AXACTOR

Presentation

Q3 2023

Q3 highlights

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Financial highlights for the quarter on continuing operations

Gross revenue growth of 3% y-o-y

- 5% y-o-y with constant currency

Cash EBITDA growth of 2% y-o-y

- 5% y-o-y with constant currency

Healthy EBITDA margin of 54%

- EBITDA of EUR 34m, up from EUR 30m last year

Annualized return on equity of 6%

- 8% excluding one-time cost related to the refinancing of ACR02

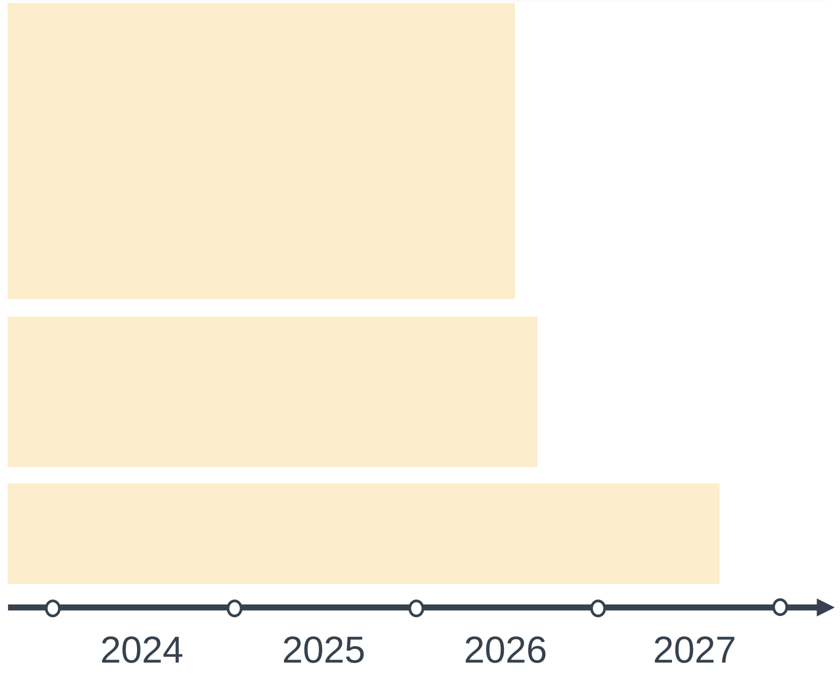
Key profit improvement initiatives

Funding	• Secure long-term funding and stable credit rating	Done
Portfolio profitability	• Accretive investments – Solve old claims with low profitability and replace them with claims with high profitability	Ongoing
Cost position	• Invest heavily in data-driven valuation and -operation • Utilize the strong cost culture and further reduce the cost • Exit unprofitable 3PC markets	Ongoing

After successfully refinancing both the RCF and ACR02 there are no maturities until June 2026

Facility type	Facility size[1]	Current draw[2]	Comments
Bank RCF	545m	488m	• 3-year facility with option to prolong two more years, dependent on separate credit approval • Refinanced in Q2 2023 at satisfying terms
Bond ACR03	300m	281m	• EUR 19m repurchased in 2022
Bond ACR04	204m[3]	204m[3]	• ACR04 successfully placed in Q3 2023 • The bond was up-sized due to high demand

Maturity profile

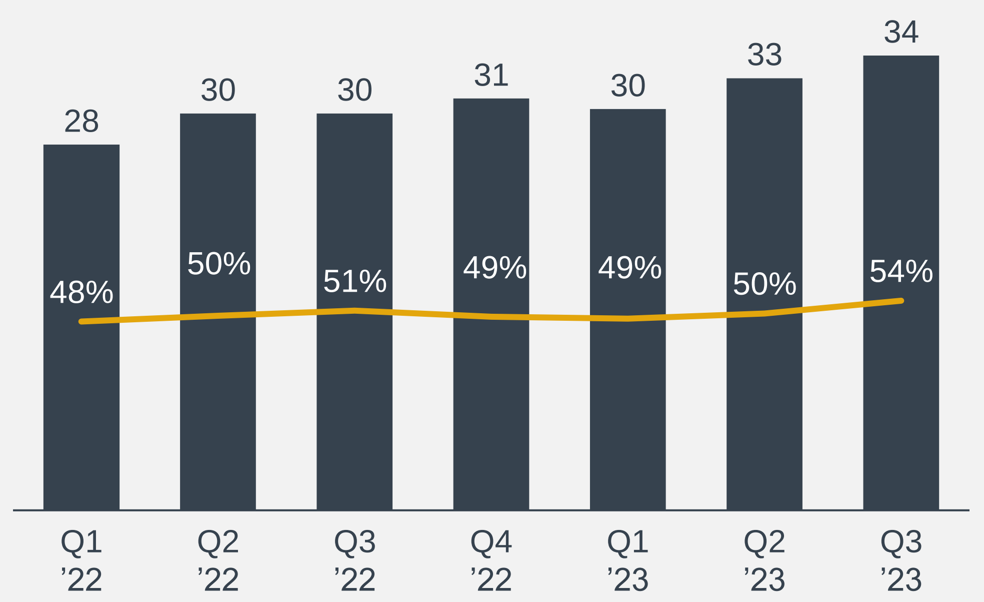


1) EUR
2) Draw on RCF, Bonds equals nominal value less treasury bonds owned by Axactor (repurchased from bond holders)
3) Bond placed in NOK. Size NOK 2,300 million

Stable positive development over time has secured affirmation of credit ratings despite industry turmoil

EBITDA and EBITDA-margin

(EUR million and %)



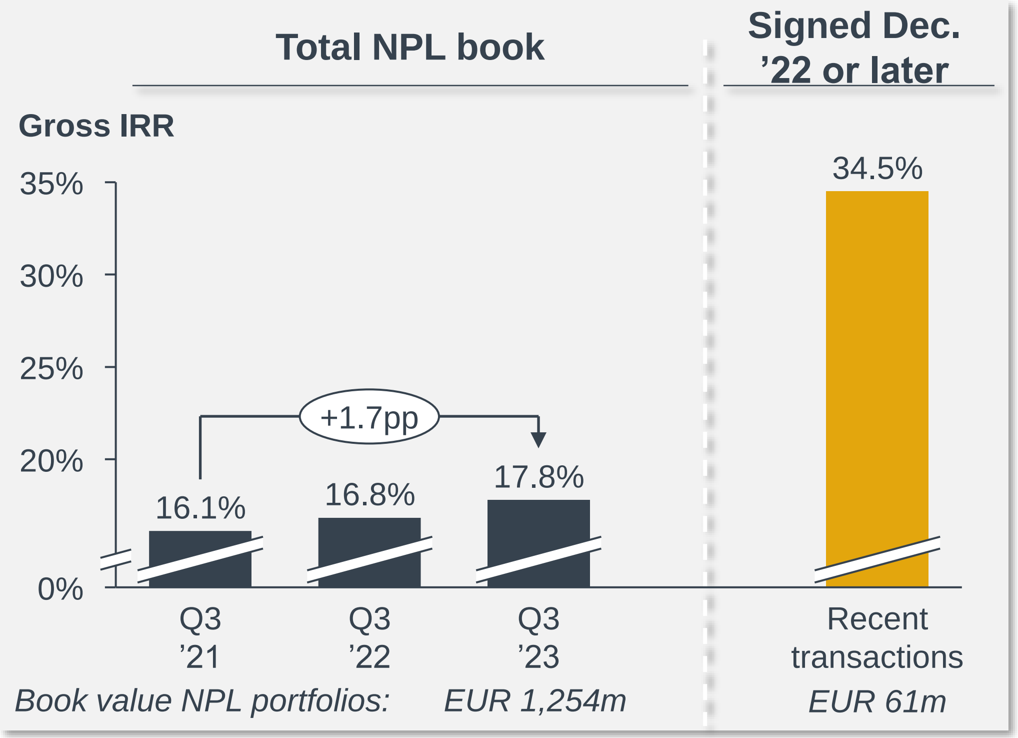
Unchanged credit rating since initiation[1]

	Moody’s	S&P Global Ratings
Rating	B1	B
Outlook	Positive	Stable

1) Affirmed by S&P 28 Aug 2023 and by Moody’s 5 Oct 2023

NPL gross IRR on the total book is steadily increasing

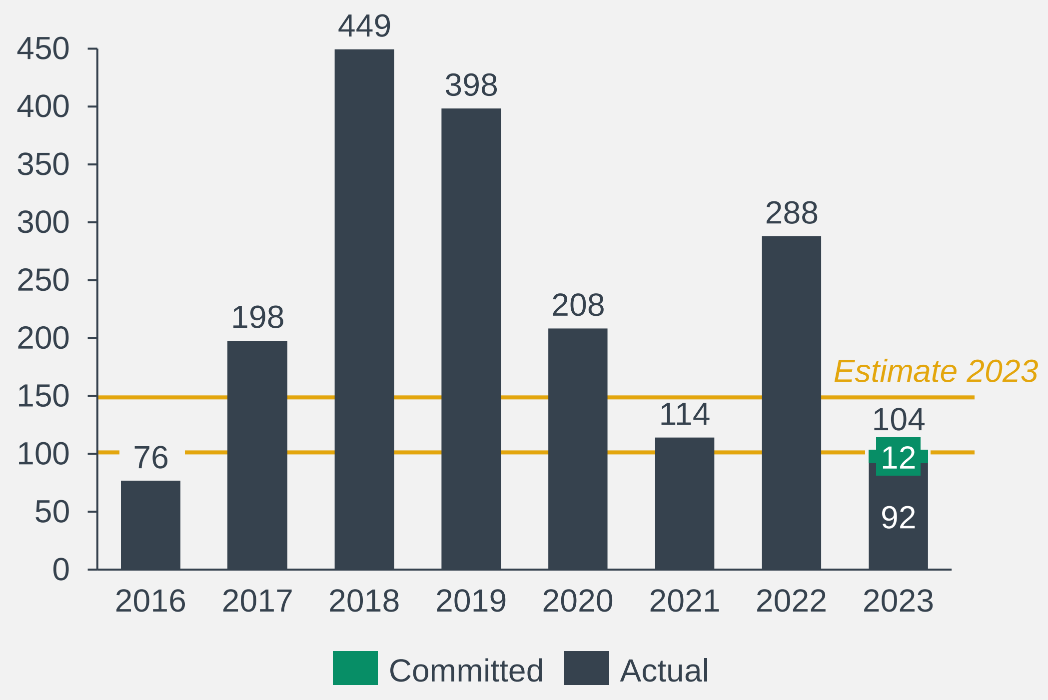
- Currently signing deals with a gross IRR almost twice as high as the total NPL book



- Gross IRR for new acquisitions upheld at same level as in previous quarters
- Moderate change in investment commitments in Q3 2023

NPL investment estimate of EUR 100 - 150m for the year

NPL investments
(EUR million)



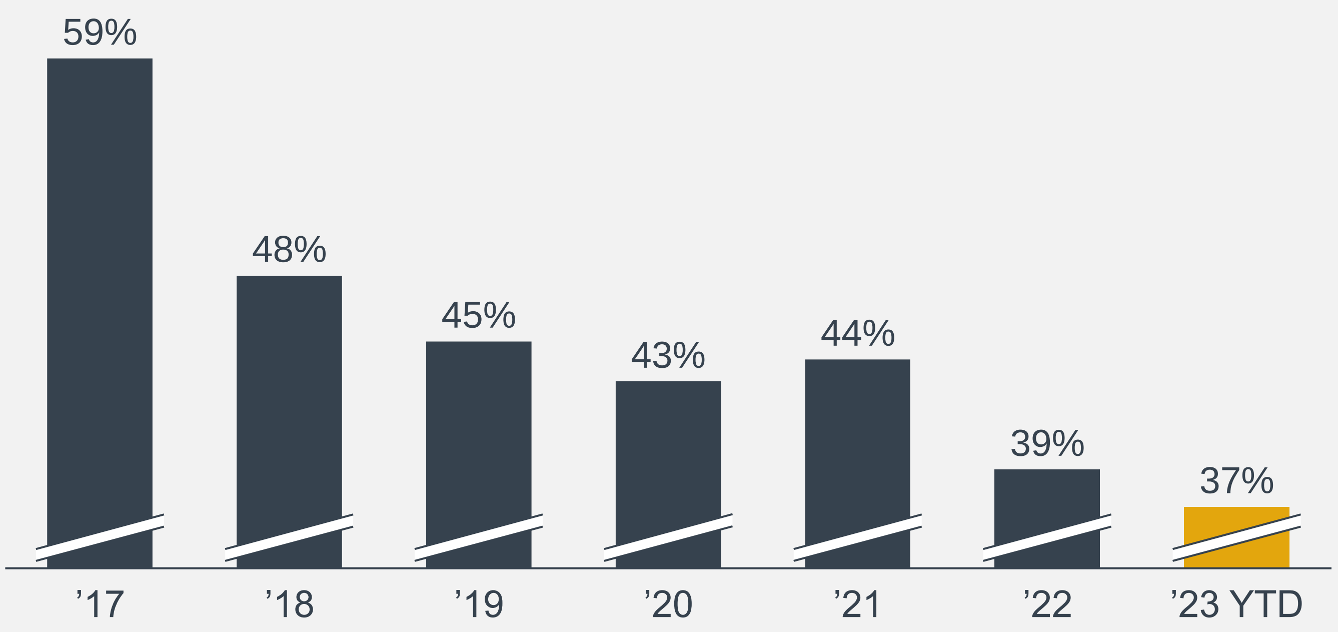
- NPL investment estimate of EUR 100 - 150m for the year
  - Invested EUR 19m during the quarter and EUR 92m YTD
  - Additional EUR 12m in committed NPL investments
- Experiencing fewer transactions as sellers and buyers are trying to agree on new price levels

Comment: Stated numbers are for continuing operations

NPL cost-to-collect stabilizing at a record low level

- Materializing in an EBITDA percentage among the best in the industry

Axactor NPL cost-to-collect per year[1]



1) Cost is calculated as segment OPEX + allocation of unallocated OPEX and Depreciation & Amortization (excluding amortization of NPL portfolios). Segment OPEX is used as allocation key. Income is calculated as Total income adjusted for revaluations to show income excluding one-time effects based on changes in future expectations.

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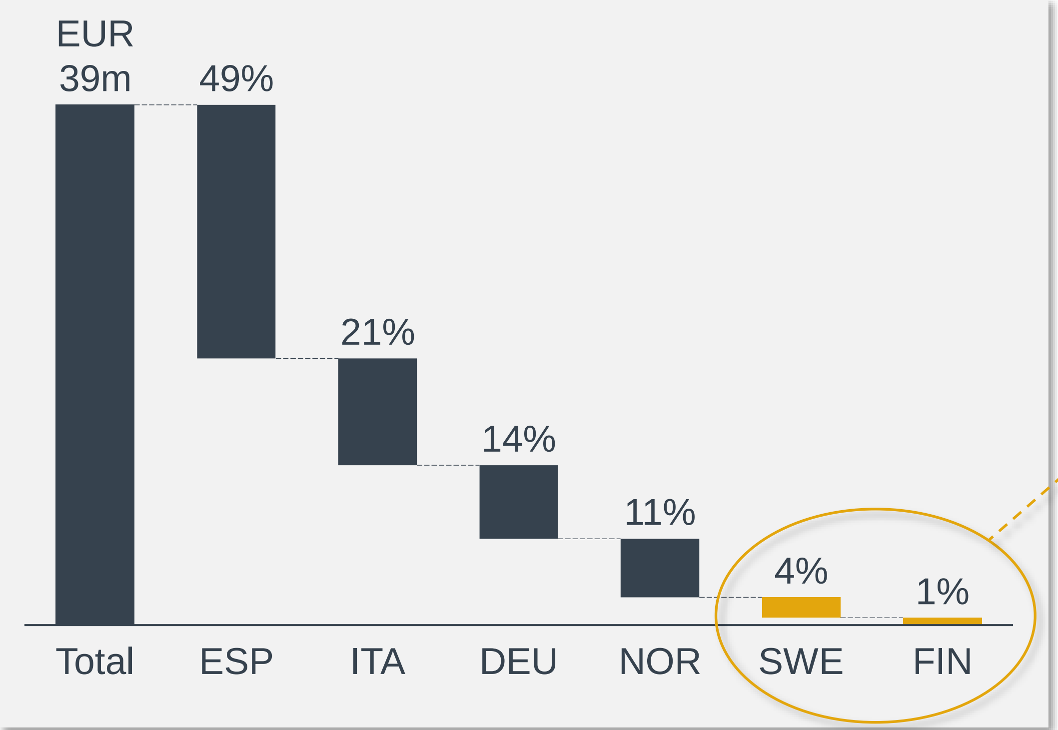
Axactor is exiting the 3PC market in both Sweden and Finland to increase profits

3PC total income split by geography YTD Q3'23



- Axactor has not been able to grow sizable 3PC revenue in Sweden and Finland
- Furthermore, the market prices are low resulting in an unprofitable business
- Axactor has therefore decided to exit the 3PC market in both Sweden and Finland
- 3PC total income will be substantially lower in both countries already in Q4 2023

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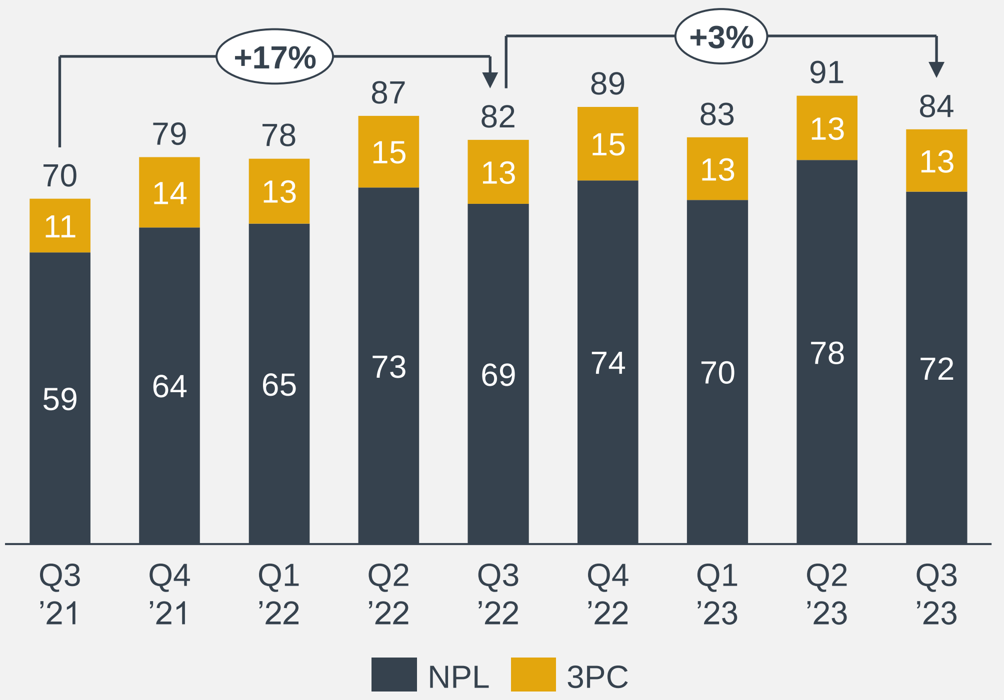
<u>Group:</u> Continued growth on gross revenue y-o-y

Gross revenue
(EUR million)



- Gross revenue is up 3% y-o-y
  - NPL gross revenue growth of 4% y-o-y
  - 3PC gross revenue growth of -3% y-o-y
- Estimated gross revenue growth of 5% y-o-y with constant currency

Comment: Stated numbers are for continuing operations

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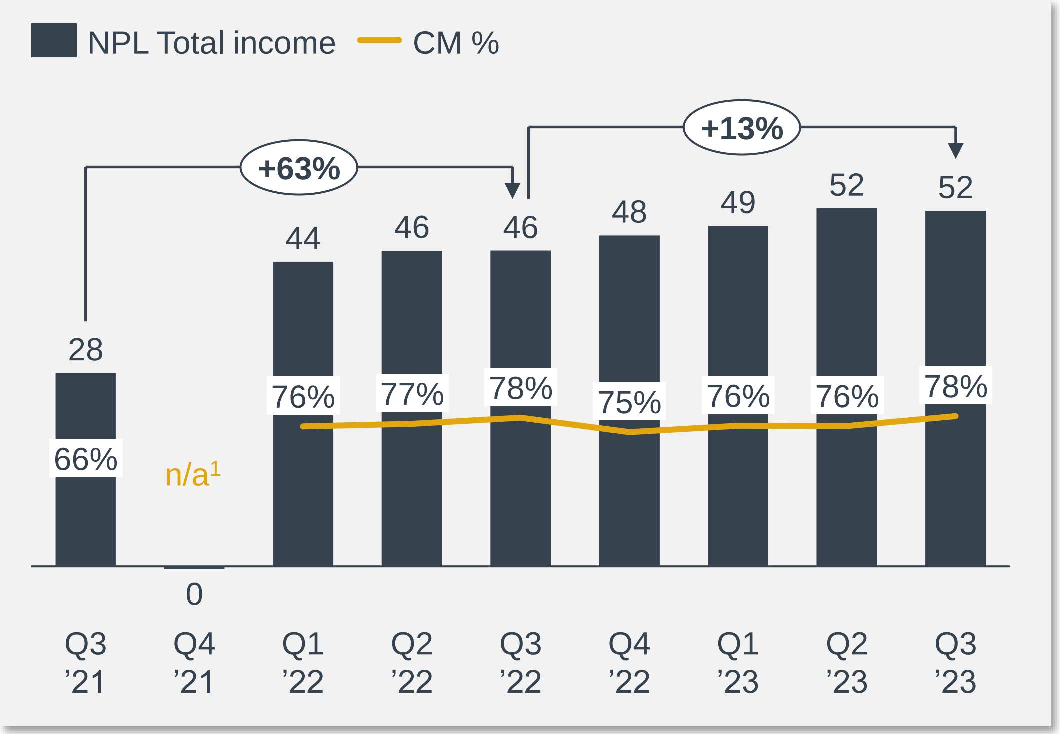
NPL segment: Steady total income growth with stable margins

NPL Total income and CM%

(EUR million, and %)



- Satisfying total income growth of 13% y-o-y with stable margins, despite macroeconomic headwinds
- Collection performance of 98% for the quarter
  - Satisfactory quarter in southern Europe
  - Debtors in Nordics and Germany opt for longer payment plans with lower monthly installments

Comment: Stated numbers are for continuing operations

1) Margin not applicable (n/a) due to write-down

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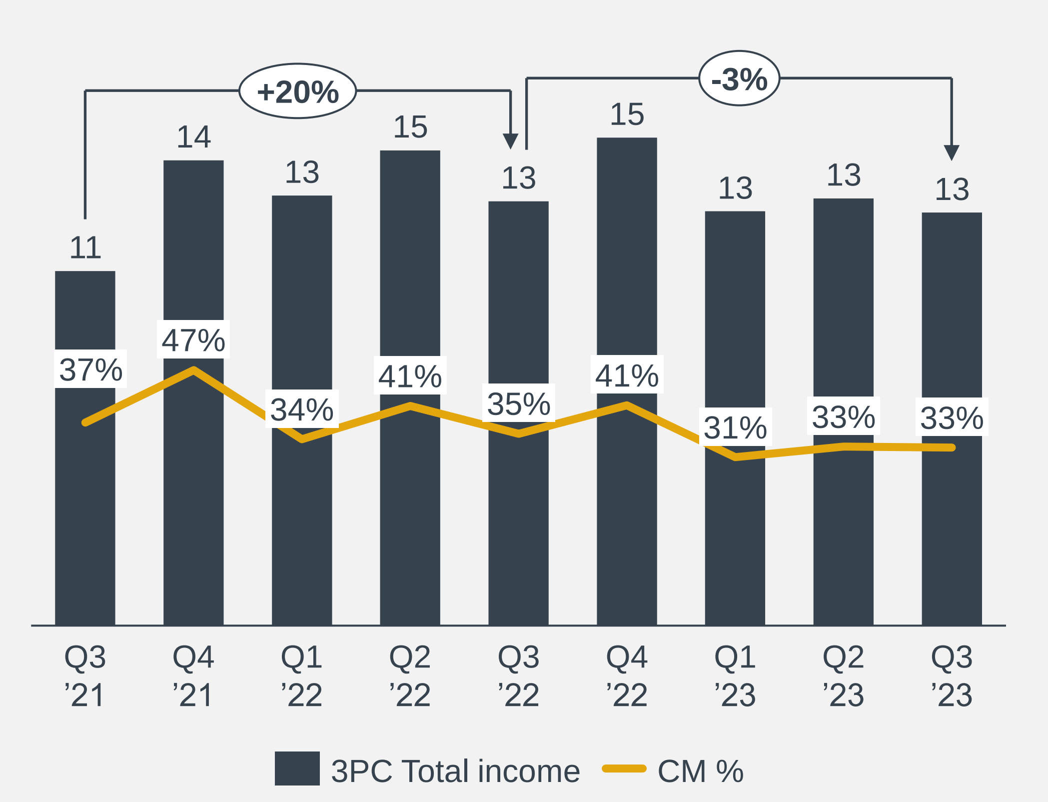
3PC segment: Total income and margins under pressure

3PC Total income and CM%

(EUR million and %)

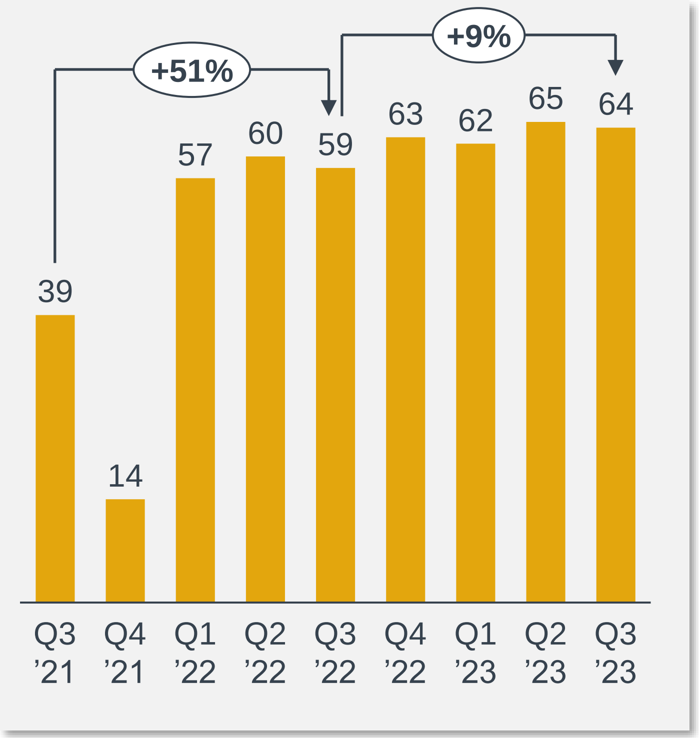


- 3PC total income growth of -3% y-o-y
  - Competition puts pressure on both total income and contribution margin
- Axactor is currently going through all contracts and terminate those with too low margins
  - Axactor will exit 3PC in Sweden and Finland during the fall (5% of 3PC total income in Q3)

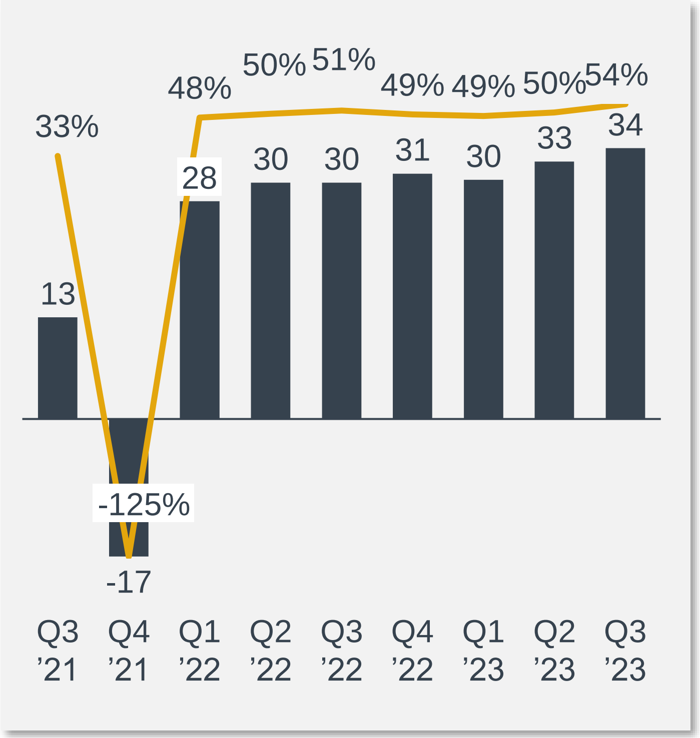
Comment: Stated numbers are for continuing operations

Group: Growth y-o-y in all key parameters despite headwind on currency and macro

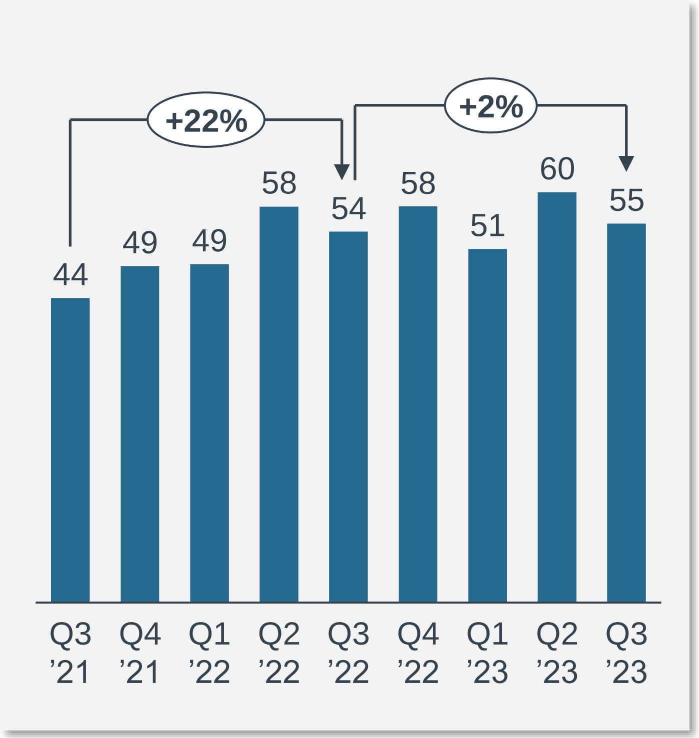
Total income
(EUR million)



EBITDA and EBITDA-margin
(EUR million and %)



Cash EBITDA
(EUR million)



Comment: Stated numbers are for continuing operations

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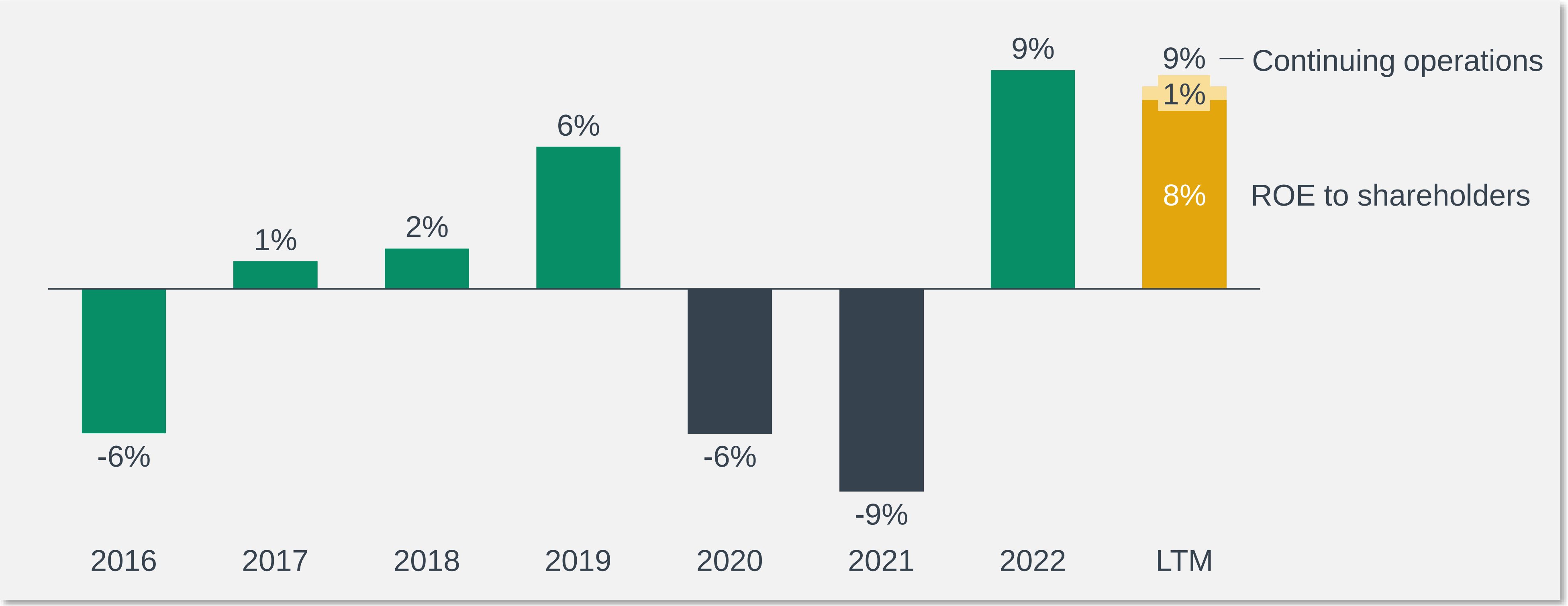
Stable ROE of 9% on continuing operations last twelve months – despite increased cost of funding

Return on equity to shareholders
(%)



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Outlook

Key driver	Outlook	
Accretive investments	+	• Highly accretive gross IRR on new deals of 30+% compared to the backbook of 18%
Growth	+	• NPL: Minimum 10% growth in interest income in 2023[1] • 3PC: Competition puts pressure on both total income and contribution margin
Funding	~	• Interest rate hedge secures partial protection of financial expenses for 9 more quarters[2] • No maturities until June 2026
Collection	~	• Expect continued negative macroeconomic impact in Nordics and Germany • Collection curves are adjusted to reflect the current macroeconomic conditions

1) Please see slide 7 in the Q4 presentation for further explanation
2) EUR 200m hedge

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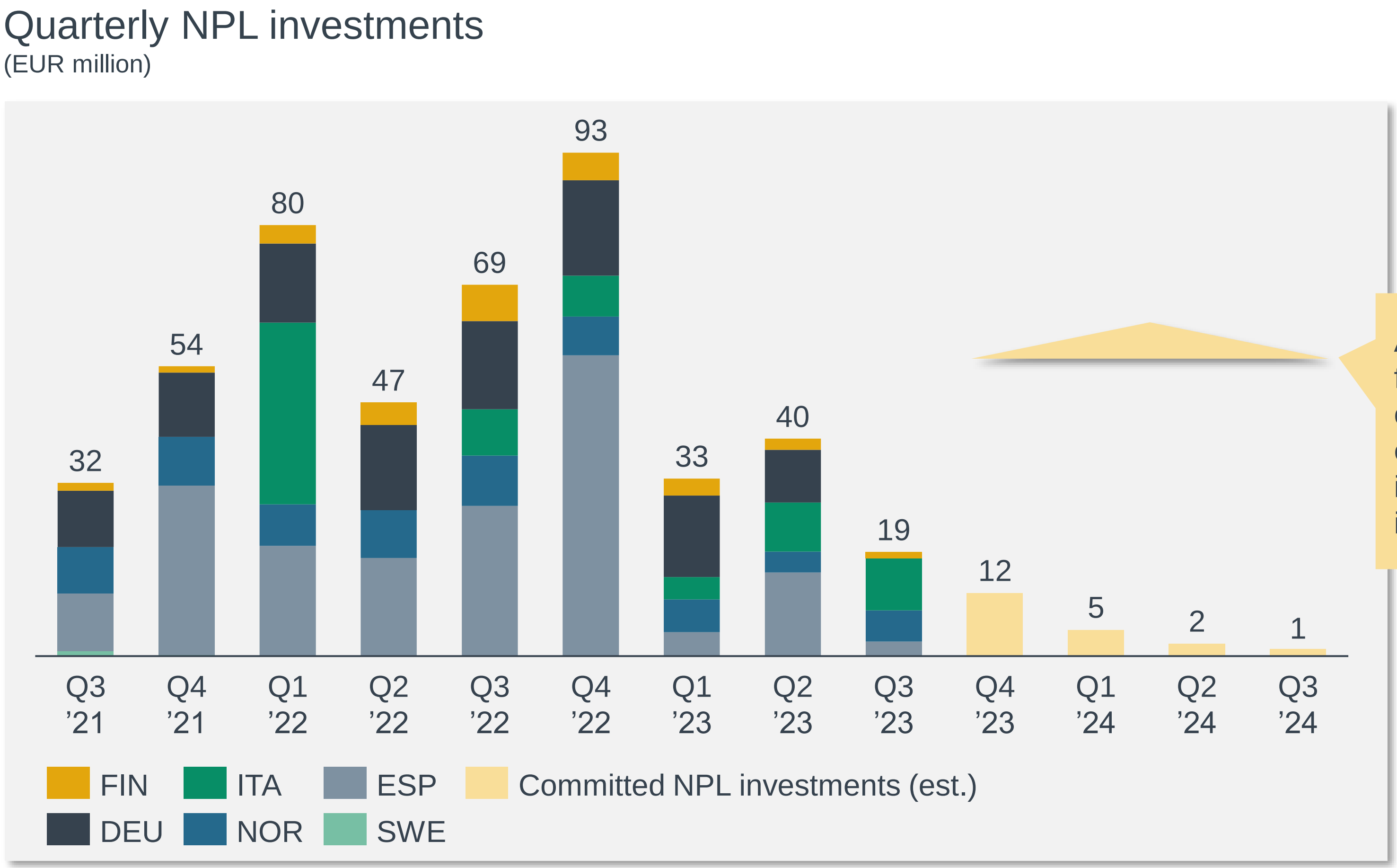
Supporting information

NPL investment commitments of EUR 20m next 12 months



Additional forward flow agreements and one-off acquisitions expected to further increase NPL investments

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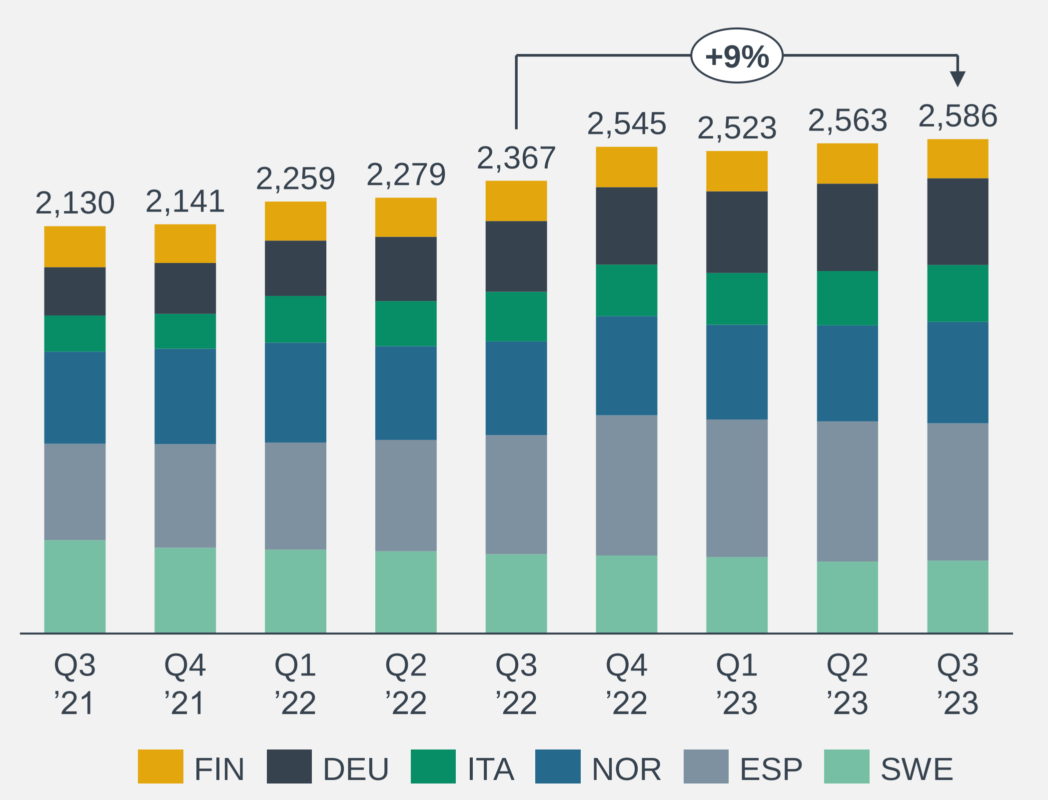
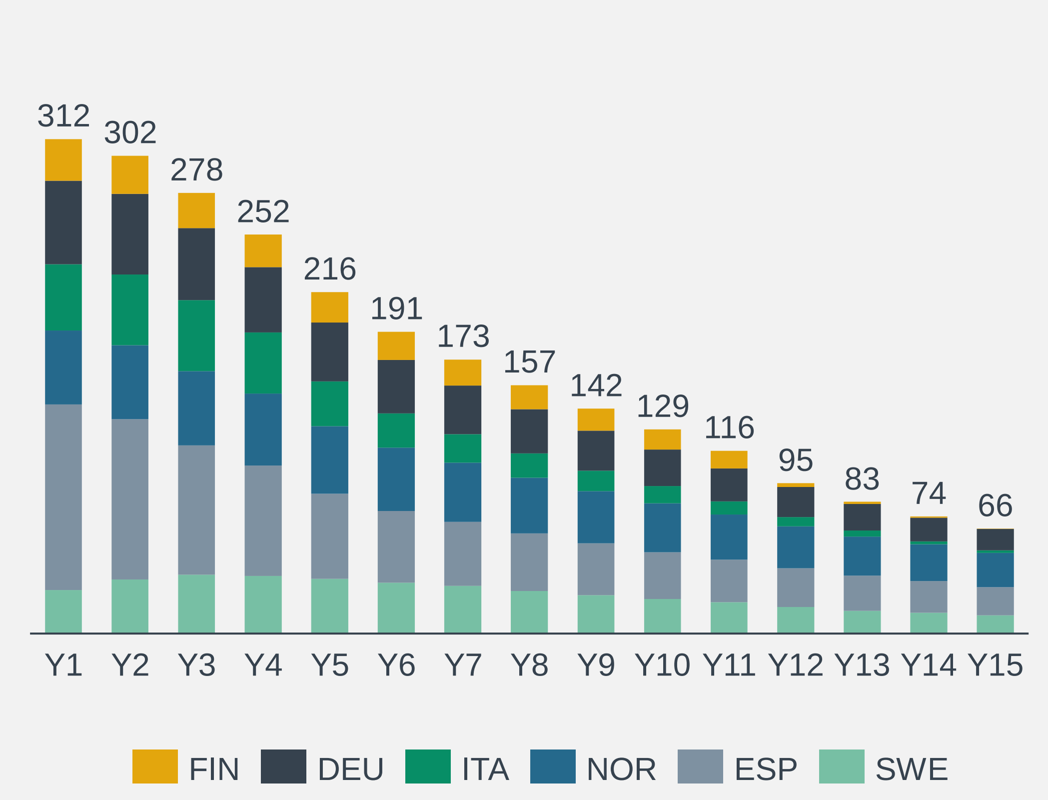
ERC increasing by 9% y-o-y driven by increased NPL investments in 2022

ERC development
(EUR million)



Forward ERC profile by year
(EUR million)



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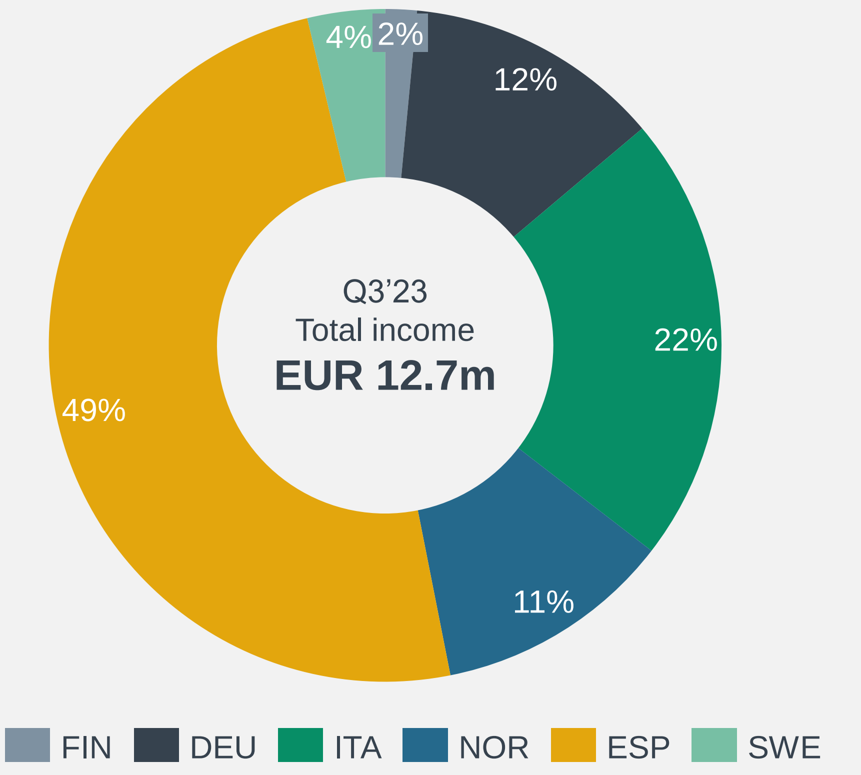
3PC volumes by geographic region

3PC Total income split by geographic region



- Spain accounting for 49% of total income on 3PC
- Italy share of Total income increased to 22% (17%) following organic growth in Italy

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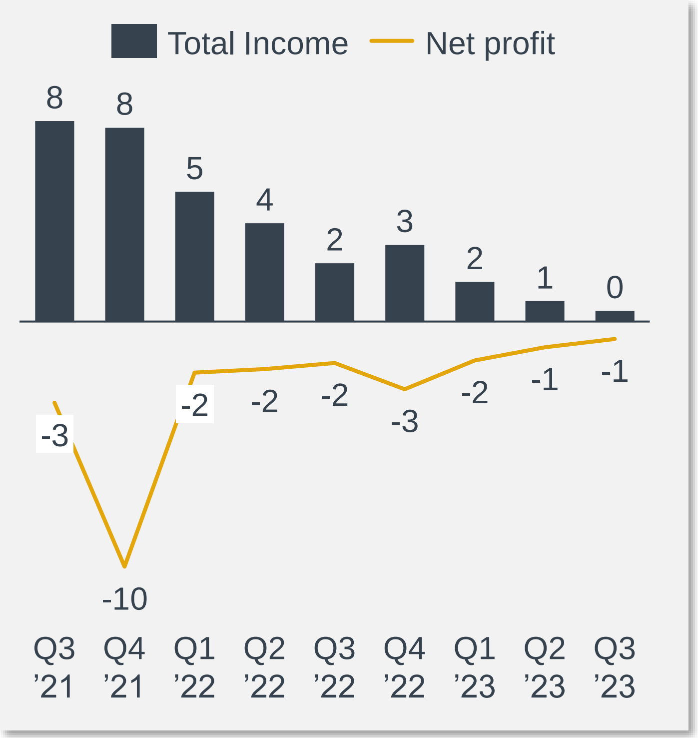
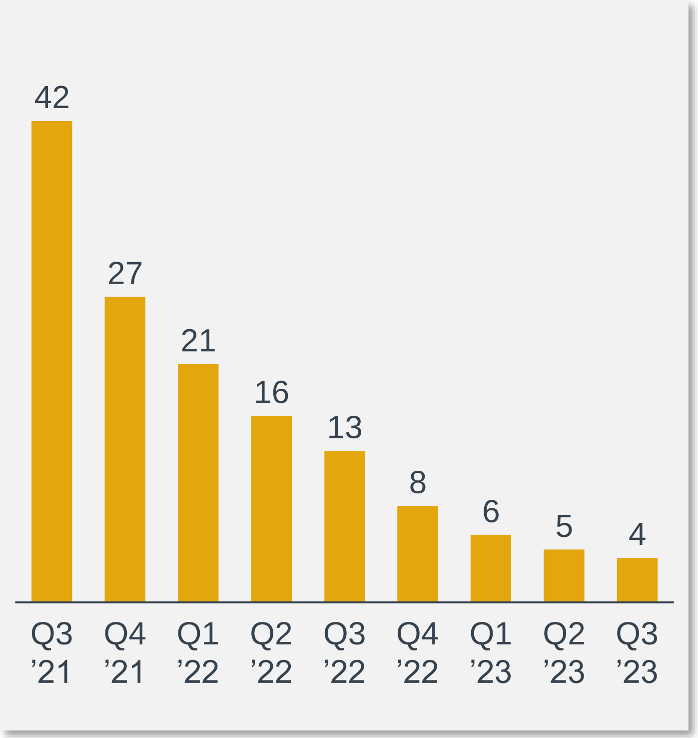
Discontinued operations
- REO book value reduced to EUR 4m ultimo Q3

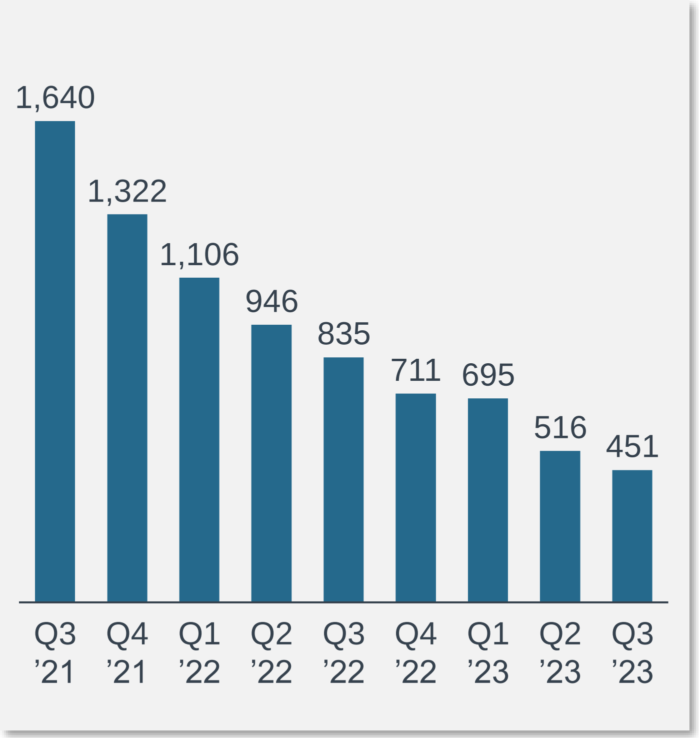
REO Total income and net profit[1]
(EUR million and %)



REO book value
(EUR million)



REO number of units



[1] 2021 figures restated

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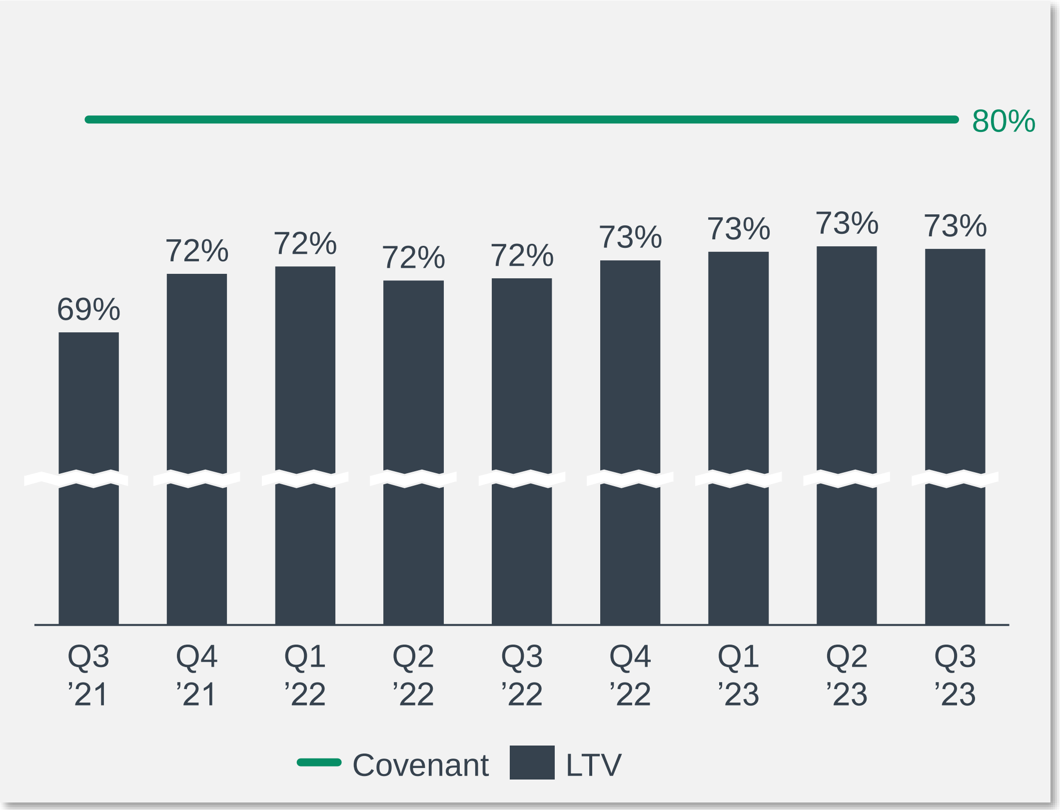
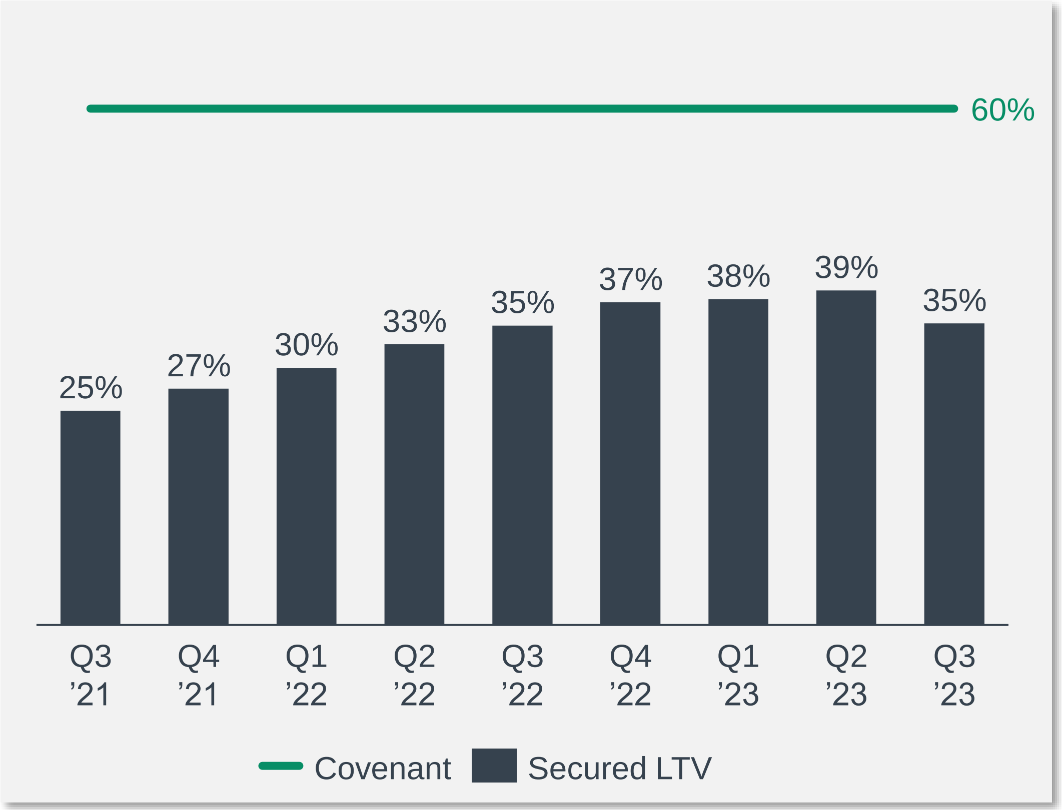
Bond covenants (1/2)

Loan-to-value - covenant ≤80%
(Net interest-bearing debt divided by total portfolio book value)



Secured Loan-to-value - covenant ≤60%
(Secured net interest-bearing debt divided by total portfolio book value)



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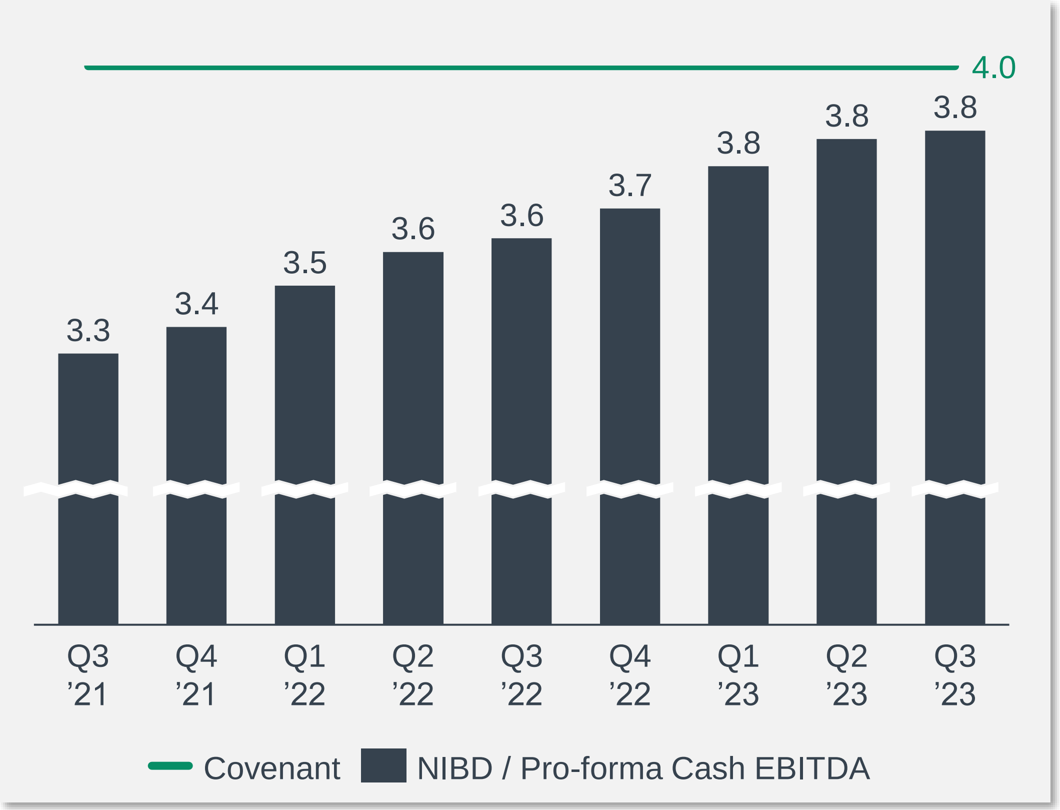
Bond covenants (2/2)

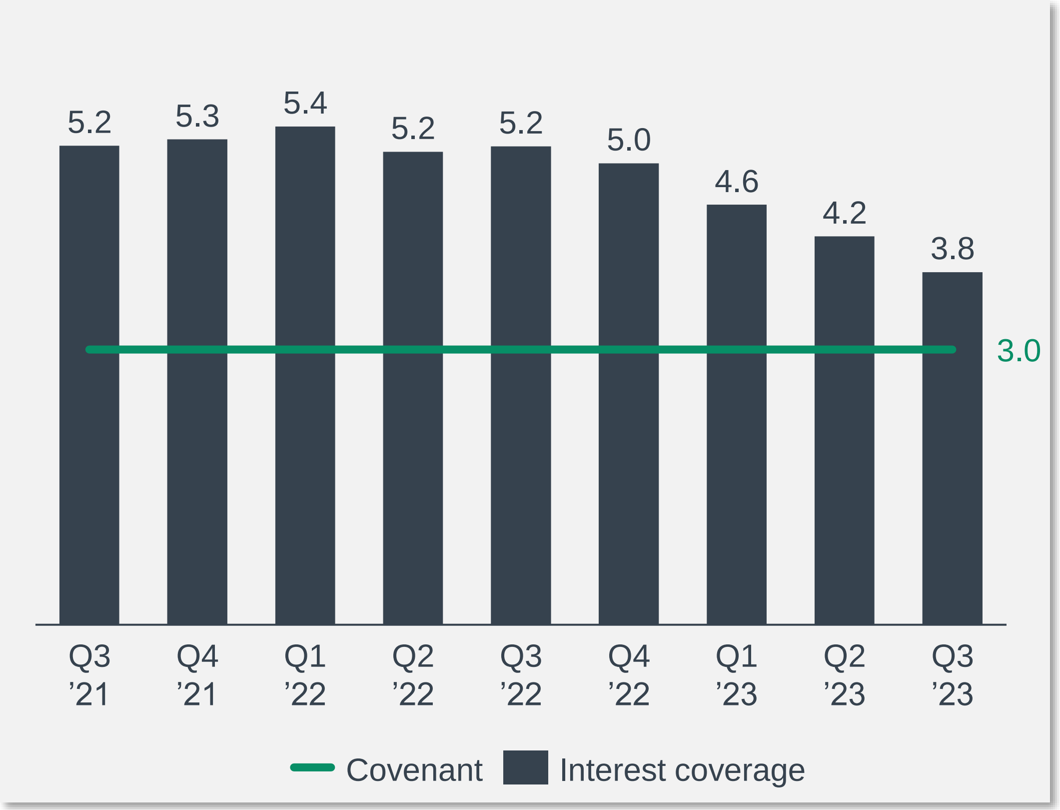
Leverage ratio - covenant ≤4.0x

(Net interest-bearing debt divided by LTM Pro-forma adjusted cash EBITDA



Interest coverage ratio - covenant ≥3.0x

(Pro-forma adjusted cash EBITDA divided by net interest expenses)



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Terms and abbreviations

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	Gross collection on NPL portfolios in relation to active forecast, including sale of repossessed assets in relation to book value
Cost-to-collect	Cost to collect is calculated as segment operating expenses plus a pro rata allocation of unallocated operating expenses and unallocated depreciation and amortization. The segment operating expense is used as allocation key for the unallocated costs
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 ASA and all its subsidiaries
NPL amortization rate	NPL amortization divided by collection on own NPL portfolios
NPL cost-to-collect ratio	NPL cost to collect divided by NPL total income excluding NPV of changes in collection forecasts and change in fair value of forward flow commitments
One off portfolio acquisition	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
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured non-performing loans
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

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
CM	Contribution margin
D&A	Depreciation and amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
ECL	Expected credit loss
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

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