash equivalents, end of period ¹⁾	39.5	47.1	38.2
Cash EBITDA from continuing operations ²⁾	48.1	43.6	189.8
Cash EBITDA ³⁾	53.4	52.1	223.8
Gross revenue from NPL portfolios	64.0	63.3	254.9
Acquired NPL portfolios during the period	79.6	16.1	114.0
Book value of NPL, end of period	1,160.4	1,123.6	1,095.8
Estimated remaining collection (ERC), NPL	2,258.7	2,158.8	2,140.5
Interest bearing debt, end of period ⁴⁾	888.1	865.9	838.3
Number of employees (FTEs), end of period	1,229	1,095	1,096
Price per share, last day of period	6.68	9.17	7.55

1) Total cash and cash equivalents from continuing and discontinued operations, excluding restricted cash. See APM table

2) Cash EBITDA from continuing operations is EBITDA adjusted for change in forward flow derivatives, portfolio amortizations and revaluations and calculated cost of share option program. See APM table

3) Cash EBITDA is total EBITDA (continuing and discontinued operations) 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

4) Interest bearing debt is total interest bearing debt allocated to continuing and discontinued operations. See APM table.

5) For some figures, comparative information has been re-presented due to a discontinued operation, see note 12.

Operations

Collections continued the positive trend from December 2021 into the new year, securing a solid topline for the first quarter 2022 with NPL gross revenue of EUR 64.0m and 3PC income of EUR 13.2m. The operational efficiency has been constantly improved over the last two years, leading to an historically low cost-to-collect ratio for the quarter. The combination of strong pipelines and successful sales within both NPL and 3PC will further improve the economies of scale and support operational efficiency going forward.

The integration of Credit Recovery Service (CRS) in Italy started immediately after the formal transaction was closed in January. A post-merger integration team has been established with members from both CRS and the Italian country management team. The focus in the first quarter has been to integrate financial reporting, set the company structure and governance, as well as feeding the CRS data into Axactor's enterprise data warehouse. The integration is on track, and CRS has delivered according to the business case in the first quarter.

The market activity for both 3PC and NPL business has been high so far in 2022. Axactor signed several significant 3PC contracts during the first quarter, and the pipeline remains strong. The positive impacts for the 3PC segment will be visible already in the spring and summer of 2022. The deployment of EUR 79.6m in NPL portfolios is important to support growth and realize increased economies of scale. The investments were done at an average gross IRR of 20.0%, significantly higher than the average for the current portfolio stack and thus supporting increased future profitability.

To become the industry benchmark, continuous improvement is necessary. During the quarter, a project with an external consultancy company was conducted to analyze the methodology and efficiency of portfolio pricing, operational excellence, and administrative cost levels. The report confirmed the positive traits of Axactor's organization and operations. Its conclusions were well-aligned with internal assessments and ambitions to work even more data driven, focusing on predictive modeling and utilization of machine learning technology.

Performance by business segment

The total NPL collection performance ended at 100% for the quarter. Collections were in line with the revised curves put in place during the fourth quarter 2021, and Axactor expects collection performance to continue to fluctuate around 100% going forward.

Axactor currently has approximately 1.2 million active unsecured NPL claims, and a key operational goal is to improve the payment ratio

for these claims. A positive development was observed through the quarter, and 5.9% of all active unsecured claims in the NPL segment had received at least one payment during March. Out of all payments in the quarter, 67% were related to monthly installment plans. The high portion of payments coming from installment plans stipulates a steady cash flow also going forward.

A new dedicated team of specialists have developed and integrated an updated collection strategy for the secured NPL claims. The team currently manages six portfolios in Spain, with a total of 986 assets in collateral. Although unsecured claims remain Axactor's core business, the Group will continue to explore the secured NPL segment in Spain.

3PC volumes are increasing steadily in the important Southern European markets, and the segment total income grew 14% in the first quarter 2022 compared to the corresponding quarter last year. The acquisition of CRS contributes to this improvement, as well as a very solid organic development in Spain. Axactor is consistently winning a majority of the benchmark competitions participated in, and as a result the volumes from existing customers are expected to increase further over the coming quarters.

Continued focus on self-service

The usage of self-service portals grew 60% in the first quarter 2022 compared to the first quarter 2021. The increase is partly attributed to the introduction of the debtor portal in Finland. The increased usage resulted in a 20% increase in the number of digital payments through the portals.

The main use of the debtor portal can be attributed to the Nordic countries, while debtors in Spain and Italy make use of the QuickPay! functionality where no log-in is required. Further development of digital payment solutions and self-service functionality remains a key focus area for Axactor also going forward, providing easy access for debtors in a cost-efficient manner.

Phishing attack mitigated

In January the organization was the victim of a phishing attempt related to the Office365 platform, where the attackers managed to exploit the human factor to gain access to an email account. Through solid cyber security routines, and close cooperation between internal IT resources and the external infrastructure provider, the phishing attempt was promptly mitigated. No data was lost or shared with the attackers, and no consequences were identified. The incident was routinely reported to the Norwegian Financial Supervisory Authority on behalf of the Norwegian organization and to the Norwegian Data Protection Authority on a group level. Both cases were closed without any further follow-up from the authorities.

The incident was educating for the organization, proving that continuous focus on awareness, business continuity and information security are key success factors to mitigate the adverse consequences of such events. It is safe to say that Axactor's investments in these areas were of paramount importance to limiting the consequences of the attack. Despite the limited consequences, improvements to the cyber security defense have been implemented as a response to the lessons learned.

Advanced analytics ramp-up

The advanced analytics ramp-up progresses according to plan, and the team was expanded during the first quarter to support the ambitions in the area. The advanced analytics team assists all countries with machine learning initiatives. The aim is to further benefit from the successful models delivered to the operational units during the past two years through a higher level of automation. This will allow Axactor to improve collection strategies, resulting in increased efficiency in the collection processes. The goal is to escalate both the ambition level and number of resources within the advanced analytics team further throughout 2022.

Sustainability and governance

Strong ethical values promoting fair treatment of its stakeholders, to protect reputation and company values, are essential to the company's success. These are principles upon which Axactor was founded. Axactor aims to contribute to building a viable financial system for people and the society, through own contributions and by engaging actively with its stakeholders. The increased focus on sustainable growth enables Axactor to not only achieve this, but also to take these advancements and translate them into a competitive advantage. Further details on Axactor's corporate governance and sustainability

performance may be found in the updated sustainability and corporate governance reports, published together with the 2021 annual report. The updated report show significant improvements in all areas through 2021. The 2021 reports are available at www.axactor.com.

Continued focus has been attributed to vendor management during the quarter, with new procedures for purchasing and vendor management under development. The new procedures are put in place to ensure that Axactor's vendors foster sustainable and responsible corporate behavior. They also allow for good cost control, which in turn improves value creation for investors and shareholders.

The internal auditor has investigated the payment processes in Norway and Finland, and the physical security in Norway, as well as followed up on the closure of previously identified deviations. Several customer audits have also been performed across the group. No significant deviations were discovered. Despite the fact that internal and external audits show that Axactor has an effective internal control system in place and continues to deliver high quality services to its customers, the company is constantly looking for areas in which to improve. Anti-money laundering (AML) has been a focus area during the first quarter and several improvements have been made, e.g. improved automation of transaction monitoring processes, regular review of the AML risk assessments, and updated know-your-customer (KYC) evaluations.

Compliance awareness e-learning trainings within data privacy and information security have been reviewed and prepared for distribution throughout 2022.

Building a strong corporate culture

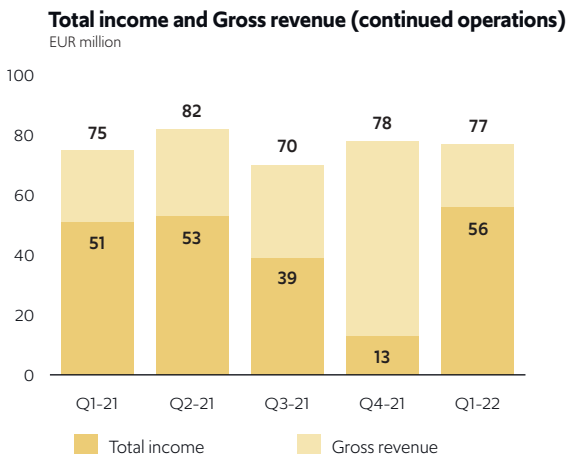
By the end of the first quarter, all Axactor employees were back in the office full-time after the Covid-19 pandemic.

An updated short-term incentive model was implemented during the first quarter, and targets for 2022 have been set for all employees. Among the incentive targets, all managers have been given specific targets focusing on topics related to environmental, social and governance related topics. Appraisal talks with focus on employee satisfaction, development, and performance management have been conducted for all employees.

Axactor focuses on building a strong corporate culture. Key areas of attention have been performance management, career planning, leadership development, and fostering a positive and social work environment. Axactor will continue to invest heavily in its employees going forward.

Financials

Revenue



The REO segment is treated as discontinued operations effective from the fiscal year 2022, and Axactor continues with two business segments: NPL and 3PC. All comments and numbers in the following text refer to continuing operations unless explicitly stated otherwise. This also applies to figures for previous periods.

Total income for the first quarter ended at EUR 56.2 million, up 10% from the corresponding quarter last year. This was partially due to an increase in gross revenue from EUR 74.9 million in the first quarter 2021 to EUR 77.2 million in the first quarter 2022. The total income increase was also positively affected by a decline in the NPL portfolio amortization rate from 38% to 32%, helped by the NPL curve revision in the fourth quarter 2021.

The NPL total income was EUR 43.0 million for the quarter, up from EUR 39.5 million in the first quarter 2021. Segment gross revenue ended

at EUR 64.0 million, representing a 1% increase compared to the first quarter last year. The effective NPL portfolio amortization rate was 32% (38%), while net NPL revaluations ended at EUR 0.1 million (0.5).

The 3PC segment is fully back in growth mode, with the positive volume development observed towards the end of 2021 continuing into 2022. Total income for the segment ended at EUR 13.2 million, up 14% from EUR 11.5 million last year. The acquisition of Italian debt collection service provider Credit Recovery Service was formally finalized in January 2022 and contributes positively to the growth in the quarter.

Operating expenses

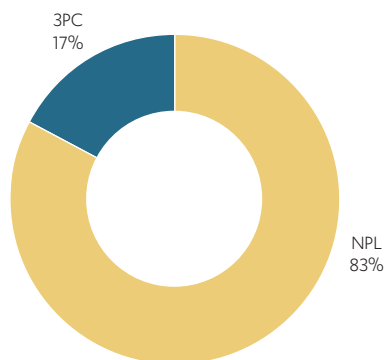
Total operating expenses before depreciation and amortization amounted to EUR 29.2 million for the first quarter, down from EUR 31.4 million in the corresponding quarter last year. Operating expenses as a percent of gross revenue was stable at 38% when excluding EUR 3.2 million of restructuring cost in 2021, despite a shift in business mix towards the lower margin 3PC segment. This comes as a result of the successful cost reduction program carried out in 2021.

Depreciation and amortization – excluding amortization of NPL portfolios – was EUR 2.1 million for the quarter, down from EUR 2.6 million in the corresponding quarter last year.

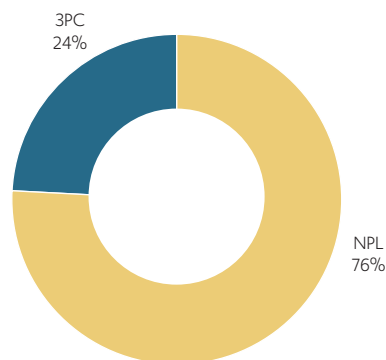
Operating results

Total contribution from the business segments came in at EUR 37.5 million for the first quarter, compared to EUR 31.1 million in the corresponding quarter last year. Both segments saw improvements in their underlying contribution margins in the quarter. In addition, the contribution margin for the first quarter of 2021 included EUR 2.8 million of restructuring cost. The contribution margin over total income was 67%, compared to 61% in the first quarter 2021.

Gross revenue mix Q1-22

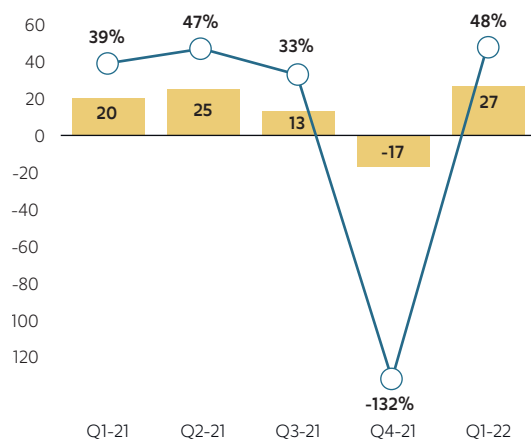


Total income mix Q1-22



EBITDA and EBITDA-margin

EUR million and %



The NPL segment delivered a contribution margin of EUR 33.0 million in the first quarter 2022, up from EUR 30.5 million in the same quarter last year. The main driver for the improvement was the growth in total income. Margin on total income thus ended at 77%, same as for the first quarter 2021.

Contribution from 3PC was EUR 4.5 million, up from EUR 0.7 million in the first quarter 2021. The large improvement is mainly due to EUR 2.8 million in restructuring cost in the first quarter 2021, but also driven by positive volume development and the inclusion of Credit Recovery Service. The corresponding margin on segment income grew to 34% for the quarter (6%).

EBITDA for the quarter ended at EUR 27.0 million, up from EUR 19.7 million in the first quarter last year. The EBITDA margin was 48%, up from 39% in the same quarter last year.

The difference between contribution margin and EBITDA comprises unallocated SG&A and IT costs, which amounted to EUR 10.5 million for the quarter, down from EUR 11.5 million in the first quarter 2021. The reduction is driven by increased efficiency following the cost reduction program implemented in 2021, as well as EUR 0.4 million in restructuring cost in the first quarter 2021.

Cash EBITDA came in at EUR 48.1 million for the first quarter 2022, compared to EUR 43.6 million for the first quarter 2021. The improvement was driven by increased NPL collection performance, higher 3PC income and improved cost efficiency. The first quarter 2021 was also impacted by EUR 3.2 million of restructuring costs. Adding the contribution from discontinued operations, Cash EBITDA was EUR 53.4 million (52.1).

Operating profit (EBIT) was EUR 24.9 million for the first quarter 2022, up from EUR 17.1 million in the first quarter last year.

Net financial items

Total net financial items for the quarter were negative EUR 13.1 million, compared to negative EUR 15.6 million in the first quarter last year. Total interest expense on borrowings for the quarter was EUR 13.2 million (12.3). Axactor took measures to reduce its net FX exposure through 2021, and net FX impact for the first quarter 2022 was EUR 0.2 million compared to negative EUR 3.2 million last year.

Discontinued operations

Discontinued operations is comprised of the REO segment. Total income for the segment ended at EUR 6.3 million for the quarter (10.0), while EBITDA ended at -1.0 million (-1.9). The net profit was negative EUR 1.6 million, compared to negative EUR 3.1 million in the first quarter 2021.

Earnings and taxes

Earnings before tax ended at EUR 11.8 million for the first quarter (1.5), while net profit ended at EUR 7.2 million (-0.3). The effective tax rate was thus 39% for the quarter (119%). Adding discontinued operations, the net profit was EUR 5.7 million, up from EUR -3.4 million in the first quarter 2021.

The net profit including discontinued operations for the first quarter 2022 ended at EUR 6.6 million for shareholders of the parent company (-1.4), and at EUR -1.0 million for non-controlling interests (-2.0). The resulting earnings per share was thus EUR 0.022 both on a reported basis (-0.005) and fully diluted (-0.005), based on the average number of shares outstanding in each period.

Cash flow

The following text regarding cash flow includes contribution from both continuing and discontinued operations.

Net cash flow from operating activities, including NPL investments, amounted to EUR -27.7 million (38.7) for the quarter. The decrease compared to last year is mainly related to higher NPL investments. The amount paid for NPL portfolios increased from EUR 22.6 million in the first quarter 2021 to EUR 82.8 million in the first quarter 2022. The deviation between the investment in NPL portfolios and the cash paid for NPL portfolios in the period relates to deferred payments on certain portfolios.

Excluding investments in NPL portfolios, cash flow from operations for the quarter amounted to EUR 55.2 million, down from EUR 61.2 million in the corresponding period last year. Net working capital decreased EUR 2.9 million in the quarter, compared to a decrease of EUR 9.8 million in the corresponding quarter last year. Taxes paid increased

from EUR 0.3 million in the first quarter 2021, to EUR 1.2 million in the first quarter 2022. The increased working capital and taxes paid were partly offset by the increase in Cash EBITDA.

Total net cash flow from investments, not including investments in NPL portfolios, was EUR -4.3 million for the first quarter (-1.1), including EUR -3.1 million related to the acquisition of Credit Recovery Service.

Total cash flow from financing activities was EUR 33.8 million (-39.2) in the first quarter, with a net drawdown on credit facilities of EUR 47.2 million (net repayment of 58.8).

Total net cash flow was EUR 1.8 million for the quarter (-1.6), leaving total cash and cash equivalents at EUR 46.0 million at the end of the first quarter (50.1). This includes EUR 6.5 million in restricted cash (2.9).

Equity position and balance sheet considerations

Total equity for the Group was EUR 394.8 million at the end of the first quarter 2022 (430.1), including non-controlling interests of EUR -1.1 million (17.4). The main reason for the reduced equity compared to last year is the losses recognized during 2021.

The resulting equity ratio at the end of the first quarter was 29% (32%), same as at the end of 2021.

Return on equity

Including both continuing and discontinued operations, the annualized return on equity excluding non-controlling interests for the first quarter 2022 was 7.0% (-1.5%), while annualized return on equity for continuing operations ended at 7.6% (-0.3%).

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. The company also expects a gradual lowering of the effective tax rate towards 25%, which will further improve the return on equity.

Capital expenditure and funding

Axactor invested EUR 79.6 million (16.1) in NPL portfolios during the first quarter of 2022. Total estimated NPL investment commitments for the remainder of 2022 amounts to EUR 78.1 million. A total of

EUR 157.7 million in NPL investments is thus already secured for 2022, compared to the modest investment level of EUR 114.0 million in 2021.

Axactor have two outstanding bond loans, both listed on Oslo Børs with respective tickers ACR02 and ACR03. ACR02 has a nominal value of EUR 200 million and matures in January 2024. ACR03 has a nominal value of EUR 300 million and matures in September 2026.

The revolving credit facility from DNB and Nordea has a total size of EUR 545 million, with an additional EUR 75 million accordion option. At the end of the first quarter 2022 the drawn amount on the revolving credit facility was EUR 399.7 million.

Total interest-bearing debt including capitalized loan fees and accrued interest amounted to EUR 888.1 million at the end of the first quarter (865.9), including EUR 27.3 million allocated to discontinued operations.

Axactor are in compliance with all loan covenants as per the end of the first quarter 2022.

Outlook

3PC volumes have been improving gradually through the end of 2021 and into 2022. Banks and financial institutions are again putting out new tenders on the market after a period of low new sales during the Covid-19 pandemic. Taking the 2021 cost reduction program into account, Axactor is confident that the 3PC segment will see both organic growth and margin expansion in 2022. In addition, the inclusion of Credit Recovery Service will continue to contribute positively to the income growth.

The market activity for NPL acquisitions is high, and Axactor expect it to remain high through 2022. With EUR 79.6 million invested in the first quarter, and forward flow commitments of EUR 78.1 million for the remainder of 2022, Axactor has already secured a healthy book value growth for the next quarters. The EUR 157.7 million of investments and committed investments have an average gross IRR of 20.9%. This is significantly above the 16.5% average gross IRR for the current NPL portfolios, and will thus contribute positively to the future profitability for Axactor. The stronger gross IRR level for new acquisitions is expected to continue, and Axactor expects total investments for 2022 to be EUR 200-250 million.

The first quarter of 2022 has seen increasing geopolitical risk in Europe with the ongoing conflict in Ukraine. Although Axactor's operations are not directly impacted by the conflict, the executive management and Board closely monitors the situation and potential indirect business impacts, and maintains the business continuity plans.

Interim condensed consolidated statement of profit or loss

EUR thousand	Note	For the quarter end / YTD		Full year 2021 ¹⁾
		31 Mar 2022	31 Mar 2021 ¹⁾	
Continuing operations				
Interest income from purchased loan portfolios	5, 6	42,820	41,898	168,421
Net gain/(loss) purchased loan portfolios	5, 6	155	(2,036)	(62,013)
Other operating revenue		13,212	11,174	48,858
Other income		14	-	15
Total income	3, 5	56,202	51,036	155,280
Personnel expenses		(15,702)	(18,867)	(61,313)
Operating expenses		(13,467)	(12,496)	(53,645)
Total operating expenses		(29,170)	(31,363)	(114,958)
EBITDA		27,033	19,673	40,322
Amortization and depreciation		(2,113)	(2,578)	(9,613)
Operating profit		24,919	17,095	30,709
Financial revenue	4	346	904	3,033
Financial expenses	4	(13,474)	(16,542)	(53,504)
Net financial items		(13,128)	(15,638)	(50,471)
Profit/(loss) before tax from continuing operations		11,791	1,457	(19,763)
Tax (expense)		(4,567)	(1,737)	(5,323)
Net profit/(loss) after tax from continuing operations		7,224	(280)	(25,085)
Discontinued operations				
Net profit/(loss) after tax from discontinued operations	12	(1,554)	(3,114)	(20,906)
Net profit/(loss) after tax		5,670	(3,394)	(45,992)
Attributable to:				
Non-controlling interests:				
Net profit/(loss) after tax from discontinued operations		(960)	(1,959)	(13,194)
Net profit/(loss) after tax		(960)	(1,959)	(13,194)
Shareholders of the parent company:				
Net profit/(loss) after tax from continuing operations		7,224	(280)	(25,085)
Net profit/(loss) after tax from discontinued operations		(594)	(1,154)	(7,712)
Net profit/(loss) after tax		6,631	(1,434)	(32,797)
Earnings per share:				
From continuing operations, basic and diluted:		0.024	(0.001)	(0.085)
From continuing and discontinued operations, basic and diluted:		0.022	(0.005)	(0.112)

1) Comparative information has been re-presented due to a discontinued operation, see note 12.

Interim condensed consolidated statement of comprehensive income

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Net profit/(loss) after tax	5,670	(3,394)	(45,992)
<i>Items that will not be classified subsequently to profit and loss</i>			
Remeasurement of pension plans	-	-	(4)
Net gain/(loss) on equity instruments designated at fair value through OCI	-	-	(16)
<i>Items that may be classified subsequently to profit and loss</i>			
Foreign currency translation differences - foreign operations	5,904	9,862	8,924
Net gain/(loss) on cash flow hedges	3,051	-	(230)
Other comprehensive income/(loss) after tax	8,955	9,862	8,675
Total comprehensive income for the period	14,625	6,468	(37,317)
Attributable to:			
Non-controlling interests	(960)	(1,959)	(13,194)
Shareholders of the parent company	15,585	8,428	(24,123)

Interim condensed consolidated statement of financial position

EUR thousand	Note	31 Mar 2022	31 Mar 2021	Full year 2021
Assets				
<i>Intangible non-current assets</i>				
Intangible assets		17,512	19,450	17,824
Goodwill		63,058	55,874	55,960
Deferred tax assets		12,811	7,760	13,700
<i>Tangible non-current assets</i>				
Property, plant and equipment		2,440	2,328	2,290
Right of use assets	8	11,561	4,477	10,768
<i>Financial non-current assets</i>				
Purchased debt portfolios	6	1,160,374	1,123,596	1,095,789
Other non-current receivables		3,938	467	338
Other non-current investments		28	196	28
Total non-current assets		1,271,722	1,214,148	1,196,698
<i>Current assets</i>				
Stock of secured assets		-	68,463	29,310
Repossessed assets		304	-	-
Accounts receivable		5,293	7,229	7,060
Other current assets		12,979	11,531	16,154
Restricted cash		6,497	2,921	5,798
Cash and cash equivalents		35,459	47,131	38,155
Total current assets		60,533	137,276	96,476
Assets classified as held for sale	12	28,875	-	-
Total assets		1,361,130	1,351,424	1,293,175

Interim condensed consolidated statement of financial position

EUR thousand	Note	31 Mar 2022	31 Mar 2021	Full year 2021
Equity and liabilities				
Share capital		158,150	158,150	158,150
Other paid-in equity		269,953	269,839	269,919
Retained earnings		(33,845)	(9,108)	(40,475)
Translation reserve		(1,170)	(6,137)	(7,074)
Other reserves		2,805	-	(245)
Non-controlling interests		(1,084)	17,361	976
Total equity		394,809	430,105	381,249
<i>Non-current liabilities</i>				
Interest bearing debt	7	857,140	714,283	834,411
Deferred tax liabilities		11,351	6,566	6,144
Lease liabilities	8	9,471	2,390	8,866
Other non-current liabilities		2,133	1,606	1,994
Total non-current liabilities		880,095	724,845	851,415
<i>Current liabilities</i>				
Accounts payable		9,990	6,832	7,282
Current portion of interest bearing debt	7	3,737	151,577	3,845
Taxes payable		17,691	13,275	20,259
Lease liabilities	8	2,342	2,342	2,185
Other current liabilities	9	23,591	22,449	26,941
Total current liabilities		57,351	196,474	60,511
Liabilities directly associated with assets classified as held for sale	12	28,875		
Total liabilities		966,321	921,319	911,925
Total equity and liabilities		1,361,130	1,351,424	1,293,175

Interim condensed consolidated statement of cash flows

EUR thousand	Note	For the quarter end / YTD		
		31 Mar 2022	31 Mar 2021	Full year 2021
Operating activities				
Profit/(loss) before tax from continued operations		11,791	1,457	(19,763)
Profit/(loss) before tax from discontinued operations	12	(1,554)	(3,141)	(20,933)
Taxes paid		(1,038)	(297)	(3,261)
Adjustments for:				
- Finance income and expenses	4	13,726	16,833	54,775
- Portfolio amortization and revaluation		21,041	23,472	148,542
- Cost of secured assets sold, incl. impairment	12	6,285	10,386	50,515
- Depreciation and amortization		2,113	2,594	9,654
- Calculated cost of employee share options		34	100	180
Change in working capital		2,920	9,794	4,991
<i>Cash flow from operating activities before NPL and REO investments</i>		55,157	61,198	224,700
Purchase of debt portfolios	6	(82,826)	(22,623)	(115,402)
Sale of debt portfolio	6	-	150	450
Purchases related to REO/repossessed assets		(49)	(44)	(193)
Net cash flow from operating activities		(27,718)	38,681	109,555
Investing activities				
Investment in subsidiaries, net of cash acquired	11	(3,085)	-	-
Purchase of intangible and tangible assets		(1,213)	(1,114)	(4,718)
Interest received		14	-	5
Net cash flow from investing activities		(4,285)	(1,114)	(4,712)
Financing activities				
Proceeds from borrowings	7	167,632	26,050	542,496
Repayment of debt	7	(120,412)	(84,899)	(628,681)
Interest paid		(11,586)	(7,796)	(42,050)
Loan fees paid	7	(81)	(19,758)	(24,033)
Lease payments	8	(683)	(645)	(2,812)
New share issues		-	50,792	50,792
Repayments to non-controlling interests		(1,100)	(1,475)	(6,625)
Cost related to share issues		-	(1,460)	(1,460)
Net cash flow from financing activities		33,770	(39,192)	(112,373)
Net change in cash and cash equivalents		1,766	(1,624)	(7,531)
Cash and cash equivalents at the beginning of period		43,953	50,725	50,725
Currency translation		258	951	759
Cash and cash equivalents at end of period, incl. restricted funds		45,978	50,051	43,953

Interim condensed consolidated statement of changes in equity

EUR thousand	Equity related to the shareholders of the parent company						Non-controlling interest	Total Equity
	Restricted		Non-restricted					
	Share Capital	Other paid in equity	Translation reserve	Other reserves	Retained earnings	Total		
Closing balance at 31 Dec 2020	97,040	236,562	(15,999)		(16,036)	301,566	74,113	375,680
Result of the period					(1,434)	(1,434)	(1,959)	(3,394)
Remeasurement of pension plans					-	-		-
Foreign currency translation differences - foreign operations			9,862			9,862		9,862
Total comprehensive income for the period	-	-	9,862		(1,434)	8,428	(1,959)	6,468
Repayments to non-controlling interests						-	(1,475)	(1,475)
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		100				100		100
Closing balance at 31 Mar 2021	158,150	269,839	(6,137)		(9,108)	412,743	17,361	430,105
Result of the period	-	-	-	-	(31,363)	(31,363)	(11,235)	(42,598)
Other comprehensive income of the period	-	-	(938)	(245)	(4)	(1,187)	-	(1,187)
Total comprehensive income for the period	-	-	(938)	(245)	(31,367)	(32,550)	(11,235)	(43,785)
Repayments to non-controlling interests						-	(5,150)	(5,150)
Share-based payment		80				80		80
Closing balance at 31 Dec 2021	158,150	269,919	(7,074)	(245)	(40,475)	380,273	976	381,249
Result of the period					6,631	6,631	(960)	5,670
Other comprehensive income of the period			5,904	3,051		8,955		8,955
Total comprehensive income for the period	-	-	5,904	3,051	6,631	15,585	(960)	14,625
Repayments to non-controlling interests						-	(1,100)	(1,100)
Share-based payment		34				34		34
Closing balance at 31 Mar 2022	158,150	269,953	(1,170)	2,805	(33,845)	395,893	(1,084)	394,809

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 portfolios.

The activities are further described in note 3.

This unaudited interim report has been prepared in accordance with IAS 34. The accounting principles applied correspond to those described in the Annual Report for the Financial Year 2021. 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 2021.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. Critical accounting estimates and judgements in terms of accounting policies are more comprehensively discussed in the Group Annual Report for the Financial Year 2021, which is available on Axactor's website: www.axactor.com.

The significant judgements made by management applying the Group's accounting policies and the key resources of estimation uncertainty were the same as those described in the last annual financial statements. Management continues to assess the data and information available at the reporting date.

Update on process with FSA

As communicated in a press release on 13 December 2021, Axactor SE has received a conclusion from the Norwegian Financial Supervisory Authority (FSA) in accordance with the preliminary conclusion as stated in the press release of 2 September 2021. The FSA requires that the company expands its valuation model for portfolios of non-performing loans (NPL) with more input variables capturing current and future macro-economic conditions and use of scenarios with effect from the reporting of the annual accounts for the financial year 2022.

The estimation of future cash flow is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor is already considering relevant macro factors and market specific factors when estimating future cash flow but not as direct input generating output in the forecast models. The company takes notice of the conclusion from the FSA and has started the work on expanding the portfolio valuation model to better reflect the macro factors and scenarios as required. The company is working on analyzing macroeconomic variables and other variables to identify any variance explained by macroeconomic factors. The work also includes implementing a scenario approach based on the most relevant external and internal drivers for cash collection.

The company has implemented requirements for documentation of the relevant macroeconomic assumptions in portfolio acquisition processes. The company considers interest rate, unemployment, GDP growth, housing price growth, inflation, salary growth and regulation changes to be the most relevant macroeconomic factors. The company will have the expanded model implemented with effect for the annual accounts for 2022.

Note 2 Risks and uncertainties

Axactor's regular business activities entail exposure to various types of risk. The Group manages such risks proactively and the Board of Directors regularly analyses its operations and potential risk factors and takes steps to reduce risk exposure. Axactor gives strong emphasis to quality assurance and has quality systems implemented, or under implementation in line with the requirements applicable to its business operations.

The risks include but are not limited to credit risk, risk inherent in purchased debt, interest rate risk, regulatory risk, liquidity risk and financing risk. 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. 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. For a more elaborate discussion on the aforementioned risks one is referred to the Group's Annual Report for the Financial Year 2021, which is available on Axactor's website: www.axactor.com (Note 3 of the Group financial statement).

The first quarter of 2022 has seen increasing geopolitical risk in Europe with the ongoing conflict in Ukraine. Although Axactor's operations are not directly impacted by the conflict, the executive management and the Board of Directors closely monitor the situation and potential indirect business impacts, and maintain the business continuity plans.

Interest risk / hedge accounting

The Group holds interest rate caps, a derivative financial instrument with the purpose of reducing the Group's interest rate exposure. At quarter end the fair value of the interest rate hedging derivatives was positive EUR 3.6 million. The Group holds two contracts at quarter end hedging a total of EUR 200 million in interest rate risk on bond loans. The Group started with hedge accounting at the end of 2021. The Group's strategy is to hedge between 50% and 70% of interest bearing debt with a duration of three to five years. At the end of the first quarter of 2022 the hedging ratio was 23%. For further information see note 19 in the annual report for 2021.

Liquidity risk

The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. The Group had cash and cash equivalents incl. restricted funds of EUR 46.0 million at 31 March 2022 (31 March 2021: EUR 50.1 million), as reconciled in the consolidated statement of cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. For forward flow NPL agreements expected cash flows are presented. The maturity calculation is made under the assumption that Axactor has a constant revolving credit facility draw in the period. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

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

EUR thousand	Q2-22	Q2-22	Q4-22	Q1-23	1-2 years	2-4 years	4+ years	Total
Forward flow NPL agreements, non-cancellable ¹⁾²⁾	26,705	18,151	21,069	18,553	18,073	-	-	102,551
Forward flow NPL agreements, cancellable ¹⁾²⁾³⁾	-	6,415	5,788	5,788	41,140	10,200	-	69,332
Revolving credit facility DNB/Nordea	3,139	3,139	3,139	3,139	371,374	-	-	383,931
Bond (ISIN: NO0010914666)	3,500	3,539	3,578	3,578	214,194	-	-	228,388
Bond (ISIN: NO0011093718)	4,102	4,102	4,057	4,013	16,273	32,590	308,203	373,339
Other non-current liabilities	-	-	-	-	-	-	2,133	2,133
Accounts payable	9,990	-	-	-	-	-	-	9,990
Other current liabilities	19,827	3,764	-	-	-	-	-	23,591
Total allocated to continuing operations	67,264	39,110	37,631	35,070	661,054	42,790	310,336	1,193,255
Total allocated to discontinued operations	1,621	-	-	-	27,254	-	-	28,875
Total	68,884	39,110	37,631	35,070	688,307	42,790	310,336	1,222,130

1) Forward flow NPL agreements split by country:

Norway	53 %
Germany	41 %
Finland	5 %

2) Expected cash flows. Cash flows are limited to EUR 282.7 million by contracted capex limits.

3) Cancellable with three months notice

The ERC represents the estimated gross collection on the NPL portfolios. The yield represents the interest income from purchased loan portfolios and can be reconciled as the ERC less amortization. The ERC, amortization and yield can be broken down per year as follows (year 1 means the first 12 months from the reporting date):

EUR thousand	Estimated remaining collection (ERC), amortization and yield next four quarters				
Year	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Year 1
ERC	74,745	68,964	72,483	74,710	290,903
Amortization	29,766	25,017	29,530	32,974	117,287
Yield	44,979	43,947	42,953	41,737	173,616

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	290,903	278,755	246,589	215,891	188,085	164,488	147,115	132,351	119,229	106,801	96,539	86,867	72,420	60,725	51,928	2,258,684
Amortization	117,287	125,716	114,241	101,165	88,713	78,120	72,015	67,699	64,412	61,324	60,046	59,210	53,262	49,217	47,945	1,160,374
Yield	173,616	153,039	132,347	114,725	99,371	86,368	75,100	64,652	54,817	45,476	36,494	27,657	19,158	11,508	3,983	1,098,310

Note 3 Segment reporting

Axactor delivers credit management services and the Group's revenue is derived from the following two operating segments:

- Non-performing loans (NPL)
- Third-party collection (3PC)

Axactor's operations are managed through these two operating segments.

The NPL segment invests in portfolios of non-performing loans. Subsequently, the outstanding debt is collected through either amicable or legal proceedings.

The 3PC segment's focus is to perform debt collection services on behalf of third-party clients. The operating segment applies both amicable and legal proceedings in order to collect the non-performing loans, and typically receive a commission for these services. Other services provided include, amongst other, helping creditors to prepare documentation for future legal proceedings against debtors, handling of invoices between the invoice date and the default date and sending out reminders. For these latter services, Axactor typically receives a fixed fee.

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

Segment total income reported represents revenue generated from external customers.

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

The Group has classified the operating segment real estate owned (REO) as a discontinued operation in 2022. The Group has not disclosed the results of discontinued operations within the segment disclosures under IFRS 8, neither for the current nor previous periods presented.

For the quarter end / YTD 31 Mar 2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	64,017	-	-	64,017
Portfolio amortization and revaluation	(21,041)	-	-	(21,041)
<i>Other operating income:</i>				
-Change in forward flow derivatives	-	-	-	-
-Other operating revenue and other income	-	13,212	14	13,227
Total income	42,976	13,212	14	56,202
Direct operating expenses	(10,024)	(8,668)	-	(18,692)
Contribution margin	32,952	4,544	14	37,510
SG&A, IT and corporate cost			(10,477)	(10,477)
EBITDA				27,033
Amortization and depreciation			(2,113)	(2,113)
Operating result				24,919
Total operating expenses	(10,024)	(8,668)	(10,477)	(29,170)
Contribution margin (%)	76.7%	34.4%	na	66.7%
EBITDA margin (%)				48.1%
Opex ex SG&A, IT and corp.cost / Gross revenue	15.7%	65.6%	na	24.2%
SG&A, IT and corporate cost / Gross revenue				13.6%

For the quarter end / YTD 31 Mar 2021

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	63,334	-	-	63,334
Portfolio amortization and revaluation	(23,472)	-	-	(23,472)
<i>Other operating income:</i>				
-Change in forward flow derivatives	(375)	-	-	(375)
-Other operating revenue and other income	-	11,549	-	11,549
Total income	39,487	11,549	-	51,036
Direct operating expenses	(9,026)	(10,873)	-	(19,899)
Contribution margin	30,461	676	-	(31,137)
SG&A, IT and corporate cost			(11,464)	(11,464)
EBITDA				19,673
Amortization and depreciation			(2,578)	(2,578)
Operating result				17,095
Total operating expenses	(9,026)	(10,873)	(11,464)	(31,363)
Contribution margin (%)	77.1%	5.9%	na	61.0%
EBITDA margin (%)				38.5%
Opex ex SG&A, IT and corp.cost / Gross revenue	14.3%	94.1%	na	26.6%
SG&A, IT and corporate cost / Gross revenue				15.4%

Full year 2021

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	254,949	-	-	254,949
Portfolio amortization and revaluation	(148,542)	-	-	(148,542)
<i>Other operating income:</i>				
-Change in forward flow derivatives	(782)	-	-	(782)
-Other operating revenue and other income	-	49,640	15	49,655
Total income	105,625	49,640	15	155,280
Direct operating expenses	(36,168)	(34,235)	-	(70,404)
Contribution margin	69,456	15,405	15	84,876
SG&A, IT and corporate cost			(44,554)	(44,554)
EBITDA				40,322
Amortization and depreciation			(9,613)	(9,613)
Operating result				30,709
Total operating expenses	(36,168)	(34,235)	(44,554)	(114,958)
Contribution margin (%)	65.8%	31.0%	na	54.7%
EBITDA margin (%)				26.0%
Opex ex SG&A, IT and corp.cost / Gross revenue	14.2%	69.0%	na	23.1%
SG&A, IT and corporate cost / Gross revenue				14.7%

Note 4 Financial items

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Financial revenue			
Interest on bank deposits	14	-	5
Exchange gains realized	71	882	2,982
Net unrealized exchange gain	248	-	-
Other financial income	13	22	46
Total financial revenue allocated to continuing operations	346	904	3,033
Total financial revenue allocated to discontinued operations	-	-	-
Total financial revenue	346	904	3,033
Financial expenses			
Interest expense on borrowings	(13,231)	(12,336)	(48,591)
Exchange losses realized	(74)	(138)	(3,161)
Net unrealized exchange loss	-	(3,985)	(1,326)
Other financial expenses ¹⁾	(170)	(83)	(427)
Total financial expenses allocated to continuing operations	(13,574)	(16,542)	(53,504)
Total financial expenses allocated to discontinued operations	(598)	(1,195)	(4,304)
Total financial expenses	(14,074)	(17,737)	(57,810)
Net financial items allocated to continuing operations	(13,129)	(15,638)	(50,472)
Net financial items allocated to discontinued operations	(598)	(1,195)	(4,304)
Total net financial items	(13,726)	(16,833)	(54,775)

1) Includes interest expense from negative bank accounts in group multicurrency cash pool and negative interest on bank deposits.

Note 5 Total income

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

Total income EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Finland	3,850	3,934	10,113
Germany	7,871	8,561	30,331
Italy	6,354	4,839	17,387
Norway	12,023	9,734	35,271
Spain	18,701	15,375	55,991
Sweden	7,404	8,592	6,187
Total income from continuing operations	56,202	51,036	155,280
Total income from discontinued operations	6,272	9,996	39,846
Total income	62,474	61,031	195,127

Non-current assets ¹⁾ EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Finland	3,911	4,411	4,052
Germany	15,727	13,262	15,884
Italy	16,135	9,526	9,184
Norway	36,585	33,673	36,088
Spain	18,190	19,138	17,519
Sweden	4,023	2,118	4,115
Total assets	94,571	82,129	86,843

1) Non-current assets consist of intangible assets, goodwill, property, plant and equipment and right of use assets. There are no non-current assets related to discontinued operations.

Portfolio revenue

Portfolio revenue is recognized as 'Interest income from purchased loan portfolios' and 'Net gain/(loss) purchased loan portfolios' in the consolidated statement of profit or loss and can be split further down as follows:

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	CU2 tail ⁴⁾	For the quarter end / YTD
					31 Mar 2022
Finland	3,590	172	(56)	-	3,706
Germany	6,332	(708)	163	126	5,914
Italy	4,142	151	10	35	4,337
Norway	9,220	929	(168)	329	10,311
Spain	12,360	(352)	(490)	277	11,795
Sweden	7,177	(159)	(632)	526	6,912
Total	42,820	34	(1,172)	1,294	42,976

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	For the quarter end / YTD	
				CU2 tail ⁴⁾	31 Mar 2021
Finland	3,747	(165)	96	-	3,678
Germany	5,305	406	-	114	5,826
Italy	4,161	119	11	30	4,322
Norway	8,789	(1,566)	456	405	8,083
Spain	11,258	(594)	(1,410)	286	9,541
Sweden	8,637	(726)	(111)	612	8,413
Total	41,898	(2,526)	(958)	1,448	39,862

EUR thousand	Yield ¹⁾	CU1 ²⁾	CU2 ³⁾	Full year 2021	
				CU2 tail ⁴⁾	
Finland	14,931	(1,728)	(3,817)	-	9,385
Germany	21,612	(1,223)	(671)	442	20,160
Italy	16,023	(272)	(816)	133	15,067
Norway	36,889	(5,932)	(4,343)	1,614	28,230
Spain	44,911	(1,605)	(15,700)	1,111	28,716
Sweden	34,055	(7,107)	(24,465)	2,367	4,849
Total	168,421	(17,868)	(49,812)	5,666	106,407

1) Interest income from purchased loan 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 Purchased debt portfolios

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Balance at start of period	1,095,789	1,124,699	1,124,699
Acquisitions during the period ²⁾	79,617	16,121	113,979
Collection	(64,017)	(63,334)	(254,949)
Interest income from purchased loan portfolios	42,820	41,898	168,421
Net gain/(loss) purchased loan portfolios ¹⁾	155	(2,036)	(62,013)
Repossession of secured NPL	(304)	(18)	(845)
Deliveries on forward flow contracts	(409)	(377)	(1,221)
Disposals ¹⁾	-	-	(193)
Translation difference	6,723	6,643	7,911
Balance at end of period	1,160,374	1,123,596	1,095,789
Payments during the year for investments in purchased debt amounted to EUR ²⁾	82,826	22,623	115,402

1) Gain on disposals is netted in P&L as 'Net gain/(loss) purchased loan portfolios'

2) Payments during the year will not correspond to credit impaired acquisitions during the year due to deferred payments

3) Reconciliation of credit impaired acquisitions during the period;

Nominal value acquired portfolios	200,715	29,279	827,810
Expected credit losses at acquisition	(121,098)	(13,158)	(713,831)
Credit impaired acquisitions during the period	79,617	16,121	113,979

For an elaborate description of Axactor's accounting principles for purchased debt, see note 2.12.1, and for a description of revenue recognition and fair value estimation, see note 4, in the Group's Annual Report for the Financial Year 2021.

Non-performing loans consist of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. NPLs are recognized at fair value at the date of purchase. Since the loans are measured at fair value, which includes an estimate of future credit losses, no allowance for credit losses is recorded in the consolidated balance sheet on the day of acquisition of the loans. The loans are subsequently measured at amortized cost according to a credit adjusted effective interest rate.

Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on an asset collateral basis.

The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired. The total cash flows (both principal and interest) expected to be collected on purchased credit impaired loans are regularly reviewed and updated in line with expectation on an array of economic factors and conditions that will be experienced over time. Changes in expected cash flow are adjusted in the carrying amount and are recognized in profit or loss as income or expense in 'Net gain/(loss) purchased loan portfolios'. Interest income is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'.

The majority of the non-performing loans are unsecured. Only a small part of the loans, approximately 5% of the book value of the loans, is secured by a property object.

Market	Book value
Finland	113,708
Norway	261,485
Sweden	225,220
Germany	141,675
Italy	141,723
Spain	276,562
Total	1,160,374

The estimation of future cash flow is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor considers relevant macro factors and market specific factors when estimating future cash flow but not as direct input generating output in the forecast models. Portfolio specific factors and internal factors are considered to affect the estimation of future cash flow significantly more than changes in general macro factors and market specific factors.

Axactor has incorporated into the estimated remaining collection (ERC) the effect of the economic factors and conditions that is expected to influence collections going forward. 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 Borrowings

EUR thousand	Currency	Facility limit	Nominal value	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility								
Bond (ISIN: NO0010914666)	EUR		200,000	(4,223)	3,033	198,810	3m EURIBOR+700bps	12.01.2024
Bond (ISIN: NO0011093718)	EUR		300,000	(3,673)	713	297,040	3m EURIBOR+535bps	15.09.2026
Total bond loan			500,000	(7,896)	3,746	495,850		
Revolving credit facility DNB/Nordea	EUR		63,368	(7,425)	(8)	55,935	EURIBOR+ margin	22.12.2023
(multiple currency facility)	NOK		118,482			118,482	NIBOR+ margin	22.12.2023
	SEK		217,864			217,864	STIBOR+ margin	22.12.2023
Total credit facilities		545,000	399,714	(7,425)	(8)	392,281		
Total borrowings at end of period			899,714	(15,320)	3,737	888,131		
Allocated to continuing operations:						860,877		
Allocated to discontinued operations:						27,254		
whereof:								
Non-current						884,394		
Allocated to continuing operations:						857,140		
Allocated to discontinued operations:						27,254		
Current						3,737		
Allocated to continuing operations:						3,737		
Allocated to discontinued operations:						-		
of which in currency:								
NOK						118,482		
SEK						217,864		
EUR						551,784		

All borrowings in discontinued operations are nominated in EUR.

EUR thousand	Bond loan	Credit facilities	Total Borrowings
Balance at 1 Jan	495,193	343,063	838,256
Proceeds from loans and borrowings	-	167,632	167,632
Repayment of loans and borrowings	-	(120,412)	(120,412)
Loan fees	-	(81)	(81)
Total changes in financial cash flow	-	47,139	47,139
Change in accrued interest	(78)	(73)	(151)
Amortization capitalized loan fees	735	1,592	2,327
Currency translation differences	-	561	561
Total borrowings at end of period	495,850	392,281	888,131
Allocated to continuing operations:			860,877
Allocated to discontinued operations:			27,254

Maturity

EUR thousand	Currency	Carrying amount	Total estimated future cash flow	Estimated future cash flow within			
				6 months or less	6-12 months	1-2 years	2-5 years
Bond (ISIN: NO0010914666)	EUR	198,810	228,388	7,039	7,156	214,194	-
Bond (ISIN: NO0011093718)	EUR	297,040	373,339	8,203	8,070	16,273	340,794
Total bond loan		495,850	601,728	15,242	15,225	230,467	340,794
Revolving credit facility DNB/Nordea (multiple currency facility)	EUR/NOK/SEK	392,281	411,184	6,278	6,278	398,628	-
Total credit facilities		392,281	411,184	6,278	6,278	398,628	-
Total borrowings at end of period		888,131	1,012,912	21,521	21,504	629,094	340,794
Allocated to continuing operations:		860,877					
Allocated to discontinued operations:		27,254					

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

Bond loans

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

The bond is listed on Oslo Børs.

The following financial covenants apply:

- Interest coverage ratio: >4.0x (Pro-forma adjusted Cash EBITDA to net interest expenses).
- Leverage ratio: <4.0x (NIBD to pro-forma adjusted cash EBITDA).
- Net loan to value: <75% (NIBD to total book value all debt portfolios and REOs).
- Net secured loan to value: <65% (secured loans less cash to total book value all debt portfolios and REOs).

Trustee: Nordic Trustee

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

The bond is listed on Oslo Børs.

The following financial covenants apply:

- Interest coverage ratio: >4.0x (Pro-forma adjusted Cash EBITDA to net interest expenses).
- Leverage ratio: <4.0x (NIBD to pro-forma adjusted cash EBITDA).
- Net loan to value: <80% (NIBD to total book value all debt portfolios and REOs).
- Net secured loan to value: <65% (secured loans less cash to total book value all debt portfolios and REOs).

Trustee: Nordic Trustee

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a multicurrency facility, with an additional EUR 75 million accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

The following financial covenants apply:

- NIBD ratio to pro-forma adjusted cash EBITDA < 3:1 (secured loans (RCF) less cash to pro-forma adjusted cash EBITDA L12M).
- Portfolio loan to value ratio < 60 % (NIBD to total book value of debt portfolios).
- Portfolio collection performance > 90 % (actual portfolio performance L6M to active forecast L6M).
- Parent loan to value < 80 % (total loans for the Group less cash to total book value of all debt portfolios and REOs).

The maturity date for the facility is 22 December 2023.

All material subsidiaries of the Group are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility. ReoLux Holding Sarl is not part of the agreement nor the security arrangement.

Note 8 Leasing

All leases are related to continuing operations.

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets at 1 Jan 2021	3,949	797	80	4,826
New leases and lease modifications	429	(46)	-	383
Depreciation of the year	(577)	(89)	(45)	(711)
Disposals	(24)	(10)	-	(34)
Currency exchange effects	14	1	-	14
Right of use assets at 31 Mar 2021	3,791	652	35	4,477
New leases and lease modifications	8,904	153	51	9,109
Depreciation of the year	(1,926)	(257)	(35)	(2,218)
Disposals	(461)	(73)	(4)	(538)
Currency exchange effects	(61)	-	-	(62)
Right of use assets at 31 Dec 2021	10,247	475	46	10,768
New leases and lease modifications	1,456	51	-	1,507
Depreciation of the period	(573)	(86)	(3)	(662)
Disposals	(48)	(3)	-	(51)
Currency exchange effects	(2)	-	(1)	(2)
Right of use assets at 31 Mar 2022	11,080	439	42	11,561
Remaining lease term	0-10 years	0-3 years	0-3 years	
Depreciation method	Linear	Linear	Linear	

Lease liabilities

EUR thousand	31 Mar 2022	31 Mar 2021	Full year 2021
Lease liabilities at 1 Jan	11,051	5,086	5,086
New leases, modifications and terminations	1,447	273	8,812
Lease payments	(683)	(645)	(2,812)
Currency exchange effects	(2)	18	(35)
Lease liabilities at period end	11,813	4,732	11,051
Current:	2,342	2,342	2,185
Non-current	9,471	2,390	8,866

EUR thousand	31 Mar 2022	31 Mar 2021	Full year 2021
Undiscounted lease liabilities and maturity of cash outflow			
< 1 year	2,970	2,533	2,195
1-2 years	2,735	1,231	1,976
2-3 years	2,297	878	1,527
3-4 years	2,061	302	1,281
4-5 years	1,844	73	1,247
> 5 years	1,932	61	2,100
Total undiscounted lease liabilities, end of period	13,839	5,079	10,325
Discount element	(2,026)	(347)	726
Total discounted lease liabilities, end of period	11,813	4,732	11,051

Note 9 Forward flow derivatives, balance movements

Changes in the forward flow agreements is shown below. For additional information, see Note 212.2 in Group Annual Report for the Financial Year 2021.

EUR thousand	31 Mar 2022	31 Mar 2021	Full year 2021
Balance at 1 Jan	(409)	(834)	(834)
Deliveries	409	377	1,221
Value change	-	(375)	(782)
Translation difference	-	(23)	(14)
Balance at period end	-	(855)	(409)

The changes in forward flow derivatives is included in 'Other current assets' and 'Other current liabilities' in the consolidated statement of financial position;

EUR thousand	31 Mar 2022	31 Mar 2021	Full year 2021
Forward flow derivatives, asset	-	-	-
Forward flow derivatives, liability	-	(855)	(409)
Balance at period end	-	(855)	(409)

Note 10 Shares

Issued shares and share capital

	Number of shares	Share capital (EUR)
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 31 Dec 2021	302,145,464	158,149,942
At 31 Mar 2022	302,145,464	158,149,942

20 largest shareholders as at 31 Mar 2022

Name	Shareholding	% Share
Geveran Trading Co Ltd	138,920,892	46.0%
Skandinaviska Enskilda Banken AB	10,623,411	3.5%
Torstein Ingvald Tvenge	10,000,000	3.3%
Ferd AS	7,864,139	2.6%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,360,313	0.8%
Endre Rangnes	2,017,000	0.7%
Gvepseborg AS	2,009,694	0.7%
Alpette AS	1,661,643	0.5%
Nordnet Bank AB	1,651,279	0.5%
Verdipapirfondet Nordea Avkastning	1,611,984	0.5%
Velde Holding AS	1,500,000	0.5%
Nordea Bank Abp	1,347,253	0.4%
Verdipapirfondet Nordea Kapital	1,318,222	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Titas Eiendom AS	1,000,000	0.3%
Vardfjell AS	919,372	0.3%
Verdipapirfondet Nordea Norge Plus	911,421	0.3%
Total 20 largest shareholders	193,565,835	64.1%
Other shareholders	108,579,629	35.9%
Total number of shares	302,145,464	100%
Total number of shareholders	10,496	

Shares owned by related parties

Name	Shareholding	% Share
Latino Invest AS ¹⁾	1,040,000	0.3%
Johnny Tsolis Vasili ¹⁾	670,000	0.2%
Terje Mjøs Holding AS ³⁾	500,000	0.2%
Robin Knowles ²⁾	183,714	0.1%
Kyrre Svae ²⁾	150,000	0.0%
Vibeke Ly ²⁾	133,750	0.0%
Arnt Andre Dullum ²⁾	131,000	0.0%
Nina Mortensen ²⁾	95,000	0.0%
Hans Olov Harén ³⁾	22,150	0.0%
Brita Eilertsen ³⁾	19,892	0.0%

1) CEO/Related to the CEO of Axactor

2) Member of the Executive Management Team of Axactor

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

Note 11 Purchase price allocation

The Group secured 100% of the shares in C.R. Service - Credit Recovery Service S.r.l (CRS) on 26 October 2021 and the transaction was closed 3 January 2022.

CRS is an Italian debt collection agency, managed from the headquarter in Grosseto (Tuscany) and has a contact center in Milazzo (Sicily) with a total of 155 employees. After the transaction Axactor has a strong footprint with 279 employees in Italy. CRS is a top-5 independent 3PC-player in the Italian bank and finance segment. The acquisition supports the Group's strategy of strengthening the position in existing countries, improving capabilities on 3PC and preparing for post-pandemic volumes and new signed contracts in Italy.

The purchase price allocation identifies a fair value of the equity of EUR 0.7 million, the residual value of the transferred consideration, EUR 6.3 million, is allocated to goodwill. All goodwill in the acquisition is related to CRS' 3PC business. The total amount of goodwill recognized in the period that is expected to be deductible for tax purposes is nil. The Group has recognized a provision per 3 January 2022 of EUR 2.6 million related to three contingent considerations. The payments are contingent upon retention and financial performance.

The table below discloses the impact from the transaction effective from 3 January 2022.

EUR thousand	2022 CRS
Date of acquisition	3 Jan 2022
Acquired part of company	100%
Purchase price	7,033
- Whereof cash consideration	4,433
- Whereof contingent consideration	2,600
Assets	
Deferred tax assets	103
Other intangible fixed assets	15
Leases	990
Other tangible assets	50
Current receivables	989
Cash and cash equivalents	1,348
Total assets	3,495
Liabilities	
Non-current interest bearing debt	67
Deferred tax liabilities	265
Trade payables	256
Lease liabilities	1,095
Other short-term liabilities	1,105
Total liabilities	2,788
Total net assets acquired	707
Identified goodwill	6,326
Cash consideration	4,433
Less: cash and cash equivalent balances acquired	1,348
Net cash outflow arising on acquisition:	3,085

Note 12 Discontinued operations

On 15 December 2021 the Board resolved to dispose of the Group's Real estate owned (REO) operating segment. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between discontinued operations and discontinued operations are eliminated. The elimination of the intragroup transactions seeks to portray the results of the continuing operations after the disposal. The discontinued operation has intragroup debt related to their operations. To seek to portray the results of the continuing operations after disposal, the intragroup debt and corresponding interest is eliminated within continuing operations. A part of the Group's total debt and interest expense are hence allocated to discontinued operations.

The results of the discontinued operations, which have been included in net profit/(loss) after tax, were as follows:

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Other operating revenue	6,272	9,996	39,846
Total income	6,272	9,996	39,846
Cost of REO's sold, incl impairment	(6,285)	(10,386)	(50,515)
Operating expenses	(942)	(1,540)	(5,920)
Total operating expenses	(7,227)	(11,926)	(56,435)
EBITDA	(956)	(1,930)	(16,589)
Amortization and depreciation	-	(16)	(40)
Operating profit	(956)	(1,946)	(16,629)
Financial expenses	(598)	(1,195)	(4,304)
Net financial items	(598)	(1,195)	(4,304)
Profit/(loss) before tax	(1,554)	(3,141)	(20,933)
Tax (expense)	-	27	27
Net profit/(loss) after tax	(1,554)	(3,114)	(20,906)
Attributable to:			
Non-controlling interests	(960)	(1,959)	(13,194)
Shareholders of the parent company	(594)	(1,154)	(7,712)
Earnings per share: basic	(0.002)	(0.004)	(0.026)
Earnings per share: diluted	(0.002)	(0.004)	(0.026)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

EUR thousand	31 Mar 2022
<i>Current assets</i>	
Stock of secured assets	23,074
Accounts receivable	1,191
Other current assets	589
Cash and cash equivalents	4,021
Total current assets	28,875
Assets classified as held for sale	28,875
<i>Non-current liabilities</i>	
Interest bearing debt	27,254
Total non-current liabilities	27,254
<i>Current liabilities</i>	
Accounts payable	80
Other current liabilities	1,540
Total current liabilities	1,621
Liabilities directly associated with assets classified as held for sale	28,875
Net assets directly associated with disposal group	-

The net cash flows incurred by the operations classified as held for sale are as follows:

EUR thousand	For the quarter end / YTD		Full year 2021
	31 Mar 2022	31 Mar 2021	
Net cash flow from operating activities	5,311	8,589	29,212
Net cash flow from investing activities	-	-	-
Net cash flow from financing activities	(6,050)	(9,589)	(32,609)
Total net cash flow	(739)	(1,000)	(3,398)

Note 13 Events after the reporting period

On 21 April 2022, the annual general meeting voted to convert Axactor SE from a Societas Europaea company to a Norwegian Allmennaksjeselskap (ASA). The process is expected to conclude within the second quarter of 2022.

On 21 April 2022, the annual general meeting re-elected Terje Mjøs, Kathrine Astrup Fredriksen, Brita Eilertsen and Lars-Erich Nilsen as Board members for another term. The newly elected chair, Kristian Melhuus, will also continue in his role for the commencing term.

Alternative performance measures

Alternative performance measures (APM) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in forward flow derivatives	To review the revenue before split into interest and amortization (for own portfolios)	Total income from consolidated statement of profit or loss plus portfolio amortizations and revaluations in the consolidated statement of cash flows and change in forward flow derivatives
Cash and cash equivalents	Consolidated cash and cash equivalents, from continuing and discontinued operations	To reflect the Group's total cash position	Cash and cash equivalents from the consolidated statement of financial position plus cash and cash equivalents from discontinued operations according to note 12
Cash EBITDA from continuing operations	EBITDA adjusted for change in forward flow derivatives, calculated cost of share option program and portfolio amortizations and revaluations	To reflect cash from continuing operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA	Cash EBITDA from continuing operations plus EBITDA from discontinued operations, adjusted for REO cost of sale, including impairment	To reflect cash from continuing and discontinued operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 12, adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collection (ERC)	Estimated remaining collection express the expected future cash collection on own portfolios (NPLs) in nominal values, over the next 180 months	ERC is a standard APM within the industry with the purpose to illustrate the future cash collection including estimated interest income and opex	Purchased debt portfolios from the consolidated statement of financial position
Net interest bearing debt (NIBD)	Net interest bearing debt means the aggregated amount of interest bearing debt allocated to both continuing and discontinued operations, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group's ability to pay off all of its debt	Non-current interest bearing debt, current portion of interest bearing debt and unrestricted cash and cash equivalents from the consolidated statement of financial position plus debt allocated to discontinued operations according to note 12, adjusted for capitalized loan fees and accrued interest according to note 8.
Return on equity (ROE), annualized, excluding non-controlling interests	Net consolidated result from continuing and discontinued operations divided by average equity for the period attributable to shareholders, annualized	Measures the profitability in relation to shareholders' equity	Net profit/(loss) after tax from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, continuing operations, annualized	Net consolidated result from continuing operations divided by average equity for the period attributable to shareholders, annualized	Measures the profitability in relation to shareholders' equity. This new APM has replaced 'Return on equity, including non-controlling interests, annualized' to measure the profitability in relation to continuing operations.	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity

APM tables

Gross revenue

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021 ¹⁾	Full year 2021 ¹⁾
Total income	56,202	51,036	155,280
Portfolio amortizations and revaluations	21,041	23,472	148,542
Change in forward flow derivatives	-	375	782
Gross revenue	77,244	74,883	304,604

1) Comparative figures has been re-presented due to a discontinued operation, see note 12.

EBITDA and Cash EBITDA

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021 ¹⁾	Full year 2021 ¹⁾
Total income	56,202	51,036	155,280
Total operating expenses	(29,170)	(31,363)	(114,958)
EBITDA from continuing operations	27,033	19,673	40,322
Change in working capital related to forward flow derivatives	-	375	782
Calculated cost of share option program	34	100	180
Portfolio amortizations and revaluations	21,041	23,472	148,542
Cash EBITDA from continuing operations	48,108	43,620	189,826
EBITDA from discontinued operations	(956)	(1,930)	(16,589)
REO cost of sale, including impairment	6,285	10,386	50,515
Cash EBITDA	53,437	52,075	223,752
Taxes paid	(1,200)	(297)	(3,261)
Change in working capital, excl. forward flow derivatives	2,920	9,419	4,209
Cash flow from operating activities before NPL and REO investments	55,157	61,198	224,700

1) Comparative figures has been re-presented due to a discontinued operation, see note 12.

Estimated remaining collection, NPL

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Purchased debt portfolios	1,160,374	1,123,596	1,095,789
Estimated opex for future collection at time of acquisition	310,993	298,810	296,290
Estimated discounted gain	787,317	736,402	748,463
Estimated remaining collection, NPL	2,258,684	2,158,808	2,140,543

Cash and cash equivalents

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Cash and cash equivalents from financial position	35,459	47,131	38,155
Cash and cash equivalents, discontinued operations	4,021		
Cash and cash equivalents	39,480	47,131	38,155

Net interest bearing debt (NIBD)

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Non-current portion of interest bearing debt from financial position	857,140	714,283	834,411
Current portion of interest bearing debt from financial position	3,737	151,577	3,845
Interest bearing debt allocated to discontinued operations	27,254		
Total interest bearing debt	888,131	865,860	838,256
Capitalized loan fees	(15,320)	(1,283)	(17,566)
Accrued interest	3,738	705	3,845
Nominal value interest bearing debt	899,714	866,438	851,977
Cash and cash equivalents	39,480	47,131	38,155
Net interest bearing debt (NIBD)	860,234	819,307	813,821

Return on equity, excluding non-controlling interests, annualized

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Net profit/(loss) after tax attributable to shareholders of the parent company	6,631	(1,434)	(32,797)
Average total equity for the period related to the shareholders of the parent company	388,083	357,156	384,751
Return on equity, excluding non-controlling interests, annualized	7.0%	(1.6%)	(8.5%)

Return on equity, continuing operations, annualized

EUR thousand	For the quarter end / YTD		
	31 Mar 2022	31 Mar 2021	Full year 2021
Net profit/(loss) after tax from continuing operations	7,224	(280)	(25,085)
Average total equity for the period related to the shareholders of the parent company	388,083	357,156	384,751
Return on equity, continuing operations, annualized	7.6%	(0.3%)	(6.5%)

Terms

Active forecast	Forecast of estimated remaining collection on NPL portfolios
Board	Board of directors
Cash EBITDA margin	Cash EBITDA as a percentage of gross revenue
Chair	Chair of the board of directors
Contribution margin (%)	Total operating expenses (excluding SG&A, IT and corporate cost) as a percentage of total income
Collection performance	Collection on own NPL portfolios in relation to active forecast
Equity ratio	Total equity as a percentage of total equity and liabilities
Forward flow agreement	Agreement for future acquisitions of NPLs at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to NPL book value, calculated using monthly cash flows over a 180-months period
Group	Axactor SE and all its subsidiaries
NPL amortization rate	NPL amortization divided by NPL gross revenue
One off portfolio acquisitions	Acquisition of a single portfolio of NPLs
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Acquisitions of new NPLs to keep the same book value of NPLs from last period
SG&A, IT and corporate cost	Total operating expenses for overhead functions, such as HR, finance and legal etc
Solution rate	Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis
Yield	Interest revenue from purchased loan portfolios

Abbreviations

3PC	Third-Party Collection
AGM	Annual General Meeting
APM	Alternative Performance Measures
ARM	Accounts Receivable Management
B2B	Business to Business
B2C	Business to Consumer
BoD	Board of Directors
BS	Consolidated Statement of Financial Position (Balance Sheet)
CF	Consolidated Statement of Cash Flows
CGU	Cash Generating Unit
CMI	Contribution Margin
D&A	Depreciation and Amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
ECL	Expected Credit Loss
EGM	Extraordinary general meeting
EPS	Earnings Per Share
ERC	Estimated Remaining Collection
ESG	Environmental, social and governance
ESOP	Employee Stock Ownership Plan
FSA	The Financial Supervisory Authority
FTE	Full Time Equivalent
GHG	Greenhouse gas emissions
IFRS	International Financial Reporting Standards
LTV	Loan to value
NCI	Non-Controlling Interests
NPL	Non-Performing Loan
OB	Outstanding Balance, the total amount Axactor can collect on claims under management, including outstanding principal, interest and fees
OCI	Consolidated Statement of Other Comprehensive Income
P&L	Consolidated Statement of Profit or Loss
PCI	Purchased Credit Impaired
PPA	Purchase Price Allocations
REO	Real Estate Owned
ROE	Return on Equity
SDG	Sustainable development goal
SG&A	Selling, General & Administrative
SPV	Special Purpose Vehicle
VIU	Value in Use
VPS	Verdipapirsentralen/Norwegian Central Securities Depository
WACC	Weighted Average Cost of Capital
WAEP	Weighted Average Exercise Price

Financial calendar 2022

Interim report - Second quarter of 2022	18 Aug, 2022
Interim report - Third quarter of 2022	27 Oct, 2022
Interim report - Fourth quarter of 2022	17 Feb, 2023

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