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Axactor SE  
Att: Board of Directors  
Drammensveien 167  
0277 Oslo  
Norway

8 February 2021

## **Statement on the Mandatory Offer pursuant to the Norwegian Securities Trading Act section 6-16**

### **1. Background for the Mandatory Offer**

This statement (the "Statement") is made on behalf of the Board of Directors (the "Board") of Axactor SE ("Axactor", the "Company") related to the mandatory offer (the "Mandatory Offer" or the "Offer") submitted to the Board by Geveran Trading Co. Limited ("Geveran" or the "Offeror").

Axactor and Geveran have owned the equity interests in Axactor Invest I Sarl ("Axactor Invest") on a 50/50 basis since 2017. For the purposes of simplifying the corporate structure of Axactor and to provide investors with increased transparency, Axactor and Geveran agreed that Axactor would achieve 100% ownership of Axactor Invest through the acquisition of Geveran's 6,000 shares and EUR 45 million of the A notes in Axactor Invest from Geveran against the issuance of 50,000,000 new shares in Axactor with a subscription price of NOK 8.00 per share (the "Transaction").

On 5 January 2021, the extraordinary general meeting in Axactor approved issuance of the new shares to Geveran in connection with the Transaction. Geveran's subscription and receipt of new shares in the Transaction triggered the obligation for Geveran to launch a Mandatory Offer under section 6-1 of the Norwegian Securities Trading Act.

Pursuant to chapter 6 of the Norwegian Securities Trading Act., Geveran has made a mandatory offer to acquire all issued and outstanding shares not already owned by Geveran. The Offer Price is NOK 8.00 per share and will be settled in cash. The Offer is unconditional. According to the Offer Document, the Offer will be financed by existing funds available to the Offeror and guaranteed by DNB Bank ASA. The Offer Period commences on 29 January 2021 and ends on 26 February 2021.

As of the date of the Offer Document, the Offeror owns 122,017,772 shares, representing 44.31% of the total number of issued shares in the capital of the Company.

### **2. Independent Statement on the Mandatory Offer prepared by KPMG**

Oslo Børs is of the opinion that the Offer has been made in concert with the Board of Axactor and has therefore, in its capacity as take-over supervisory authority, decided that the statement from Axactor on the Mandatory Offer shall be prepared by an independent expert. Thus, the Board has engaged KPMG AS ("KPMG") to provide a statement on their behalf in accordance with section 6-16 of the Norwegian Securities Trading Act. KPMG has been approved by Oslo Børs to deliver the independent statement.

#### Offices in:

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Molde	Straume
Alta	Finnsnes	Tromsø	Tynset
Arendal	Hamar	Trondheim	Ullsteinvik
Bergen	Haugesund	Skien	Sandefjord
Bodø	Knarvik	Sandnessjøen	Ålesund
Bryne	Kristiansand	Stavanger	
Drammen	Mo i Rana	Stord	

KPMG has no business relationship with Geveran and has not acted as advisor for Axactor in connection with the Offer, other than providing the professional services related to this Statement. KPMG has, in capacity as an independent expert, issued two statements in accordance with The Public Limited Liability Companies Act related to the share capital increase in Axactor. Moreover, KPMG's consideration is not linked to the result of the Offer and KPMG has no financial interest in Axactor.

This Statement is as of 8 February 2021. KPMG disclaims any responsibility to advise regarding any changes of facts or matters affecting the Statement, which may occur after this date. Without limiting the foregoing, in the event that there is a material change after the date hereof, KPMG reserves the right to change, modify or withdraw the Statement. Moreover, KPMG reserves the right to complete any additional analyses that might subsequently be required, following the receipt of additional information.

This Statement is prepared for the purpose described above and accordingly cannot be used or relied upon for any other purpose or by any other party. Other than as provided in our engagement letter, KPMG accepts no responsibility to any other party in relation to the contents of this Statement. The Statement is governed by Norwegian law and any dispute relating thereto shall be settled exclusively by Norwegian courts. Our Statement does not address any legal, regulatory, taxation, accounting matters or other professional advice which may be obtained from appropriate qualified professional sources.

### **3. Valuation approach and access to information**

This Statement is based on our valuation analysis of the Company. The valuation analysis is conducted in order to assess whether the Offer is fair from a financial point of view.

Valuation is not an exact science and the conclusions may be subjective and dependent on the exercise of individual judgement. In providing this Statement, KPMG does not make any recommendations to any holder of securities of the Company or any person as to how to act in connection with the Offer. An individual shareholder's decision may be influenced by their particular circumstances. Accordingly, shareholders should conduct their own investigation and consult independent experts if such shareholder has questions regarding the Offer.

In undertaking the valuation analysis, we have applied a combination of widely accepted valuation methods and techniques. Our assessment includes analyses of the share price development, assessment of recent market activity, discounted cash flow ("DCF") analyses and market approach analyses. Further, the views of analysts, the Board and CEO have been considered.

The valuation analysis is based on information provided to us by the Company and supplemented by publicly available information. In arriving at our conclusion, we have assumed that all the information is true, accurate, not misleading and complete in all respects as at the date thereof and that all information which is or may be relevant to our engagement has been provided to us. We have not conducted an independent investigation to determine the truth, accuracy or completeness of the information provided to us, nor conducted any in-depth investigation into the business affairs of the Company. Our procedures and inquiries did not constitute an audit in terms of any auditing standards for any country and we express no opinion on the financial data or other information used in arriving at our Statement. To the extent the information provided to us is incomplete and/or inaccurate, our conclusion could change.

#### **4. Assessment of the Mandatory Offer**

The Offer Price of NOK 8.00 is below the current share price and below the volume weighted average price calculated measured on one- and three-months volumes in the period preceding 1 February 2021. DNB, Arctic and Nordea currently have target prices significantly above the Offer Price and operate with a buy recommendation on the share. Hence, analysts covering the Company see a substantial upside to the Offer Price.

The private placement, which was completed to a price of NOK 8.00 per share, was significantly oversubscribed. After the Transaction was completed, DNB and Arctic increased their target price while Nordea resumed its coverage with a buy rating. Hence, recent activity indicates that the Transaction has been well received by the market and has increased the attractiveness of the share.

Several Board members and key Management representatives participated in the private placement of NOK 8.00 per share, including the Chairman of the Board and the CEO. Further, Mr. Hans Harén, member of the Board member purchased shares at an average price of NOK 9.90 per share on 22 December 2020. Recent trades from insiders indicate that individuals with good knowledge about the Company consider it attractive to purchase the share at the level of the Offer Price.

We have performed discounted cash flow analyses based on Management's and analysts' forecasts and performed different sensitivity and scenario analyses. The different analyses and scenarios indicate a wide interval for the share price. However, our DCF analyses generally indicate that the Offer Price of NOK 8.00 per share is on the conservative end.

Based on analyses of price-earnings multiples vs earnings growth and price-book multiples vs return on equity estimates, the Offer Price of NOK 8.00 per share appears to be on the low/conservative end compared to listed peers, and further that expected growth in earnings based on consensus estimates only to a small extent is reflected in the Offer Price and the current share price.

#### **5. The Board's and CEO's view on the Mandatory Offer**

The Board members have unanimously resolved not to recommend Axactor's shareholders to accept the offer from Gevean at NOK 8.00 per share.

Similarly, CEO Johnny Tsois, in his capacity of shareholder in Axactor, is of the opinion that it will be value-creating for current shareholders to retain their ownership position and would not recommend selling at NOK 8.00 per share.

#### **6. Impact on employees and the location of business**

According to the Offer Document and information received from Axactor and the Board, the Offeror does not have any specific plans, and is not aware of any other circumstances relating to completion of the Offer, that will have any legal, financial or work related consequences for the Axactor Group's employees.

We have no indications that the received information is incomplete or incorrect.

**7. Opinions on the Mandatory Offer from the employees**

Neither KPMG nor the Company has received any opinions or statements from the employees in connection with the Mandatory Offer.

**8. Conclusion on the Mandatory Offer**

The shareholders in Axactor must independently consider the Offer based on their own investment preferences. KPMG would like to emphasize that no assurance can be given on the opportunity to sell the shares at current or higher levels in the future, due to the inherent uncertainty related to future liquidity and price development of the share. Uncertainty related to the further development and implications of the Covid-19 situation makes the assessment more challenging.

The different valuation approaches and considerations indicate a wide interval for the share price. However, taking all factors into consideration, we consider the Offer Price to be on the conservative end as at the date hereof, and we consider the value of the Company to be above NOK 8.00 per share. The conclusion is supported by the fact that the share price has been above the Offer Price since the Transaction was completed.

The conclusion is in line with the recent share price development, the market's response to the recently completed Transaction and analysts' view on the Company. Further, the conclusion is in accordance with the Board's and CEO's view on the Offer, who recommend current shareholders not to accept the Offer.

Yours faithfully,



Tor Harald Johansen  
*Partner, Deal Advisory*  
*On behalf of KPMG AS*