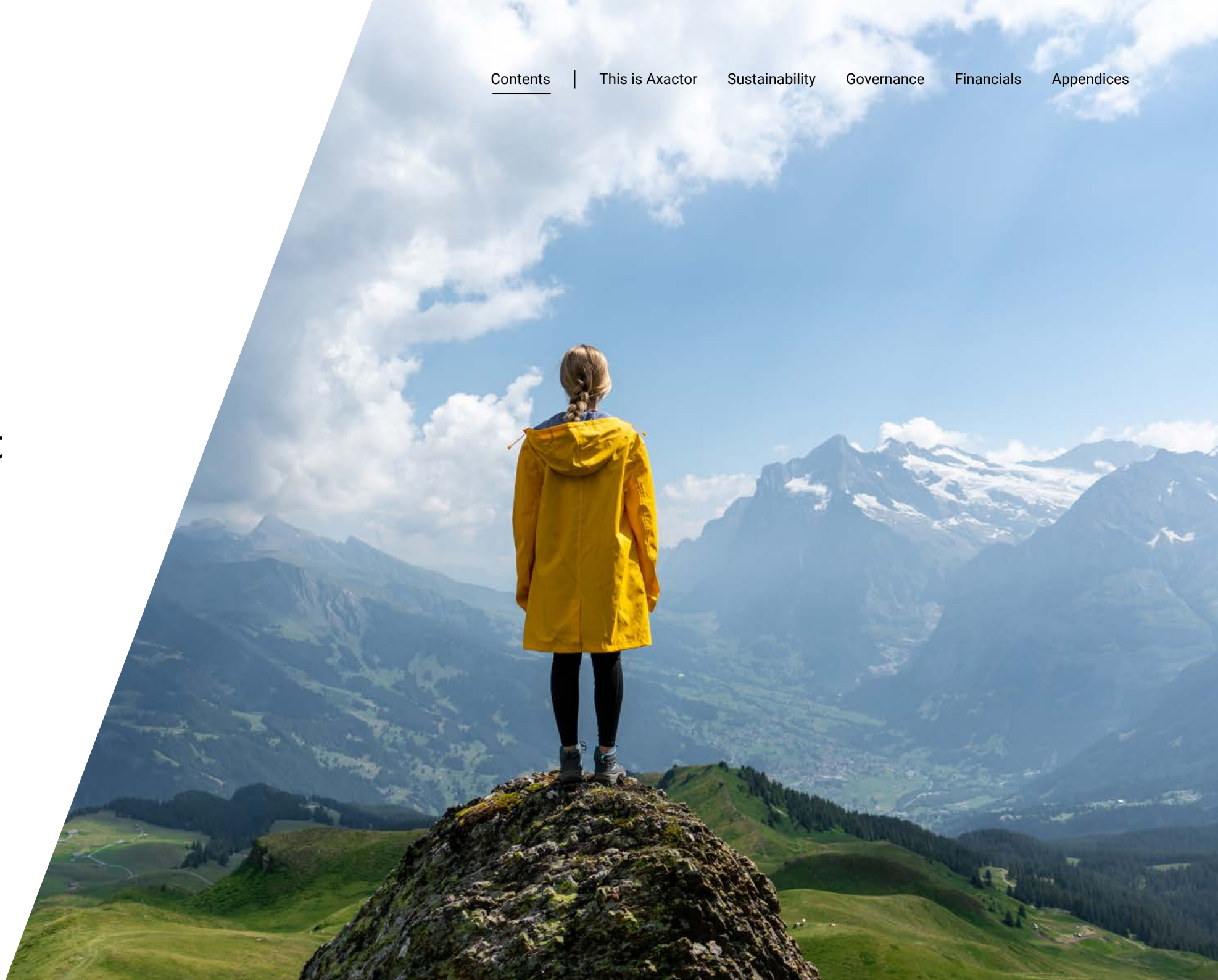



AXACTOR



Annual report
2022



Axactor helps people and companies to a better future



We are passionate, proactive
and act with integrity

/ Contents

This is Axactor

Axactor at a glance	4
Strategy and financial targets	5
Letter from the CEO	8
Key events 2022	10
Highlights of the year	11
Key figures	12

Appendices

Glossary	156
GRI content index	158

Sustainability

Introduction and highlights	13
Building a viable financial system for people and society	17
People	27
Environment	38

Governance

Group executive management	41
Board of Directors	43
Board of Directors' report	45
Corporate governance report	56
Remuneration report	65
Auditor's assurance report	78

Financials

Consolidated financial statements	80
Financial statements of Axactor ASA	128
Responsibility statement	148
Auditor's report	149
Alternative performance measures	153

/ Axactor at a glance

Axactor is a European based company, investing in non-performing loan portfolios and offering services within debt collection. Axactor believes that the debt management and collection business fulfill an important role in society. The purpose is all about helping people and companies to a better future.

The company's continuous focus on innovations, digital and state-of-the-art solutions for managing non-performing loans, together with cost leadership and extensive industry knowledge, has placed Axactor as one of the main players in the European debt-collection industry.

Axactor's vision is to be the industry benchmark.



Passion

We are passionate about everything we do



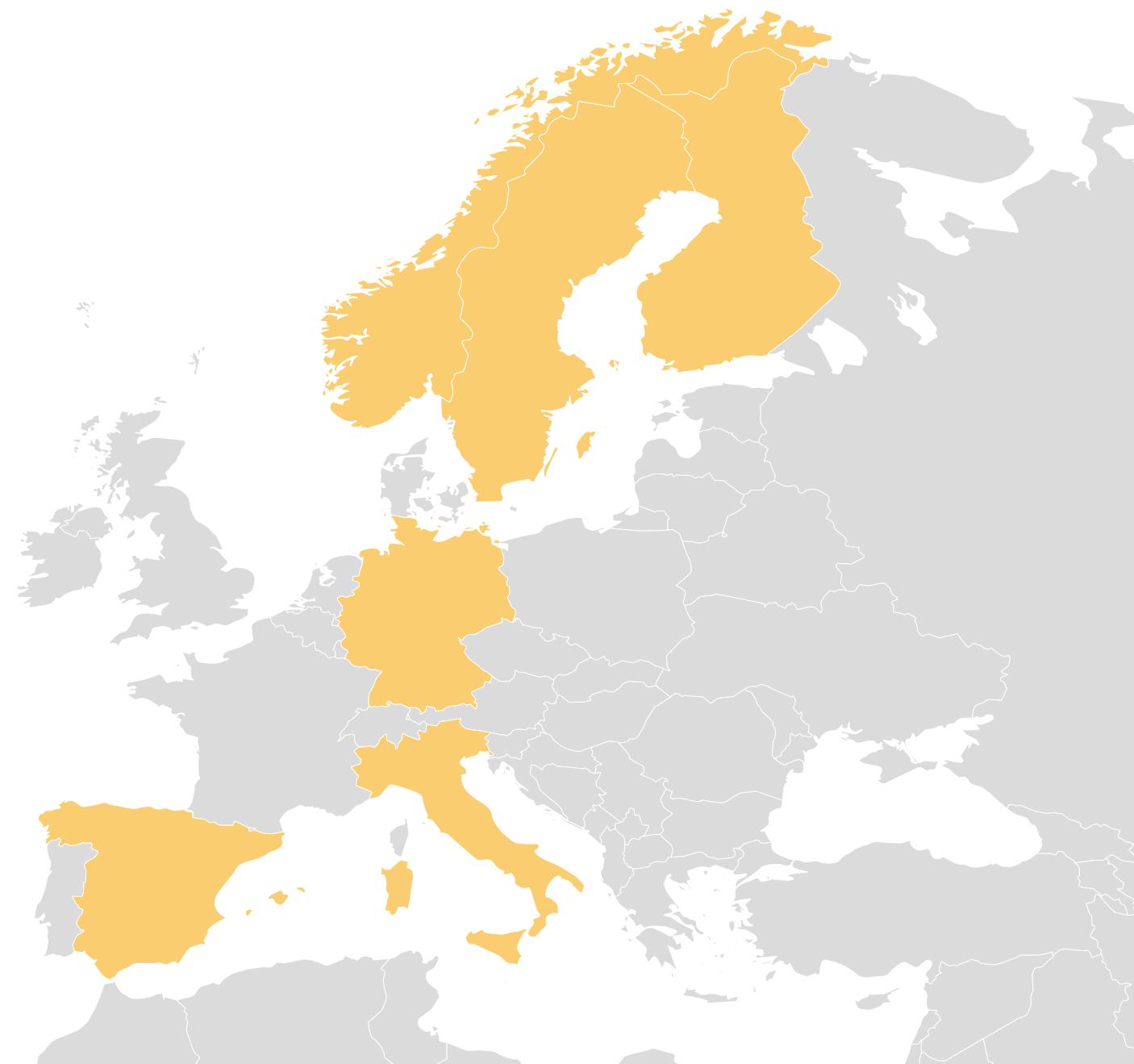
Trust

We act with integrity, create trust, and build long-term relationships



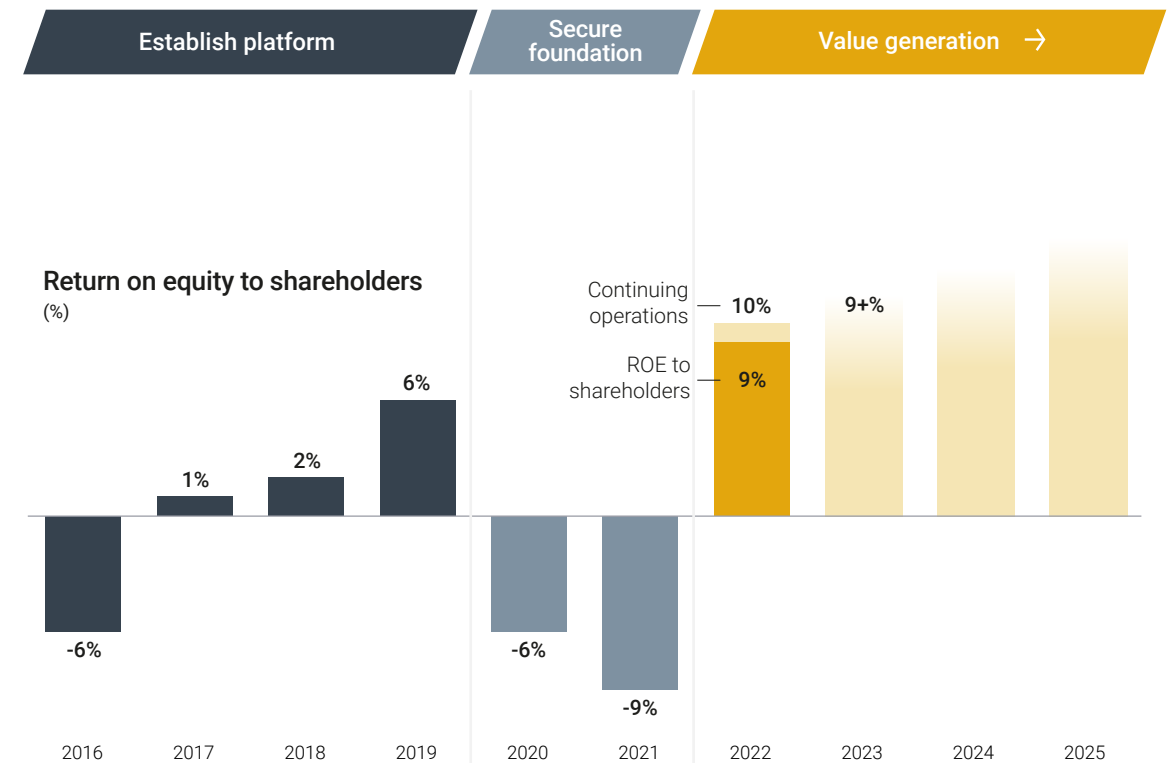
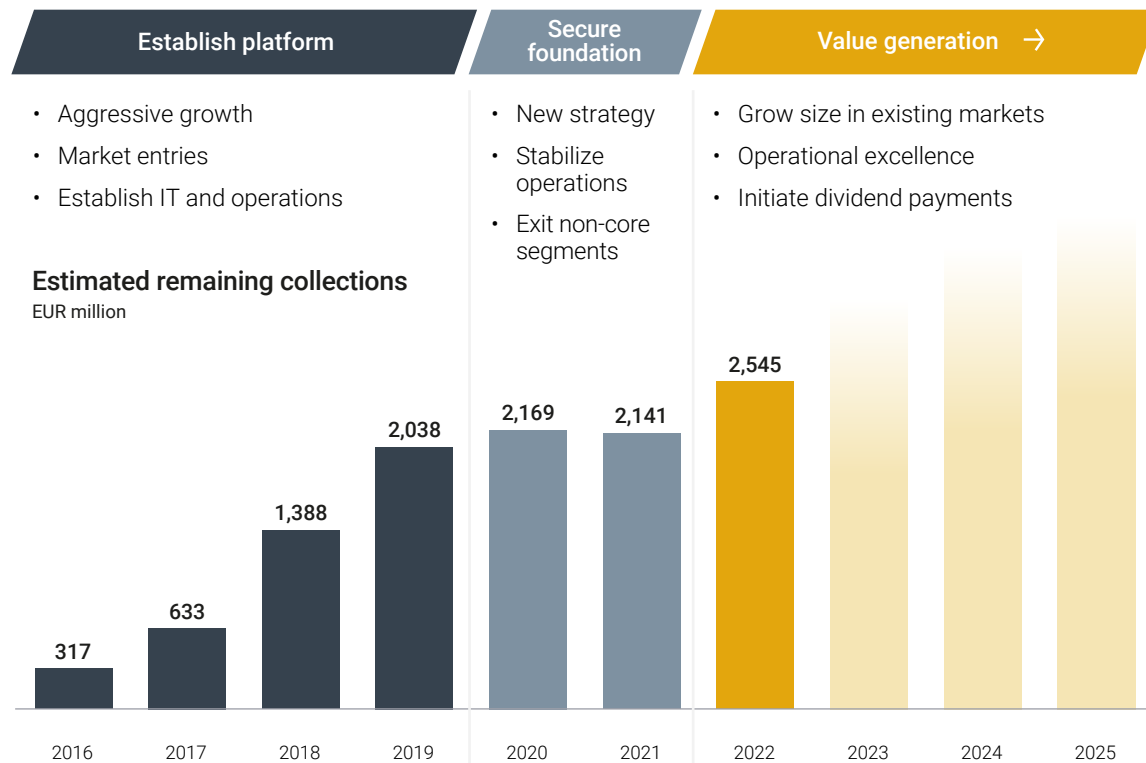
Proactive

We are proactively looking for things to improve



/ Strategy and financial targets

Axactor has a narrow focus on handling own and third-parties' non-performing loans originated within the bank and finance industry. With digital operations and streamlined systems and organizations, Axactor's main competitive advantage is its industry-leading cost position. After a period of aggressive growth during the first years after inception, Axactor spent 2020-2021 securing the foundation for future profitability. 2022 marked a return to growth, with double-digit return on equity in this first year of the value creation phase.



Axactor has set financial targets which outline a clear direction going forward

Dimension	Targets 2023	Targets 2024 and beyond
 Growth	NPL investments of EUR 100–150 million	NPL investments of EUR 200 – 300 million
 Profit	Minimum 9% ROE	To be announced towards end of year
 Returns	20–50% dividend pay-out ratio ¹	20–50% dividend pay-out ratio
 Leverage²	Maximum leverage of 3.5x at year-end	Maximum leverage of 3.5x

¹ Based on FY2023 results and onwards

² Leverage = (net interest-bearing debt / pro-forma adjusted cash EBITDA). As defined in the bond covenants



To deliver on the financial targets Axactor has a holistic approach to where we want to be and how to get there

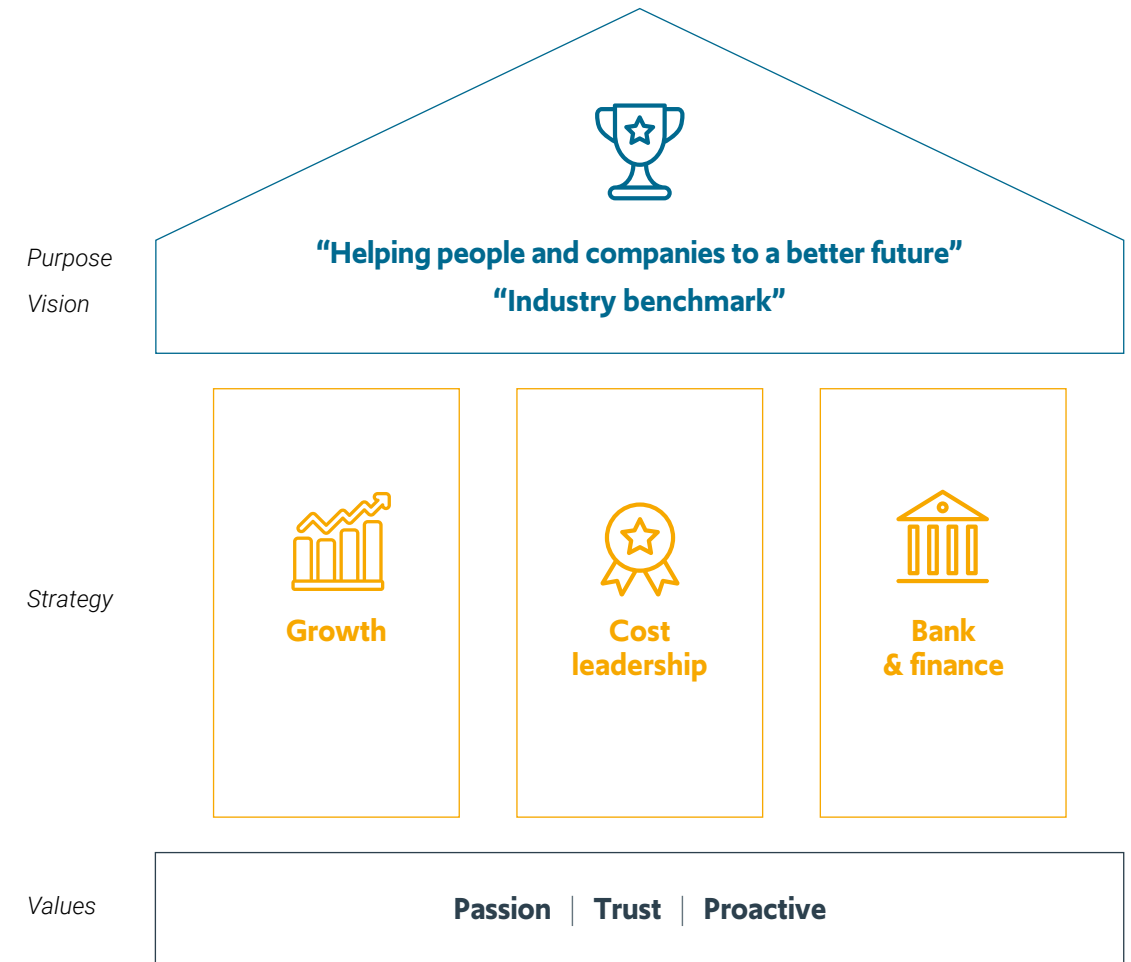
Axactor’s strategy consists of three levers. Each lever is supported by three KPIs which are outlined below.

Growth to continue to harvest economies of scale and strengthen the market position. Furthermore, Axactor has been able to secure more attractive prices during recent years which makes growth even more attractive to increase return on equity. To monitor the development the Group is closely monitoring three KPIs: 1) Development in 3PC contribution margin, 2) Gross IRR on new NPL portfolios and 3) NPL investment level

Cost leadership is the competitive advantage of Axactor. The Group was incepted to disrupt the industry on cost-to-collect and is believed to possess a position as industry leading today. This has been possible through starting with “clean sheets” and investing in cloud based

unified IT-infrastructure, optimized processes and a strong cost culture. To excel further Axactor is currently investing extensively in data-driven valuation and operation. To monitor the development the Group is closely monitoring three KPIs: 1) NPL cost-to-collect, 2) Employee satisfaction and 3) Debtor treatment score

Bank & finance is the core industry for Axactor. The claims are perfectly suited for the operational set-up of Axactor and the Group invests significantly in competence and processes to be the best partner for the Bank & finance industry. To monitor the development the Group is closely monitoring three KPIs: 1) Benchmark performance, 2) ESG rating and 3) Customer survey score



Letter from the CEO

/ Hard work pays off

2022 has been all about doing more of the things we do well. We have worked relentlessly over the past years to position the company for sustainable value creation. This is the first year where I really feel this is visible also in our financial statements. We continue our strategy of being best on cost, maintaining a strict pricing discipline and building scale. The result of our efforts is the most profitable year in the history of Axactor.

Skill through innovation and data driven operations

Enhancing our collection efficiency is one of the keys to our success. We believe in building high-quality processes, utilizing advanced analytics and the high competence of our employees. We will continue to invest in Group wide business intelligence and machine learning solutions, combined with local expertise and knowledge. We encourage new and innovative ideas to maintain our industry-leading cost-to-collect position.

A long-lasting trend is the increased level of self-service through digital solutions. We have seen sharp increases in the usage of our debtor portal in 2022, in particular in the Nordic countries. As we make more and more options available for the debtors to service themselves, not only do we make their lives easier—we also free up time in our contact centers to handle the more complex cases, helping people in a vulnerable situation to find a way out of their financial difficulties.

As we move further into digitalization of our collection processes, information security becomes increasingly important. With this in mind, we strive to protect privacy and the data we process in the best possible way every day. Still, we must also focus on how to minimize the consequences of a potential successful unlawful attempt at entering our databases. In 2022 we implemented a complete network segmentation, drastically reducing the amount of data that potential successful intruders would be able to access.

The Axactor family

Our hard-working employees are the backbone of our business. Taking good care of and investing in our high performers is one of the most important tasks for me and our leaders. This year's employee satisfaction survey shows an overall improvement. All the five countries that were certified as a Great Place To Work in 2021 maintained their certification, while Spain edged closer to

the level required for certification. Nonetheless, we also identified several areas with improvement potential. In 2023, we will continue our work to secure the wellbeing of our most important assets.

Early this year, we welcomed 150 new employees to the Axactor family when we acquired the Italian company Credit Recovery Service. This acquisition has significantly increased our presence in the Italian 3PC market and has delivered well above expectations this year. The balanced business model with both 3PC and NPL offerings remain at the heart of our business, creating synergies in terms of both cost efficiency, deal origination and workforce flexibility.

Volatile markets

Looking ahead, we are expecting continued macroeconomic turbulence. These are undeniably troubling times for many of our debtors, and we are here to help them find sustainable solutions to honor their obligations. So far, we have seen limited impacts of the worsened economic situation on our collection. With continued low unemployment rates, we expect collection to hold up well also going forward. However, times like these have historically resulted in fewer large settlements with more debtors opting for payment plans.

From a business perspective, challenging times tend to create opportunities. We invested substantially in new NPL portfolios at favorable prices in 2022, and we expect the price level to remain attractive in 2023. We remain patient, with flexibility to act when attractive opportunities arise, be it high-IRR portfolios, valuable 3PC clients, or low-cost funding options.

We aim for continued stability in 2023 and will stick to our newly announced financial targets. We expect to deliver at least 9% return on equity for our shareholders, and to distribute 20–50% of our 2023 result as dividends. At the same time, we will work to reduce our leverage ratio to a maximum of 3.5x at the end of the year.

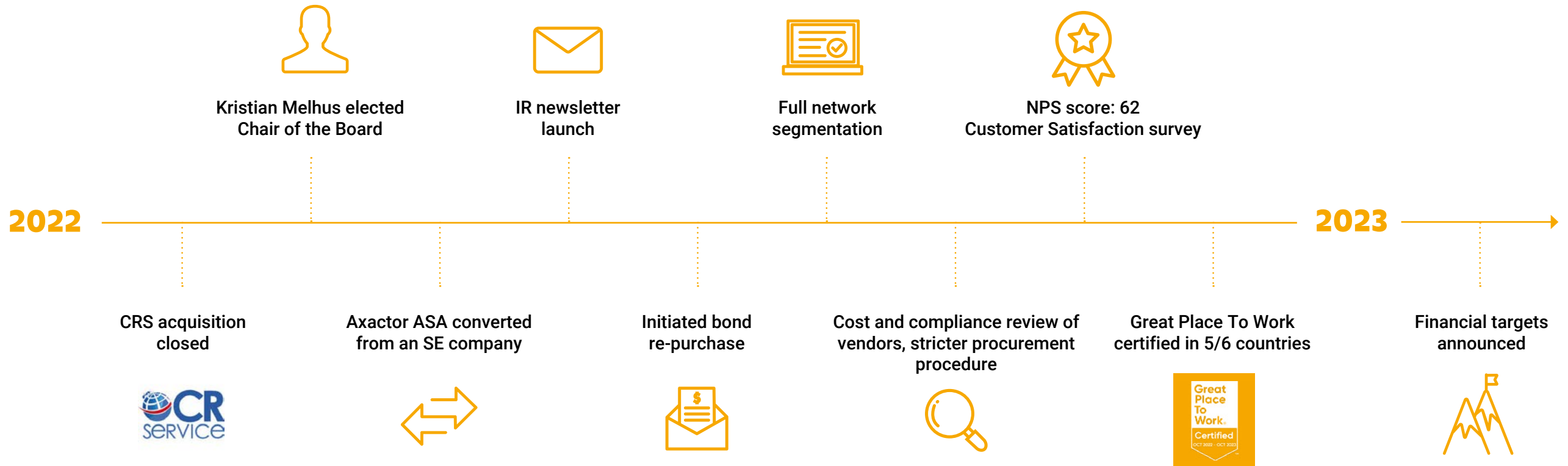
With the best result in the history of Axactor under our belt, we will keep doing more of the things we do well, also in 2023.

“ **The result of our efforts is the most profitable year in the history of Axactor** ”


Johnny Tsolis,
CEO



/ Key events 2022



/ Highlights of the year

- 2022 marked a return to profit with the best result in the history of Axactor
- Return on equity for continuing operations of 10% (-6%), and return on equity to shareholders of 9% (-9%)
- Collection performance stabilized close to 100%
- Substantial investment level of EUR 288 million in accretive NPL portfolios (114), securing profitable growth also for 2023
- Continued investments in business intelligence and advanced analytics drove further improvements in cost ratios in 2022, as evidenced by an EBITDA margin of 50% (26%) and an NPL cost-to-collect of 39% (44%)
- Acquired debt collection service provider Credit Recovery Service (CRS), significantly strengthening Axactor's position in the Italian 3PC market
- Full network segmentation implemented, substantially reducing the amount of data at risk in the event of a successful cyber attack
- Publicly listed parent company converted from a Societas Europaea (SE) company to a Norwegian Allmennaksjeselskap (ASA)
- A total of EUR 50 million of own bonds re-purchased at an average price below par
- Annual customer satisfaction survey shows consistent strong results, with an average score of 8.5/10, and a net promoter score of 62 (50)
- Five countries maintained Great Place To Work certification, while Spain edged closer to certification requirement
- Hedging instruments covering 60% of the Group's current gross debt in place for 2023, limiting impact of increased interest rates on financial expenses

/ Key figures

Key figures presented are for continuing operations unless otherwise stated. Comparative information has been re-presented to show continuing operations only, see [note 32](#) for more information on discontinued operations. Key figures that can not be directly found in the Group's consolidated statements are reconciled in the [APM tables](#).

EUR million	2022	2021
Gross revenue	337	308
Total income	240	158
EBITDA	119	40
Cash EBITDA from continuing operations	218	192
Net profit/(loss) after tax from continuing operations	41	-25
Return on equity to shareholders ¹	9%	-9%
Return on equity, continuing operations	10%	-6%
Equity ratio	29%	29%
Acquired NPL portfolios	288	114
Book value of NPL portfolios	1 253	1 096
Estimated remaining collection (ERC)	2 545	2 141
Number of employees (FTEs)	1 301	1 096
Price per share, last day of period (NOK)	5.88	7.55
Market capitalization (NOK million)	1 777	2 281

¹ Return on equity to shareholders includes continuing and discontinued operations

Gross revenue

EUR million

337

10% y/y

ERC, NPL

EUR million

2,545

19% y/y

Return on equity

10%

continuing operations

EBITDA

EUR million

119

50% margin

Cash EBITDA

EUR million

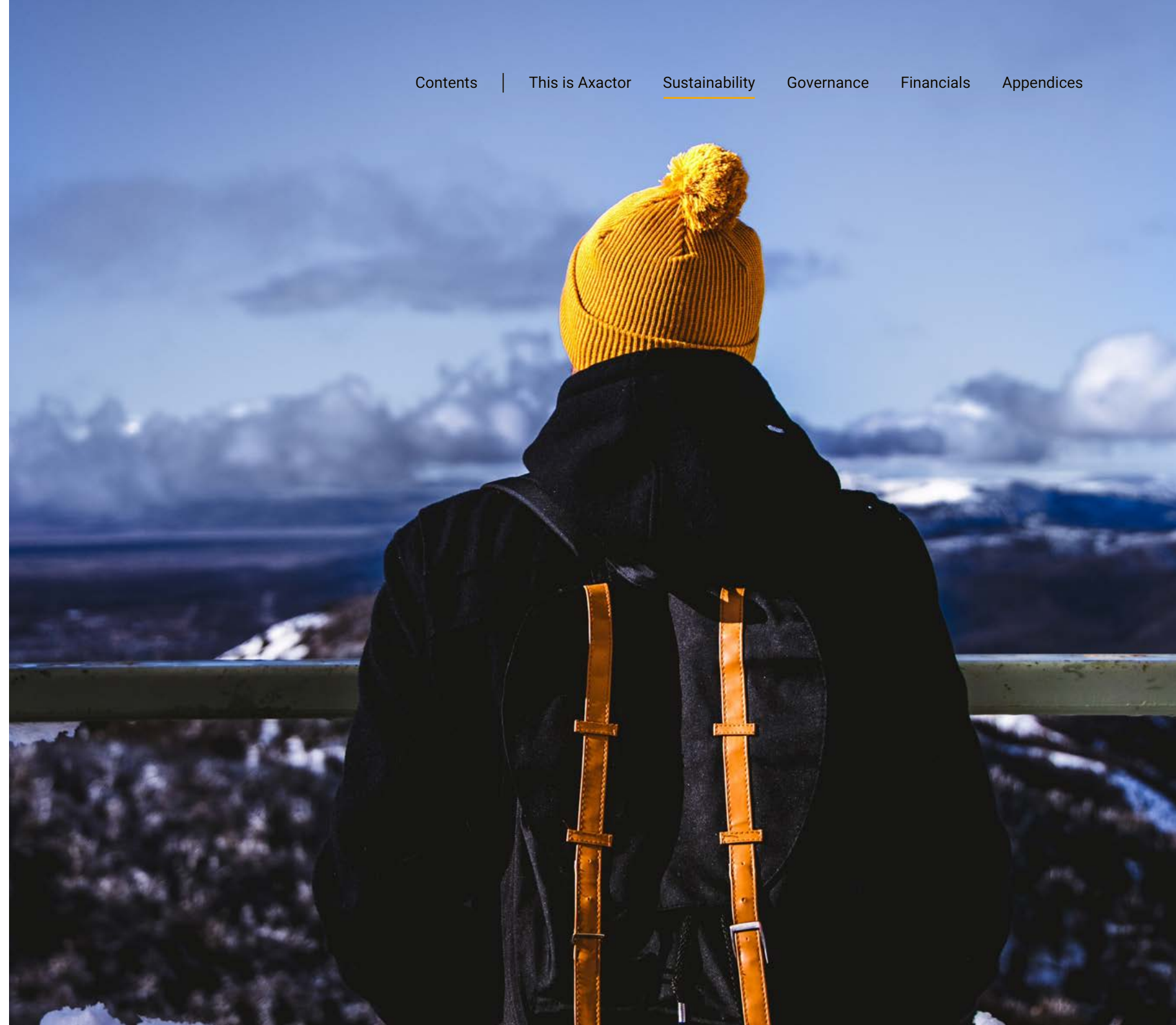
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Equity ratio

29%

/ Sustainability report 2022

Axactor's purpose is to help people and companies to a better future, not only by ensuring that they get paid, but also by being an aid to the companies and people with financial difficulties, offering sustainable solutions – enabling further investments and economic growth. Axactor recognizes that business has a role to play in solving social challenges through responsible investments, by supporting and developing the skills of the employees, and by offering innovative products that cater to customers' needs. This combined with faster payments and respectful treatment of debtors, brings down outstanding credits, secures a stronger financial market, and increases quality of life for many people in financial difficulties.



Responsible operations are essential for the license to operate and an enabler of long-term value creation. Sustainability begins from within the organization, and a clear tone from the top is crucial. To increase the transparency in its sustainability reporting, Axactor reports according to GRI. Axactor believes that its reporting is in accordance with GRI’s reporting principles in all material respects





as defined by the GRI Universal Standards (2021). See Axactor’s [GRI content index](#).

At Axactor, everyone is accountable for conducting business in an ethical, sustainable, environmentally, and socially responsible manner. Axactor practices good corporate governance, respect

internationally recognized human rights principles and supports the UN Sustainable Development Goals (“SDGs”), emphasizing especially its commitment to the goals 5, 8, 13 and 16, which underpins the results of the materiality analysis. In 2021, Axactor became a signatory to the UN Global Compact, which further emphasized this and solidified Axactor’s commitment to the ten principles of the UN Global Compact, in each of the four areas: Human rights, labour, environment, and anti-corruption. To update its stakeholders and society on its progress in implementing the ten principles, Axactor needs to annually communicate on its progress about its efforts in a “Communication of Progress”. This report also incorporates Axactor’s second Communication on Progress (“COP”).

The ten principles are all reflected in Axactor’s various Board approved policies, being the cornerstone of Axactor’s governance structure. The success of Axactor’s business is dependent on the confidence earned from its stakeholders. Credibility is gained by adhering to the given commitments, displaying honesty and integrity, and reaching company goals solely through honorable conduct.

Further information about Axactor’s corporate governance can be found in the Corporate governance report included in the Annual report 2022 [page 56](#).

Human rights 	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
	Principle 2	
Labour 	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment 	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption 	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainability highlights

Sustainability is of high importance to Axactor and has been an integral part of the company since the foundation in 2015. In 2022, Axactor made numerous improvements to its sustainability performance.

A summary of the key achievements made during the year and key focus areas for 2023 are listed in the table and explained in further detail throughout this sustainability report.

	Key achievements 2022	Key focus areas 2023
Environment	<ul style="list-style-type: none"> Implemented GHG measurement tool Improved Group GHG inventory (climate accounts) Supported local initiatives to reduce waste and/or emissions 	<ul style="list-style-type: none"> Set specific emission reduction targets with a clear strategy towards 2035 Reduce number of company cars and transition to hybrid/zero emission cars where there is a business need Support local initiatives to reduce paper consumption, waste management, use of second-hand furniture etc. Implement more comprehensive environmental considerations in procurement
Social	<ul style="list-style-type: none"> Improved debtor complaint management Increased number of scorecards for fairer and more efficient operations Continued targeted efforts to improve gender equality and diversity Renewed certification of 5/6 countries as a Great Place to Work and improved score for Spain Improved reporting on employee training hours New human rights policy Chat solution launched in Norway, Sweden and Finland 	<ul style="list-style-type: none"> Reduce voluntary employee turnover Improve diversity and gender equality Continue to improve stakeholders' satisfaction Improve measurement of employee training hours and set targets Improve measurement of ethical debt collection Additional initiatives to reduce gender pay-gaps i.e., awareness among leaders, improve process for salary adjustment, automatize reporting and connecting local payroll systems with the centralized reporting system. Publish a human rights impact assessment Increased focus on purpose
Governance	<ul style="list-style-type: none"> Strengthened information security incl. network segmentation and mobile device policy Improved regulatory watch Increased knowledge-sharing Expanded measurement model for portfolios of non-performing loans (NPL) with more input variables capturing current and future macroeconomic conditions and use of scenarios Continued to simplify the legal structure Strengthened preventive and detective measures to combat financial crime Updated dawn raid manual Updated procurement and vendor management processes and procedures New tax policy 	<ul style="list-style-type: none"> Increase risk maturity Increase visibility of ESG measures in the financial performance Implement further information security measures i.e., improved cyber security awareness trainings Continue to improve vendor management Introduce ESG metrics in portfolio valuation Continue to reduce complexity in legal structure

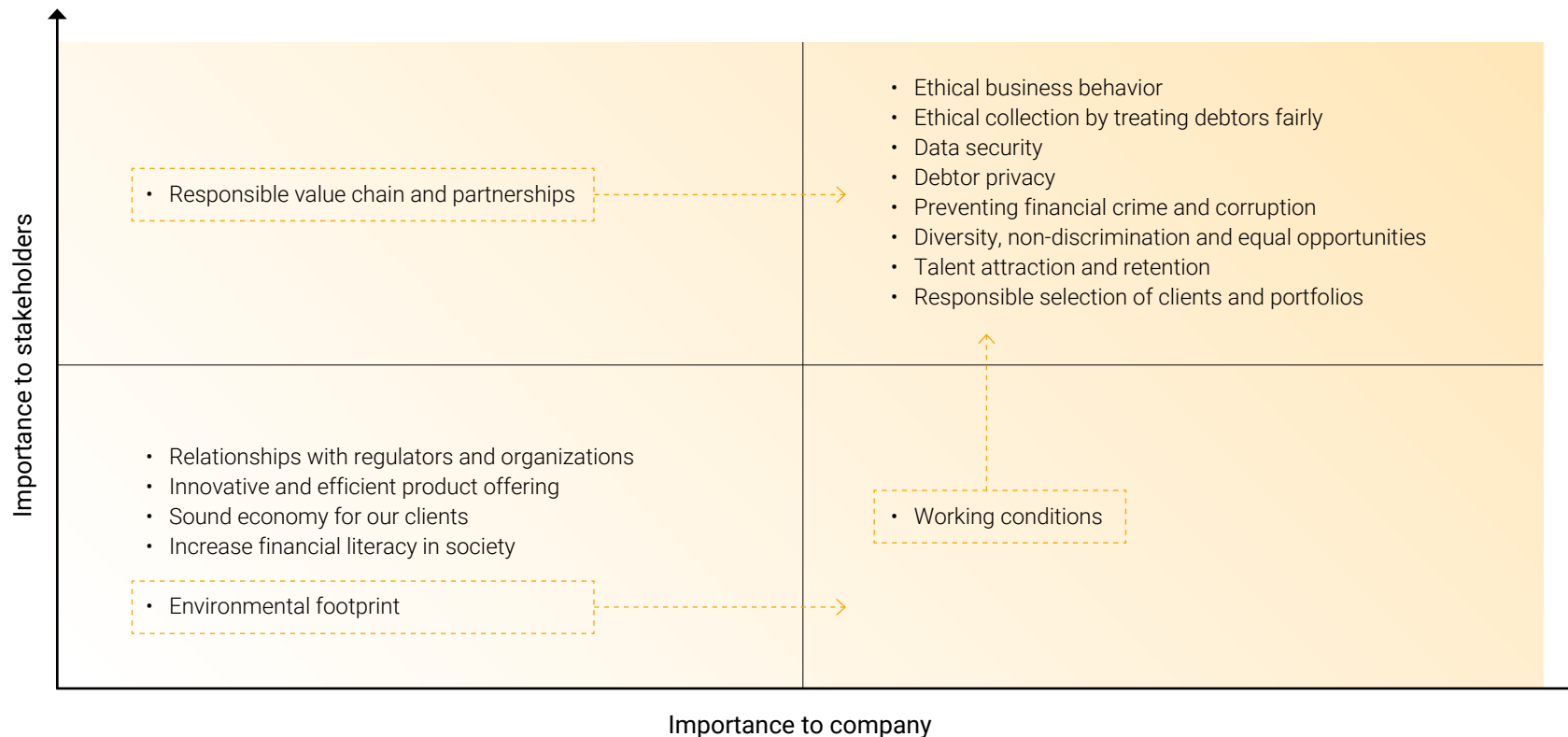
Material issues and stakeholder engagement

Axactor has updated the materiality analysis during the year, to ensure the continuous relevance of the material sustainability aspects identified. These are the areas considered to be the most important for Axactor and its long-term value creation. The materiality analysis defines the challenges and issues that Axactor and its stakeholders perceive as most important, and where impact on society and the environment is considered most decisive.

The materiality analysis is based on feedback from external and internal stakeholders who have responded to and provided comments on a questionnaire based on relevant topics inspired by the GRI standards, either by survey or through interviews. External stakeholders have included customers, partners, regulators, suppliers, investors, and lenders. Internal stakeholders have included representatives of the Board, the Group executive management, and employees. The survey covers key factors for Axactor’s daily operations and long-term value creation related to

governance, people, and the environment. The focus areas and associated issues are presented in the materiality matrix below. The results of the materiality analysis have been substantially the same for the last three years, which further confirms what the stakeholders believe Axactor should focus on going forward.

In addition to the feedback provided by the stakeholders, Axactor has also illustrated certain societal trends in the matrix, which also impacts the Group’s focus, when setting targets and priorities. These trends are illustrated in yellow in the matrix.



Reporting boundaries

Defining consistent boundaries for sustainability reporting is challenging due to the complexity of ownership and operational arrangements in six different countries, including, among others different regulatory requirements. Axactor strives to be consistent and transparent about variations in boundaries and provide a complete report in line with industry practice. Implementation of common reporting systems and development of common definitions and reporting standards have raised the quality of the report, but there are still improvements to be made i.e., to be able to report correctly on incidents year over year. Historic numbers are sometimes also adjusted due to changes in reporting principles, changes of calculation factors used by authorities, or re-classification of incidents after investigations.

/ Building a viable financial system for people and society

The objectives of the Axactor Group are to engage efficiently, responsibly, and profitably for investors, customers, debtors, partners, and employees. Axactor assists in improving cash flows, increasing liquidity, and minimizing the risk for its customers, while also helping debtors get out of debt through fair debt collection practices. Axactor builds trust and confidence through transparency. Strong ethical values promoting fair treatment of debtors and other stakeholders protects the Group's reputation and contributes to its success. The Group's corporate principles are reflected in policies and procedures, which describes how to make decisions, act, and prioritize.

Axactor sets clear responsibilities and expectations for its managers, employees, and partners. Employees and representatives of Axactor shall always:

- respect human rights, respect the rights of employees, protect the environment, enable fair competition, and combat financial crime
- balance potential benefits of actions, against the consequences to society
- incorporate profitable business with social, ethical, and environmental goals and actions
- clearly communicate its demands and expectations regarding corporate responsibility and ethical conduct to employees and business partners

- have corporate responsibility as a defining factor when developing and managing products and services
- have a transparent management structure in line with national and international standards for good corporate governance
- have a strong compliance and internal control culture
- only cooperate with customers, business partners and suppliers who operate in compliance with laws and regulations, good business practices and who maintains high ethical and environmental standards
- ensure that all shareholders and other financial market players are treated and informed equally, and that the information is consistent, reliable, available, and not misleading



UN Sustainable Development Goal #16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

Why is this important?

Axactor's focus on responsible and sustainable investment is in the larger picture aimed at achieving good long-term returns with a limited level of risk, while at the same time contributing to complete avoidance of the violation of fundamental rights.

Effective governance structures further allow the Group to work smoothly by ensuring that everyone has a clear understanding of the distribution of roles, responsibilities, rights, and accountability. The corporate governance of Axactor complies with statutory regulations and generally accepted best practices as further outlined in the Corporate governance report included in the Annual report 2022 [page 56](#). All new employees are introduced to the Code of Conduct as part of their on-boarding and signs a declaration confirming that this is read and understood. This commitment shall be re-confirmed during their employment. Axactor also has in place a Supplier Code of Conduct, that the Group's suppliers are required to sign, to acknowledge that they, and any of their affiliates, agents and suppliers, fully comply with applicable laws, and adhere to internationally recognized environmental, social, and corporate governance standards. Each supplier's commitment is reaffirmed through regular compliance questionnaires and/or through use of Axactor's audit rights. The Supplier Code of Conduct includes a link to a whistleblower channel, which may be used to report actual or potential breaches to the Supplier Code of Conduct on the part of the supplier or Axactor.

Ethical debt collection is an essential part of a well-functioning credit market

The markets Axactor operates in have local varieties in the way collection processes are performed, but the main principles of the collection activities are quite aligned. This enables Axactor to set common group wide operational targets and KPIs relevant for all jurisdictions in which the Group operates. Axactor is handling volumes at many stages of the credit lifecycle throughout the different markets, from invoicing and pre-collection to legal collection and long-time surveillance. Coupled with the element of debt purchase, Axactor is truly an integrated part of the European credit market. The debt collection industry enables banks, financial institutions, and companies to provide credit. Axactor believes that this responsibility should not be taken lightly, which is reflected in the operational policy, where Axactor commits to providing services in line with the highest ethical standards, and always compliant with principles of good collection practices.

In most of the countries where Axactor operates, debt collection is strictly regulated through specific debt collection acts and regulations, requiring a license to operate. Many of the financial supervisory authorities and/or associations have additional certification requirements for both debt collection companies and their employees. Axactor has all mandatory certifications and licenses in place, and proactively seeks to certify employees within the debt collection profession. Further, Axactor is actively engaged in the local debt collection associations and was in 2022 represented in various committees working on specific topics, such as new legislation and fair debt collection practices. The engagement is motivated by protecting its own and the industry's

interests, but always with integrity and through transparent means. Axactor or its employees shall never mislead or try to obtain information dishonestly, or through inappropriate lobbying. In Finland, the application process to become a member of the local debt collection association "Suomen Perimistoimistojen Liitto" is underway, and expected to be finalized during 2023.

Country	Debt collection association	Membership
Norway	Virke inkasso and Finans Norge	Yes
Sweden	Svenska inkassoforeningen	Yes
Germany	Federal Association of German Debt Collectors (BDIU)	Yes
Italy	UNIREC	Yes
Spain	ANGECO	Yes
Finland	Suomen Perimistoimistojen Liitto	In process

KPIs

As a listed company, Axactor reports to the market on a quarterly basis. Adding to the financial numbers, Axactor has also set measurements to ensure that the Group's objectives are met in view to ethical and sustainable debt collection, something which Axactor considers to be closely linked to the economic value creation. Axactor is happy to report that the Group has a strong performance on both stakeholders' satisfaction and operational KPIs during 2022, underlining the fact that the Group is able to deliver on its economic targets – in a sustainable manner.

Stakeholder KPIs

In understanding key stakeholders’ satisfaction with Axactor’s debt collection services, the following KPIs have been identified: debtor, employee, and customer satisfaction. The feedback from these three stakeholders is of the utmost importance to ensure that Axactor is delivering on its ambitions and promises.

The overall results from the surveys listed below gives Axactor confidence that the commitment to ethical debt collection is visible both externally and internally. Axactor also positively notes the development year-over-year, where the Group has improved on all KPIs from overall already satisfactory levels. Axactor aims to remain at stable high levels in 2023 (and beyond).

KPIs	Aggregated group score			Development last year
	2022	2021	2019 ¹	
Debtor satisfaction	4.56	4.53	-	+0.03
Customer satisfaction ((Net Promoter Score (“NPS”))	62.0	50.3	37.6 ¹	+11.7
Employee satisfaction (%)	73	72	67 ¹	+1

¹ Surveys measuring the customer- and employee satisfaction were not conducted in 2020 due to Covid-19. The method measuring employee satisfaction was changed for 2021 onwards

Debtor satisfaction

The debtor satisfaction survey is conducted via phone after the debtor has been talking with a collection advisor. The survey is 100% automatized with no human interaction from Axactor’s side. The debtor is asked three questions related to the service provided in the previous call and is asked to rate Axactor’s services on a scale from one to five, where five is the highest score. Throughout

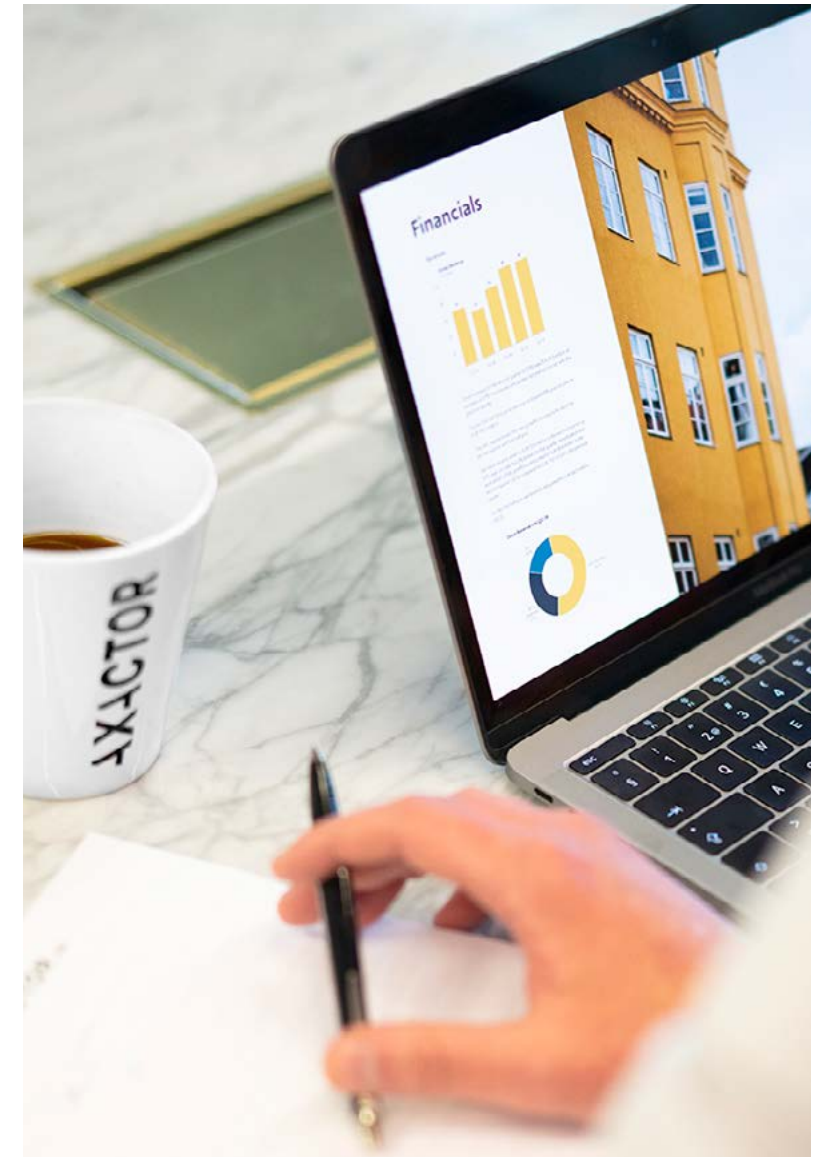
2022 all countries have remained stable at high levels. Axactor also monitors complaints received to Axactor directly or through local supervisory authorities to ensure adherence to its business practice principles. The results will in turn be used to improve Axactor’s debt collection services. Axactor is committed to continue providing excellent service to all debtors.

Customer satisfaction

The customer satisfaction survey is a valuable measurement of the satisfaction from executives at Axactor’s customers. In addition to this annual survey, Axactor measures customers’ satisfaction on a more regular basis through other local initiatives. The NPS is a proxy for measuring a combination of the customer’s loyalty and satisfaction with the Axactor brand. The NPS ranges on a scale from -100 to +100. A score above zero is positive, and a score of 50 or more is excellent. When comparing the results for Axactor to statistics from the supplier, the results show that Axactor has enthusiastic customers across all markets, which is an important step towards the Group’s vision of becoming the industry benchmark.

Employee satisfaction

To measure employees’ satisfaction, Axactor has over the last two years coupled with Great Place to Work. In 2022, Axactor managed to certify five out of six countries as a “Great Place to Work”. Over-all, the level of employee satisfaction is high throughout the organization, and importantly, on an aggregated Group level the score has improved since last year. Read more about the results of the employee satisfaction survey below, under [People](#).



Operational KPIs

To trace performance and adherence to its business practice principles over time, Axactor also measures on specific operational KPIs. In understanding its adherence to these principles, Axactor has identified the following KPIs: Inbound service level and nuisance rate (outbound) for phone collection, quality of payment agreements (payer-to-payer ratio), and use of digital self-service solutions. Axactor is performing at stable high levels and aims to continue this trend going into 2023. The use of digital self-service is on the rise, in all markets, and expected to further increase as markets mature.

KPI	Aggregated group score			
	Target (%)	2022 (%)	2021 (%)	2020 (%)
Inbound service level	95	96.90	97.70	95.67
Nuisance rate (outbound)	<1	0.40	0.48	0.65
Payer-to-payer ratio	-	74.39	75.80	74.20

KPI	Average number of logins per month		Development last year (%)
	2022 (#)	2021 (#)	
Log-ins debtor portal	9,804	7,775	26

Phone collection

Axactor has an obligation not only to its investors, customers, and employees, but also to society and most importantly to each individual debtor. To ensure that Axactor meets its obligations,

Axactor has set group-wide targets for its contact centers on inbound service level and nuisance rate.

The inbound service level measures Axactor’s availability to debtors proactively trying to get in touch with Axactor by phone. Where a debtor reaches out to find solutions to get out of debt, it is Axactor’s responsibility to be available to assist. In view of this, Axactor has defined a group-wide target to achieve an average service level of answering 95% of all incoming calls to the contact centers. Additionally, all contact centers have an automatic call-back function, to call back all debtors who does not get through to the collection advisors - to ensure that all debtors are serviced even where incoming calls are lost.

The second measurement is the nuisance rate (calls lost when performing outbound calling activities). Axactor shall have a cautious and conscious approach to its outbound collection activities and shall have available collection advisors to answer the debtors when the predictive dialers call the debtors. The overall target is that the abandoned call rate should not exceed 1%.

Continued investments in state-of-the-art contact center technology and the resource capacity-planning, ensured that Axactor delivered ahead of the internal targets in 2022.

Payer-to-payer ratio

Another important KPI is the quality of payment agreements and how sustainable the agreements are for the individual debtor. The payer-to-payer ratio measures how many of the debtors that paid the previous month and paid the following month. This is a good

measurement over time to ensure that payment agreements are not made on terms that are not possible to fulfil.

The payer-to-payer ratio has gradually improved over the previous years and have stabilized at a satisfactory high level. It shows that Axactor’s investments in training and education of employees continues to yield positive results.

Digital collection

Axactor has debtor portals in place for all markets to ensure efficiency and availability for the debtors. Offering digital payment solutions enables more efficient settlements, with the ability to settle debt being available 24/7. Investing in digital services are also well aligned with the Group’s sustainability ambitions, giving the debtors’ freedom of choice in their dialogue with Axactor, as well as being less resource intensive, something that supports the Group’s goals to reduce its environmental footprint. In 2022, Axactor also launched a chat solution in Norway, Sweden and Finland offering an additional communication channel to ease the debtors’ ability to get into contact with Axactor.

The use of the debtor portals continued to increase with 26% during 2022 compared to 2021, and a continued increase is expected in 2023. In addition to the self-service portals, a payment solution called QuickPay is offered in all six markets. This is an easy-to-use payment channel where payment information in the official correspondence from Axactor may be used to pay outstanding debt.



Personalized collection through use of advanced analytics

In 2022, Axactor continued the use of advanced analytics and business intelligence to build predictable scorecards for more efficient collections and fairer debtor treatment. By the end of the year, machine learning models are incorporated into daily operations in all countries. A minimum of three machine learning models are in production in each geography, supporting operations and valuation. Using insights from the machine learning models, Axactor has successfully improved collection efficiency, whilst at the same time been able to take educated and more personalized approaches to each debtor. By analyzing each debtor's situation and adapting the collection process thereafter, Axactor ensures that the collection activities do not cause undue pressure or unnecessary inconvenience to the debtors.

Continued learning and development

Employees are also provided with training that gives them the tools with which they can give customers and debtors a positive experience, for instance through in-depth knowledge of the relevant collection processes they work with, and comprehensive communication training. Employees are also offered various e-learning courses throughout the year, some of which are mandatory. Read more about this below under [People](#).

Sustainable value chains

Ethical debt collection is also about the value chain of debt collection and ensuring that customers, debt portfolio sellers, and vendors used by Axactor, are acting responsibly and in compliance with applicable laws, and adheres to internationally recognized environmental, social, and corporate governance standards. Axactor works to ensure that the selection of its partners is based on transparent and objective criteria, free from personal interests. Contracts shall contain warranties of compliance to relevant laws,

regulations and business practice principles, hereunder ethical obligations. Axactor is committed to responsible product offering, which includes regular reviews of vendors and partners, with a specific focus on social risks and impacts – especially given the nature of the industry in which Axactor operates.

Responsible investments

Axactor's strategy is to purchase non-performing unsecured consumer debt mainly originated from loans and credits provided from regulated banks and financial institutions. The sellers are

chosen primarily due to the quality of the claims, as the sellers are operating under strict regulations and supervision from authorities. This way, Axactor limits the risk of purchasing, and collecting on debt not in accordance with its ethical and business practice requirements. A "know-your-counterparty" ("KYC") check shall always be conducted before entering a contract. Axactor shall not purchase portfolios from sellers that represents an unacceptable reputational or compliance risk. Information on good debt collection practices, requirements to the collection process related to information, transparency, guidance, interest rates etc. are investigated during any due diligence, to verify adherence to good debt collection practices throughout any prior debt collection process. Management shall ensure responsible investments, and no portfolios which include use of unethical lending terms, aggressive sales methods, or which does not meet the Group's ethical standards shall be purchased.

Responsible product offering

Axactor has structured procurement processes and sourcing strategies in place to ensure that the services and goods acquired are aligned with ethical business practice principles and of high quality. In 2022 Axactor reviewed and updated its group-wide procurement procedures, adapting them to meet the future expectations of its stakeholders. Axactor shall continue to ensure that suppliers both directly and indirectly involved in the debt collection process, ranging from field collectors to facility cleaning service providers, commit to Axactor's Supplier Code of Conduct. Additionally, specific requirements are in place for certain suppliers, i.e., requirements for technical or organizational measures to be applied for those suppliers that process personal data on behalf of Axactor, or that the Group only engage collection agents through



the acknowledged organization LIC, when performing international collection. Axactor shall during the contractual period review the quality and quantity of goods or services received regularly, to verify that the suppliers deliver according to what has been invoiced.

Similarly, as with Axactor's investments, Axactor shall also perform KYC checks of potential customers. Customers who represent an unacceptable reputational or compliance risk shall not be accepted. Axactor has in place mutual contractual obligations relating to ethics and compliance requirements with its customers. Information on good debt collection practices, requirements to the collection process related to information, transparency, guidance, interest rates etc. are provided to the customers to ensure compliance and high quality throughout the debt collection process. Axactor also perform regular reviews and audits of its customers. If weaknesses or errors are discovered in the customer's process, advice and instructions are given promptly to the relevant customer, to always ensure good debt collection practices are followed. Oppositely, Axactor's customers also perform regular audits and reviews of Axactor's operations, to ensure that Axactor is compliant with their contractual commitments, regulatory obligations, and the advertised business practice principles.

In most countries, Axactor is subject to supervision by the authorities, which oversees Axactor's regulatory compliance, as further outlined in the Corporate governance report on [page 56](#), and the Board of Directors' report on [page 45](#), of the Annual report 2022.

Complaints and deviation management

To deliver on its ambitions, Axactor needs to ensure continuous improvement in all aspects of its business. Therefore, Axactor has continued to invest in efficient complaints handling during the year, in particular by the implementation of a new group-wide complaints and deviations management system, launched in January 2023, and replace the previous country-specific solutions. This system shall help the Group to identify opportunities for improvement of processes, ensuring compliance to policies and procedures, eliminate the root cause of complaints and deviations to stop problems from happening again, avoid losses and extra cost by discovering deviations at an early stage, and eventually improve the company image, as well as employee, debtor, and customer' satisfaction.

Through the existing debtor complaints processes, only a limited number of complaints were received during 2022, and none were considered critical. All complaints were handled in accordance with applicable local procedures; investigated, answered, errors (if any) corrected, reported, and filed.

Whistleblowing

Axactor also has an independent whistleblower channel open to anyone that wishes to report censurable, illegal, or unethical conduct by Axactor or any of its employees or representatives. The channel allows for reporting 24/7 at various levels – including directly to external counsel. The whistleblowing channel is easily accessible through the Group's website, the "intranet", and through a link in the Code of Conduct and the Supplier Code of Conduct. The channel handles reported cases in local language with integrity, respect, and confidentiality, also ensuring the protection

of anyone reporting in good faith. Full anonymity is offered if opted for allowing users to engage in written dialogue and exchanging information without losing their anonymity. Whistleblower reports are processed in accordance with the company's procedures and in compliance with applicable data privacy regulations. The Board is informed of all cases reported, the types of misconduct and measures taken.

In 2022 Axactor updated its whistleblower procedures, to align with new regulatory requirements, and the portal to improve visibility and control. During the year, a limited number of reports were submitted. Five reports were rejected as groundless from a whistleblower perspective and followed up by human resources. One case was resolved through labor court procedures. Another related to collection advisors claiming discrimination in the internal case distribution process and performance evaluation process. Restricted access to internal communication channels has been questioned in one report. One sexual harassment incident was also reported. One report registered was a continuation of a closed whistleblower report from 2021. No material breaches have been identified through the investigations, but some recommendations for improvements to operational procedures made to i.e. increase objectivity and transparency in the case distribution processes. One employee got a warrant notice. All reports submitted have been followed up in line with protocol, appropriately investigated and improvements proposed based on the findings.

	No. of whistleblower reports		
	2022	2021	2020
Group total	10	5	6

Data privacy

Axactor is committed to respecting the right to privacy of all individuals whose data is being processed by or on behalf of Axactor – acting in compliance with all applicable data privacy regulations in the jurisdictions in which it operates. Different types of personal data are processed in different ways and situations, depending on whether a person is the representative of a customer, vendor or public authority, debtor, employee, job applicant, visitor, etc. A robust data privacy framework is required when handling vast amounts of data, including sensitive data related to individual’s financial and, in many cases, vulnerable situations. Protecting the fundamental rights and dignity of all data subjects of which Axactor process personal data, is of the utmost importance to Axactor, and codified in the Group data protection policy, as approved by the Board. Appropriate technical and organizational measures are implemented in accordance with the GDPR and local data protection laws, as well as requiring the same of vendors processing data on behalf of Axactor.

	No. of inquiries from the data supervisory authority		No. of data breaches reported to the data supervisory authority		No. of fines or corrections by the data supervisory authority	
	2022	2021	2022	2021	2022	2021
Group total	11	12	5	7	0	0

During 2022 Axactor has updated various data privacy related procedures and processes, to ensure that they remain relevant and updated taking into consideration regulatory developments and heightened expectations from stakeholders, including data subjects and data supervisory authorities. The Group has also established a common group-wide reporting tool to ensure better

alignment between the various countries in reporting on inquiries from the data supervisory authorities, breaches, and administrative fines. There were no major breaches during the year, and Axactor has not been subject to any administrative fines by any of the data supervisory authorities in the jurisdictions where it operates.

Information security

As a listed company and with great respect for the trust given by partners and investors, Axactor also place significant focus on safeguarding confidential information and trade secrets to which Axactor has access. The IT and information security policy sets out detailed procedures and clear roles and responsibilities applicable for all employees within the Group and is approved by the Board annually. The information security procedures below have also been reviewed and where necessary updated. The group CISO, the security committees, and the data protection officers, monitor risks, govern compliance, manage incidents and government data requests, and report on a regular basis to management and the Board.

- IT information assets inventory
- Backup
- Secure software development
- Remote access
- Best practice guidelines for IT & information security
- Data encryption and communication
- Access control and administration
- Security incident
- Antivirus security
- Information classification
- Vulnerability management
- Data migration

Building a good security culture requires continuous work through regular improvements, trainings, and awareness campaigns. In 2022 Axactor continued its investments in cyber- and information security, by various initiatives and trainings. In addition to the regular awareness trainings, the Group also performed several waves of extensive phishing campaigns and penetration testing through external vendors. The results show good improvements in all countries, in particular with regards to the reporting rate for suspicious emails, where the rate of reported emails has doubled since last year. Axactor is very satisfied with this result, and it gives a comforting affirmation that the Group is steadily improving. In 2022, internal audit has also audited the physical security of several locations, and certain improvements have been made in line with the recommendations. Axactor is continuously adapting its information security measures to the risk picture present at all times.

On the more technical side, Axactor also implemented full network segmentation across the Group’s IT infrastructure during the first half of 2022, in order to improve control over network traffic, optimize performance, and most importantly to reduce risk and potential consequences of generalized malware attacks.

Preventing financial crime and corruption

Each year, millions of transactions pass through Axactor, which entails an inherent risk for financial crime. Axactor is committed to comply with all applicable laws and regulations to combat fraud, anti-money laundering, bribery, and corruption in the jurisdictions in which Axactor operates, and to prevent Axactor from being used for any illegal activity. This also includes complying with all relevant trade sanctions regulations. Axactor has a zero-tolerance attitude.

Non-compliance with policies to prevent financial crime may result in criminal or civil penalties which will vary according to the offence. Axactor prohibits facilitation payments, kickbacks, or other improper payment for any reason.

Employees are not permitted to give or receive any gifts or other benefits that endanger any decision-making process, which should be based on sound financial principles and/or strategic decisions. Legitimate charitable contributions may be given, but adequate measures shall be taken to prevent misuse before entering into such agreements. All donation requires approval from the Group management. Charitable contributions to political parties shall never be approved, and no such contributions have been made during the lifetime of Axactor. This also precludes Axactor's engagement in political lobbying. Axactor has strict rules for cash management and accounting. No invoices, customer, or vendor who lack documented legal foundation shall be approved. Cash payments should be avoided, and when exceptionally used, strict procedures must be followed. Axactor has detailed policies regulating different preventing and mitigating actions. These Board approved policies are updated annually to reflect the risks identified through the annual risk assessments.

During the year, Axactor has further simplified its legal and ownership structure to increase transparency, i.e., by finalizing the liquidation of the Baltic entities and merging of two Norwegian legal entities. Additionally, the overall structure remains subject to further review and simplifications where possible, in 2023. Axactor has also codified its tax policy into an independent instrument, which has been approved by the Board. Axactor shall be a responsible taxpayer. This is recognized by the tax policy, which establishes



a clear and robust Group approach based on openness and transparency in tax reporting and compliance.

Axactor regularly evaluate systems, internal control mechanisms and procedures, to ensure that they are effective and efficient. In addition, appropriate measures are taken to correct any identified deficiencies. All transactions must be executed in accordance with management’s general or specific authorization. Accurate books and records that fairly document all financial transactions, risk assessments and due diligence shall be maintained and available in case of audits. Financial authorities across the jurisdictions in which Axactor operates are interested in Axactor’s efforts to combat financial crime, and Axactor has an open and active dialogue with the regulators. Employees are encouraged to report of any suspicions of violations through one of the many reporting channels. Axactor is committed to follow up all reports of suspicious acts and take appropriate action.

During the last three years, including 2022, there have been no cases of confirmed fraud and/or corruption within the Group.

	No. of reported whistleblower cases regarding fraud and/or corruption			No. of confirmed cases of fraud and/corruption which have been reported to the authorities		
	2022	2021	2020	2022	2021	2020
Group total	0	0	0	0	0	0

Part of the internal audit work is to provide the Board with reasonable assurance that controls are present and functioning, also from a fraud prevention perspective. Internal audit has during the year had focus on risk of misuse of funds and evaluation of the internal control structure, by evaluating the transactions in the collection system vs. accounting, auditing the payment process, audit of NPL portfolio post-sale implementation, physical security, evaluation of AML processes and procedures and follow-up on observations from 2021. The results of the internal audits are reported to the Board, which also follows up on any risks identified to ensure appropriate management and mitigation. No material findings were reported by Group internal audit in 2022.

Corporate citizenship

Part of Axactor’s strategy is to be close to the community where it operates, where the country organizations are the hub of the customer relationships, based on knowing local regulations and market conditions for customers and debtors.

In addition to its economic and financial responsibilities towards its investors, Axactor also recognizes its social, cultural, and environmental responsibility in the local communities where it operates. Empowering the local organizations to adapt an interactional approach to corporate citizenship, based on mutual trust and transparency. The goal is to produce higher standards

of living and quality of life for the communities that surrounds them. Axactor believes that this cannot be achieved strictly by transactional contributions. Success requires proximity, expertise, and local engagement.

Even more so now, than in the last decade, the above holds true. In the aftermaths of the Covid-19 pandemic and Russia’s full-scale invasion and war of aggression against Ukraine, geopolitical instability has caused shortage of goods and inflation rates to rise across the globe. Because of this, the communities in which Axactor operates have also seen rising interest costs and spikes in unemployment rates furthering already prevalent economic challenges.

In a time where local communities need to rebuild their economies, Axactor’s mission has become even more relevant. Axactor’s purpose is to help people and companies to a better future, not only by ensuring that they get paid, but also by being an aid to the companies and people with financial difficulties, offering sustainable solutions.

/ People

The positive operational results would not have been possible without the dedication of Axactor's employees, acting passionately, proactively and with integrity. Axactor's strategy is clear. "PEOPLE" – the employees – is one of Axactor's pivotal pillars on the path towards meeting its financial goals. Axactor aims to meet its financial goals and at the same time be perceived as an employer who "walk the talk" and live its values – trust, passion and proactive.

With the expertise and dedication of its employees, Axactor can meet all stakeholder's expectations. Axactor strives to ensure that it remains an attractive workplace for its 1,458 employees by providing a healthy work environment with meaningful work through fostering a culture that empowers everyone to learn and grow. Clear expectations are set for all leaders to act as role models promoting the core values, and inspiring employees to succeed by working with dedication. Everyone that come into contact with Axactor shall be treated with trust and respect and provided with professional and ethical advice based on their individual situation. The positive feedback received in the employee satisfaction survey shows that Axactor's dedication to its employees yields results.

At Axactor, responsible business conduct has always been at the core of its operations. Strategic goals, policies and procedures coupled to recruiting, development and succession of employees are issued at Group level. Ability to act in accordance with these principles combined with understanding and managing the risk of human rights impacts, regulations related to labour law,

work environment and collective bargaining agreements, are fundamental preconditions for Axactor's operations.

The Group has always respected internationally recognized human rights and rights at work, which are reflected in our various policies and the Code of Conduct. This includes commitment to comply with the ten principles of the UN Global Compact, actively support the UN Sustainable Development Goal #5 and #8, as well as the Norwegian Transparency Act. The ongoing proposals regarding mandatory environmental and human rights due diligence legislation from the European Union and the proactiveness of the Norwegian legislator are welcomed developments. Axactor's activities do not cause, contribute, or is linked to adverse impacts to any individuals' fundamental rights.

Considering the Norwegian Transparency Act, Axactor has established a separate Human Rights policy, codifying these commitments to ease interested parties' ability to educate themselves on human rights at Axactor. Axactor requires its



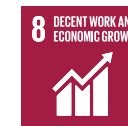
UN Sustainable Development Goal #5

Achieve gender equality and empower all women and girls

Why is this important?

Gender equality at all levels in the organization is pivotal to Axactor's working environment, corporate culture, skill set, decision-making, as well as debtor and customer service.

The benefits of a conscious gender balance throughout the organization adds indisputable value, and Axactor aims to have a gender balance in all managerial teams, within a range of 40%–60%.



UN Sustainable Development Goal #8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Why is this important?

Sense of achievement and contribution to a bigger whole are fundamental to many individuals' well-being. Contributing to decent work for all individuals regardless of any variable that adds to their uniqueness is a strategic focus at Axactor.

The benefits of a diverse and inclusive workplace are manifold, not least to business performance.

suppliers to comply with human rights through the Supplier code of conduct. A dedicated email address to which interested parties may ask questions about how Axactor addresses actual and potential impacts on fundamental human rights has been created.

Diversity

Axactor rejects all forms of discrimination in hiring and employment. At Axactor, diversity is not simply a matter of complying with legal requirements. Axactor believes that the strength lies in the differences between the employees, which is one of the key

factors to the Group’s success. Their varied skills, perspectives and experiences form the basis of innovation and help Axactor to better understand the needs of customers and debtors. Axactor is committed to treat everyone equally and with respect, regardless of gender, nationality, disability, marital status, religion, or sexual orientation, and are committed to equal opportunities for all employees. Employees are encouraged to voice their opinions or concerns when something is not right or does not feel right. Different opinions shall always be respected, and people are encouraged to question the decisions of others. The Ethical council, management

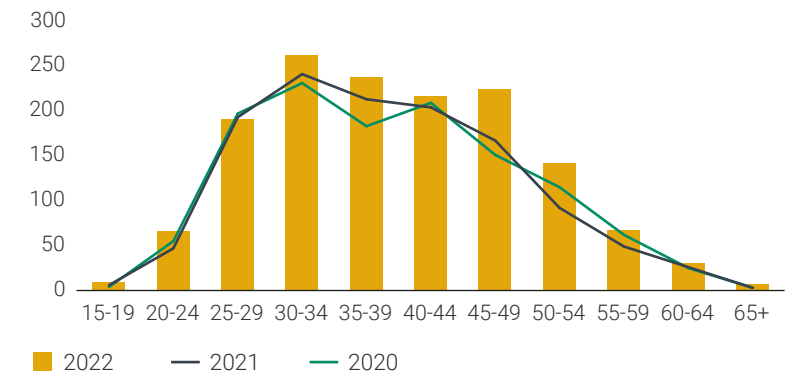
at group and local level as well as the Board, discuss measures to further these objectives. The employees have through the employee satisfaction survey confirmed that they are treated fairly, regardless of their age, race or ethnic origin, gender, and sexual orientation. Axactor will not rest on its laurels and will continue ensuring a respectful and inclusive culture also in the future.

Axactor has a strong spread between employees’ age, skills, gender, cultural backgrounds, and perspectives. A variety of languages are spoken which eases communication and the ability to assist many debtors. Axactor strives for objectivity in its recruitment process. Job listings for vacant positions shall be written in an inclusive manner. Job opportunities are offered to individuals with disabilities. In 2022, 9 employees equal to 1.3% of Axactor’s employees in Spain were employees with a disability grade of more than 33% and 7% in Italy were employees with a disability grade of more than 46%. All offices are universally designed to accommodate employees with disabilities.



Age distribution Group total

Number of employees per age



Hiring students provides young academics access to relevant work experience and increases employment in groups that find themselves on the outside of today’s labour market. By end of 2022, 75 employees in Axactor were under the age of 24 years, an increase of 41% compared to 2021. Axactor offers students different job training opportunities in all countries where it operates, full-time as an internship or part-time besides studying. Several students are offered jobs at Axactor, while others gain a valuable experience for their CVs.

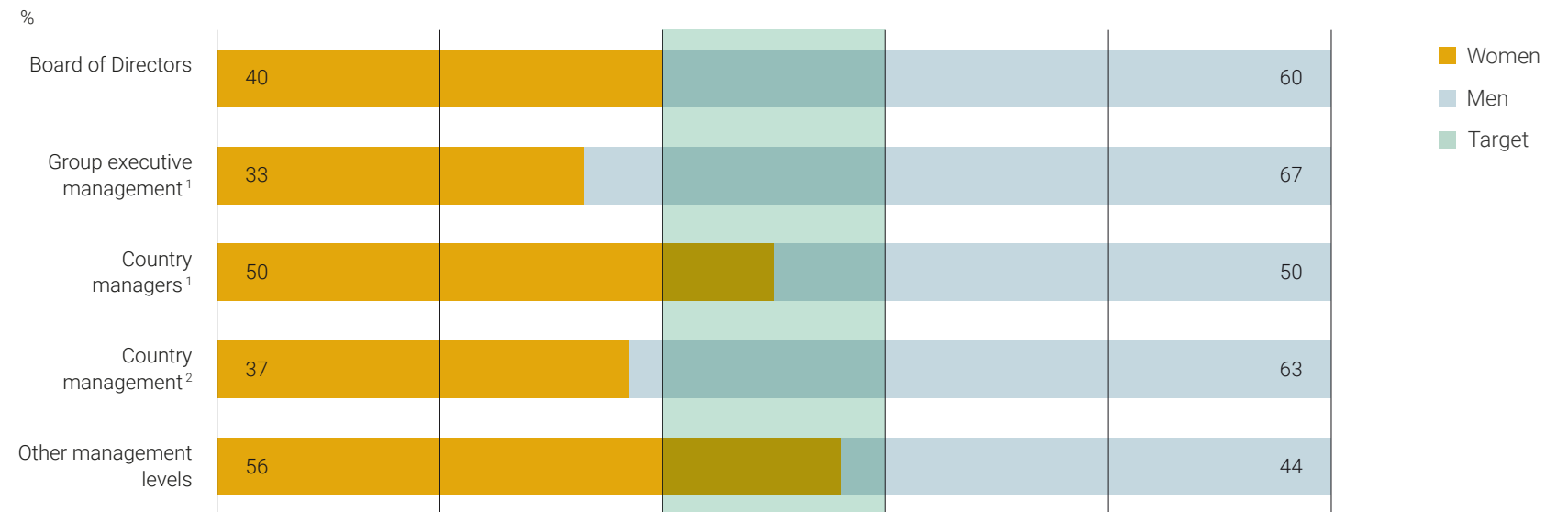
Axactor facilitates for older employees to stay in work-life also after retirement age. This retains important competence within the company. Older employees educate younger with their experiences and younger employees contributes with fresh perspectives and drives innovation. Social aspects of keeping employees in active work should not be underestimated. Measures vary between countries, but includes the possibility of reduced working hours, extra holidays, and adjusted work tasks. Out of Axactor’s 1,458 employees, 42 are over the age of 60 years, an increase of 31% from 2021.

Gender equality

In 2022 the overall gender balance improved to 65% women and 35% men, despite hiring 54% more women. Due to the nature of Axactor’s operations, a higher female ratio is expected.

Axactor aims to have an even gender balance in all managerial levels, where genders are represented within a range of 40%–60%. To increase efficiency, Axactor implemented several organizational changes in 2022. A benchmark comparing the local organizations was conducted to identify best practices and potential performance improvements. The total number of employees increased

Gender balance, management



Level	2022			2021			2020		
	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)
Board of Directors	5	40	60	6	50	50	7	43	57
Group executive management ¹	6	33	67	12	42	58	13	31	69
Country managers ¹	6	50	50	-	-	-	-	-	-
Country management ²	30	37	63	39	41	59	43	37	63
Other management levels	162	56	44	160	57	43	-	-	-
All Group employees	1,458	65	35	1,243	66	34	1,235	65	35

¹ Group executive management include country managers for the year 2021 and 2020, but not for 2022

² Country management does not include country managers who are reported on separately

Gender balance country level

Country	2022			2021			2020		
	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)
Norway incl. HQ	114	51	49	130	53	47	136	54	46
Sweden	50	70	30	70	71	29	48	65	35
Finland	47	68	32	48	67	33	63	76	24
Germany	190	65	35	183	67	33	225	66	34
Italy	304	72	28	120	80	20	123	76	24
Spain	753	65	35	692	65	35	640	64	36
Group total	1,458	65	35	1,243	66	34	1,235	65	35

year-over-year with 17% including 461 new hires and 150 new employees from the acquisition of Credit Recovery Services S.R.L. At the same time the numbers of leaders are stable promoting a leaner organization. The increased employee versus leader ratio was enabled by extensive focus on leadership development over the course of 2022, with particular focus on middle-management. The employee satisfaction survey points toward a successful re-organization, with employees reporting increased satisfaction in their relations with management, their job, and their colleagues. The gender balance managerial ratio of 43% women and 57% men is still within the overall target, but not for the Group executive management with 33% women (stable from 2021), nor for the country management teams having 37% women (a reduction from 41% compared to the previous year).

Axactor is continuously working to achieve a more balanced gender distribution across all levels and functions, through focus on encouraging, developing, and promoting women into leadership positions. Measures includes requirement for female candidates in

all recruitment processes, performance management, leadership development, mentorship, role models and work-life balance initiatives to accommodate for staying in work life. In Spain, this has resulted in 10 women being promoted internally to leadership positions.

Axactor is working systematically to ensure equal pay for equal work or equal valued work, and to rectify unwanted pay gaps between women and men. An extensive mapping of remuneration for all employees at all levels has been conducted in all countries and corrective measures implemented where appropriate. Leaders are requested to ensure fair and equal pay, and to raise awareness and ensure that correct salary levels are set. To support identification of comparable roles, competences, and expectations, the job framework is continuously developed. The result after this year's wage settlement shows an overall fairer balance but should still be improved as the gender pay-gap in several areas, though to a lower extent, favours men. The annual base salaries pay-gap difference has decreased to -27% overall, compared to -28% in 2021.

Base salary pay-gap

	2022	2021	2020
Norway incl. HQ	-28	-26	-
Sweden	-23	-16	-
Finland	-24	-30	-
Germany	-16	-24	-
Italy	-45	-46	-
Spain	-25	-28	-
Group total country average	-27	-28	-

Base salary pay-gap managerial level

	2022	2021	2020
Board of Directors	-29	-19	-
Group executive management	-16	-19	-22
Country managers (CM)	-22	-18	-18
Country management (excl. CM)	-14	-18	-
All other managers	-20	-24	-

The overall pay-gap difference is due to the largest group of employees being collection advisors with lower salary levels consisting of more women than men. More women than men work more part-time, which also affects the comparable salary. Market price for specialist roles explains other differences. Salary levels cannot be raised just to equal out historical differences. Managerial positions have higher salaries and consist of more men. As an example, in Italy the salary gap is of -45% in favour of men. The country management team consist of 6 men and 1 woman. 72% of the employees overall are women, mainly working as collection advisors and mostly part-time. If country management is excluded from the analysis, the pay gap is fairer, at -5.9%.

The work to further reduce the gender pay-gap will continue. The above-mentioned initiatives to improve gender balance is expected to affect the gender pay-gap positively. Certain work-life balance initiatives to retain and attract women to managerial position may however have an opposite effect. Axactor will continue to comply with the collective bargaining agreements, but challenge principles of fixed percentage for salary increases as it worsens already identified differences. In Spain, 68% of the salary increase in this year's wage settlement were given to women, resulting in an improved gender pay-gap of base salaries from -28% to -25%. Additional initiatives include ensuring awareness among all leaders, improve processes for salary adjustment, automatizing reporting and connecting local payroll systems to the centralized reporting system.

Remuneration and benefits

The main purpose of the company's remuneration is to encourage a strong and sustainable performance-based culture which supports growth in shareholder value over time, based on responsible business practices and aligned with company values. The remuneration must be aligned with efficient and responsible risk management, Axactor's values and applicable regulations. The targets set must motivate responsible operations and business conducted in an ethical, sustainable, environmentally, and socially responsible manner, ensuring that good corporate governance is practiced, and internationally recognized fundamental rights principles are respected. Remuneration may differ based on market, achievements, competences, abilities, and behaviour, but shall never discriminate on gender, sexual orientation, age, ethnicity, religion, marital status, or any other identity. This is stated in the Group's remuneration policy, determined by the Board, and approved by the general meeting available at www.axactor.com.

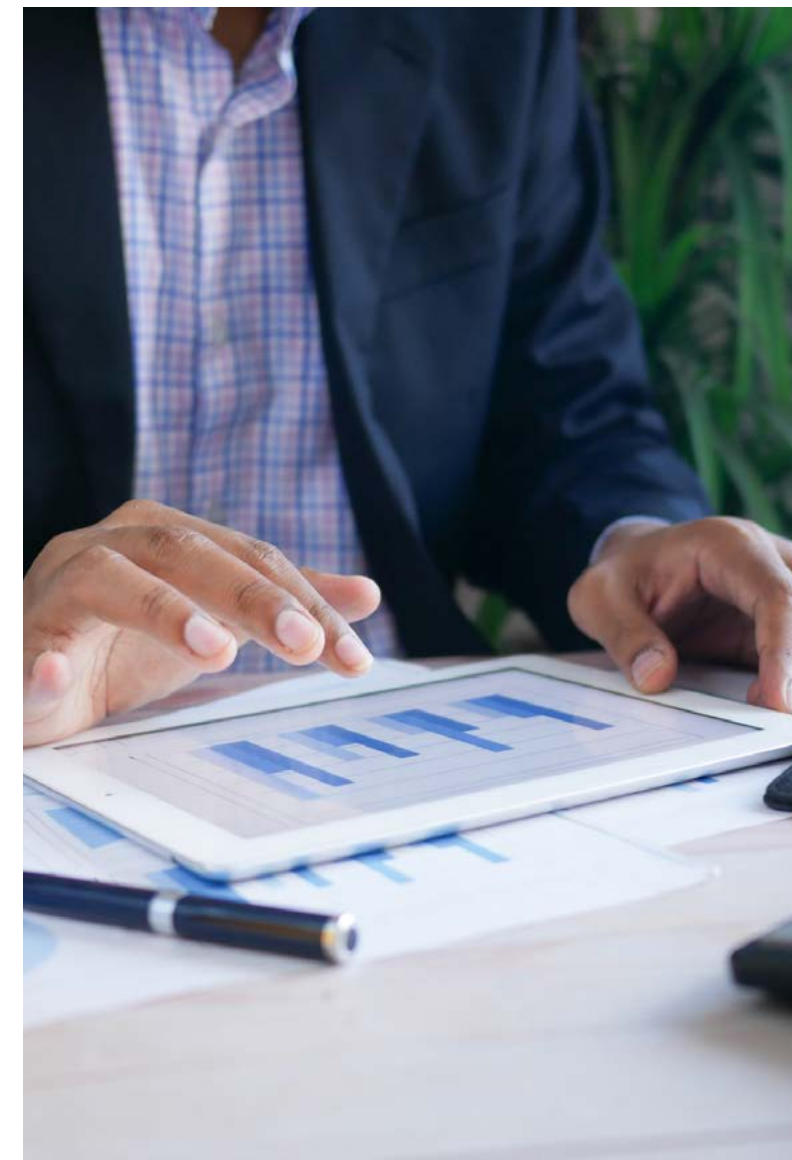
To attract and retain employees, Axactor offers competitive employment terms in line with local market conditions. To avoid bias and ensure fairness, the grand-father principle is applied when setting or adjusting terms. Remuneration is adapted to local market terms. Collective bargaining agreements are entered in Sweden, Finland, Norway, Italy, and Spain covering 87% of all employees. Employees in Germany have voluntarily chosen not to sign up for such agreements. Axactor commits to the International Labour Conventions on the freedom of association and the right to collective bargaining among its employees. Axactor collaborates well with the unions and facilitates their work by offering use of Axactor's offices and equipment for union-related work. Balancing the improvement of benefits and working conditions for the employees against the importance of having a sustainable and competitive employer is challenging, both for the company as well as for the unions' representatives. The constructive discussions and collaboration with the unions are important, and highly appreciated.

Salary difference CEO vs. average base salary of all employees

	2022 ¹	2021 ²	2020
CEO salary in NOK	4,131,000	4,050,000	-
CEO salary comparable in EUR	380,052	405,000	-
Average all employees in EUR	31,143	37,434	-
Median base salary in EUR	20,893	24,000	-
Annual total compensation ratio	18.19	16.88	-

¹ FX rates applied for 2022: NOK EUR: 0.092; SEK EUR: 0.089

² FX rates applied for 2021: NOK EUR: 0.102; SEK EUR: 0.094



Work-life balance

Axactor recognizes the importance of work-life balance, which is supported through various initiatives, i.e., accommodating for a substantial number of part-time employees. To Axactor's knowledge, all part-time work is voluntary and is largely related to students working in combination with studies, employees with reduced capacity, and mothers with younger children requesting part-time work after maternity leave. In Italy, the amicable and field collection advisors work part-time, 6 hours per day. This has been part of a restructuring project since 2018, where the affected employees voluntarily accepted the part time reduction. However, in accordance with its commitment to the SDG #5, Axactor aims to reduce part-time work. The form of employment is expected to be a topic in appraisal talks. Leaders are encouraged to work with part-time employees to find other accommodations that can contribute to minimizing the need for part-time work. As an example, to increase possibility of working full-time in Spain discount agreements with day-care centres and nurseries are entered, shift hours have been adapted, and more flexible working-hours given.

In Axactor, home-office is not offered as a general benefit. Although efficient communication solutions are available, Axactor believes that home-office disconnects one from the workplace and reduces the facetime which creates the passion, good solutions through discussions and knowledge sharing, innovation, compliance and proactiveness driving the great results. For many, this also results in a disproportionate work-life balance. Further it challenges the responsibility for a healthy and safe work environment mentally and physically, gender balance, leadership, and personal development. Flexible solutions are offered on an individual level when needed, considering work-tasks, responsibilities, personal

Employees by form of employment

	2022			2021			2020		
	Number	Women (%)	Men (%)	Number	Women (%)	Men (%)	Number	Women (%)	Men (%)
Regular employment									
Full time	992	62	38	863	63	37	920	63	37
Part time	212	83	17	204	80	20	237	78	22
Temporary employment	254	66	34	176	63	38	78	-	-
Group total	1,458	-	-	1,243	-	-	1,235	-	-

Parental leave

Country	2022				2021				2020	
	Maternity leave No. of women	No. of weeks of maternity leave	Paternity leave No. of men	No. of weeks of paternity leave	Maternity leave No. of women	No. of weeks of maternity leave	Paternity leave No. of men	No. of weeks of paternity leave		
Norway	10	266	5	70	9	223	3	25		-
Sweden	5	377	3	77	11	138	2	2		-
Finland	3	187	0	0	6	167	2	7		-
Germany	9	248	0	0	8	293	2	12		-
Italy	23	316	3	4	14	248	2	2		-
Spain	20	249	14	214	21	241	13	99		-
Group total	70	1,643	25	365	61	1,017	22	135		-

needs etc. However, it is noted through the feedback in the employee satisfaction survey, exit-interviews, and dialogue with the unions that more flexibility specifically through use of home-office is desired.

Holidays, sick-leave, parental leave, flexible working hours and other forms of regulations of working hours follow regulations, collective bargaining agreements and best practices in each country. Axactor shall offer a working environment where it is possible to combine

work, career, family life and spare time. An important element is the possibility to take parental leave. Norway and Sweden offer parental leave benefits greater than the statutory requirement. The parental leaves were taken without any restrictions or consequences for the remuneration, benefits, or work tasks of the individual employee. In Italy, parents are offered the possibility to work from home until the first year of the child. Germany is offering a holiday entitlement for its employees that higher than legally required and some days



of special leave for certain events in the employee’s personal life. With reference to the statistics presented, Axactor considers itself compliant with the reporting requirements pursuant to the Norwegian Equality and Anti-Discrimination Act section 26.

Talent attraction and retention

It is important for Axactor to attract and retain skilled employees. A professional recruitment process through different channels is practised to be able to reach diversified types of candidates fit for the different tasks. In 2022, Axactor recruited 461 new employees in addition to internal mobility. Job vacancies are also advertised internally as it is important for Axactor to invest in and develop high-performing employees. Leaders encourage employees to actively apply for new positions in the Group, and Axactor’s internal mobility program helps to retain crucial expertise, promote Axactor’s culture, and contribute to internal career development. Succession planning is a key factor to ensure, identify, encourage, and develop new leaders and specialists. The employees are the company’s best ambassadors and a solid source of reference for new recruitments.

Team spirit, passion, proactivity, mutual trust and a respectful attitude are cornerstones of the Group’s success. Management shall lead by example. Workshops have been held in all management teams clarifying expectations and what the values and leadership principles mean in practice. One common HR system is used cross the Group to monitor and ensure competence development, performance management, appraisal talks, and succession planning. In accordance with the performance management process at Axactor, performance appraisals, including the establishment of new development goals, are conducted annually between all employees and their immediate leaders. The completion rate of these performance reviews is close to 100% at all levels of the organization. Employee’s motivation, development and continuous feedback are also secured through structured and regular “check-ins”. Thorough analysis and continuous improvement of the different elements of the employee journey at Axactor is conducted regularly to strengthen retention of its valuable employees.

New recruitments incl. gender balance

Country	2022			2021			2020		
	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)
Norway	18	44	56	27	48	52	-	-	-
Sweden	5	40	60	28	21	79	-	-	-
Finland	11	55	45	8	50	50	-	-	-
Germany	54	56	44	26	62	38	-	-	-
Italy	69	68	32	36	22	78	-	-	-
Spain	304	62	38	270	41	59	-	-	-
Group total employee average	461	54	46	395	40	60	-	-	-

Despite these efforts, Axactor had a turnover rate in 2022 of 28%, a decrease from 2021 of 31%, Axactor is continuously optimizing its operations to keep the competitive advantage of cost leadership

and adapting the organization to operational needs. Due to reduced numbers of portfolio purchases and 3PC volumes, automatization of processes and reduction in SG&A, certain positions have been

downsized which explains the high turnover increase in Sweden from 9% to 42%. Restructuring processes are performed in compliance with local law and regulations and internal restructuring procedures. For the voluntary leavers, main reasons given are lack of home-office, salaries, and career development opportunities. In addition, Axactor have several internship and temporary workers who have not renewed, or gotten its engagement renewed and some who have not successfully passed the trial period.

Employee turnover incl. gender balance

Country	2022			2021			2020		
	Total (%)	Women (%)	Men (%)	Total (%)	Women (%)	Men (%)	Total (%)	Women (%)	Men (%)
Norway	27	33	20	28	27	28	16	-	-
Sweden	42	40	46	9	16	5	22	-	-
Finland	30	22	47	43	26	50	12	-	-
Germany	25	22	33	32	48	24	10	-	-
Italy	6	6	6	31	49	26	12	-	-
Spain	35	33	38	33	42	28	10	-	-
Group total	28	26	32	31	40	27	11	-	-

¹ Employee turnover refers to the proportion of permanent employees who have left the company during the year in relation to the number of employees by the beginning and end of the year including voluntary turnover, retirement, death, dismissals, organizational changes, and efficiency

Total number of courses offered, and average training hours recorded per employee

Country	2022		2021	
	No. of courses offered	Average time (h) spent on training per employee	No. of courses offered	Average time (h) spent on training per employee
Norway	55	12.4	52	6.5
Sweden	42	5.4	57	18.0
Finland	84	23.6	49	6.8
Germany	73	14.1	70	9.6
Italy	127	10.3	101	19.8
Spain	64	6.0	129	16.3
Group total	289 ¹	8.46 ²	338 ¹	14.2 ²

¹ Excluding duplicates for different language versions

² Adjusted for number of employees per country

Competence development

Correct, easily accessible and comprehensible information is vital to stay compliant and have efficient operations. Axactor is continuously focusing on new and effective ways to communicate, learn and share information to ensure that the right decisions are taken and that employees continue to develop their competencies. All employees have the right and obligation to perform training and competence development. Axactor Academy, the Group's centre for learning and development, provides the organization with a streamlined structure and a variety of courses to manage competence development for all employees. In addition, Axactor motivates its employees to prove their competences through certification, something i.e., most collection advisors in Sweden have achieved.

All employees need to conduct mandatory trainings to secure compliance to relevant laws and regulations such as debt collection regulations, and financial regulations, anti-fraud and anti-corruption, data privacy, information security, anti-money laundering and terror financing and other business ethical standards. Employees are also provided with training that gives them the tools with which they can give customers or debtors a positive experience, for instance through in-depth knowledge of the relevant collection

processes they work with, and comprehensive communication training. Statistics from number of e-learning courses offered through the Group HR system and the time spent per employee on e-learning courses are recorded. Competence development is also offered through on-the-job-training, sharing of best practices and knowledge, classroom training and mentorship programs. Learning and development objectives for both leaders and employees are linked to Group-wide organizational objectives and values.

Health and work environment

Axactor regularly addresses risks and opportunities related to the workforce and discuss these with relevant stakeholders to sustain a workplace that is healthy and safe – both physically and psychologically. Axactor does not engage in and expressly prohibits any kind of forced-, compulsory- or child labour in all its operations, including those serviced by suppliers. A continuous trust-based dialogue between leaders and their employees makes it possible to detect early signs of poor health and to ensure the work situation is sustainable in the long run. This is done systematically across the Group through structured annual appraisal talks, anonymous employee satisfaction surveys, and regular “check-ins”.

Working actively to facilitate a positive work environment, Axactor encourages employees to be physically active and take care of their health. Different local initiatives are promoted, i.e., initiatives to facilitate cycling to work, sponsoring of health club memberships, common training for groups of employees, physiotherapist availability in the office on a regular basis, football games, culture and value events dedicated to physical and mental health, in addition to local health insurances and health checks.



Axactor does not accept any form of sexual harassment. Specific focus to raise awareness is given through i.e., the digital ethical e-learning courses mandatory for all employees to conduct. Axactor has received one whistle-blower report on an incident of sexual harassment which resulted in a warning notice to the employee. The employee suffering the insult was cared for and offered appropriate assistance. The result from the employee satisfaction survey confirms that this is not a challenge within Axactor.

	No. of whistle-blower reports concerning sexual harassment			No. of reported cases resulting in disciplinary and/or criminal sanctions		
	2022	2021	2020	2022	2021	2020
Group total	1	0	0	1	0	0

All leaders have access to tools to be able to act upon early signs of ill-health among employees and increase the work attendance rate through proactive wellness initiatives. Furthermore, Axactor closely monitors sick-leave trends, through local HR processes.

Sick-leave %

Country	2022	2021	2020
Norway	7.0	5.0	-
Sweden	5.7	3.2	-
Finland	4.8	-	-
Germany	7.4	4.2	-
Italy	3.0	1.3	-
Spain	6.9	7.8	-
Group total	5.0	-	-

Quality, health, and safety are integral aspects of Axactor's operations. Systems are in place to monitor and follow up accidents and/or incidents. Axactor's business is by nature non-hazardous.

Employee satisfaction

Investing in the employees is key for Axactor's success. 92.4% of the employees in Axactor have given their feedback anonymously on whether Axactor is a workplace where you trust the people you work for, have pride in what you do, and enjoy the people you work with. The feedback from the employees show that Axactor is an effective, rational, and competent organization with a clear strategy. The management set clear expectations and the employees have high trust in management. There is an open dialogue where straight answers are given. The systematic work to develop the organization and culture has paid off with improvements in several areas emphasized by the employees in the 2022 survey. Leaders and employees are more involved in decision making, achievements are celebrated more, investments

in facilities have contributed to a better work environment, it is easy to be yourself in the workplace, and people are social and friendly, treated fairly and you can count on your colleagues. Axactor has worked systematically to develop its organization and culture, and hard work pays off. Norway, Sweden, Finland, Germany, and Italy renewed their certifications as a Great Place to Work. Spain improved their result from last year.

Due to the change of company form from a European Company (SE) to a public limited liability company (ASA), the European Works Council was terminated. Different networking and affinity groups across the organization, communication channels etc. are ensuring the continuous involvement of and knowledge-sharing between the employees cross the group.

Axactor will continue to build on their strengths going into the next year and strives to continuously improve as an employer. Together with its employees, each leader is obliged to plan how to improve identified weaknesses within their respective departments, such as

Country	No. of workplace injuries recorded			No. of serious or fatal workplace injuries recorded			No. of commuting injuries recorded		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Norway	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	1
Germany	1	0	0	0	0	0	5	0	0
Italy	0	0	0	0	0	0	4	1	0
Spain	3	0	0	0	0	0	14	13	7
Group total	4	0	0	0	0	0	23	14	8

the need to review the way of communicating important issues and changes. Progress shall be discussed regularly. Most people are treated fairly, regardless of gender, age, race, ethnic origin, or sexual orientation, but having zero tolerance for discrimination, Axactor should not have any signs of discrimination. Further, not everyone feels that Axactor is a psychologically and emotionally safe place to work. This is not acceptable, and the reasons will be analyzed further, and appropriate measures will be taken. The industry Axactor operates within is demanding, especially for the collection advisors having to manage difficult calls and debtors with different

destinies during a day. This is one of the reasons the Italian operations in 2018 together with the employees decided to reduce working hours to 6 hours a day. Higher salaries cannot be offered in all instances, and alternative measures contributing to i.e., greater work-life balance and other types of remuneration and benefits are considered where feasible.

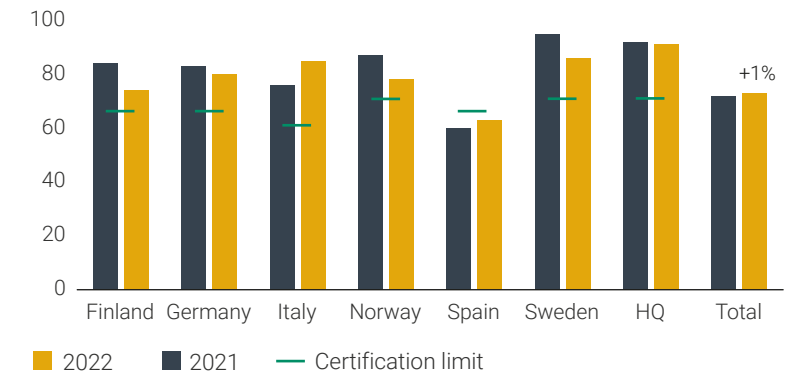
There is also a need to continue to focus on the purpose, making everyone understand why they make a difference and increase the pride each employee takes in their work. The people at

Axactor makes a difference by helping people and companies to a better future. Not only by helping people pay their bills and make sustainable payment plans to get out of debt, but by taking social responsibility for their colleagues' well-being and through local engagement. In 2022, the local organizations have engaged in a wide array of initiatives, including amongst others, supporting the victims of the war in Ukraine, and collecting toys to children.



Survey score by country

Scale of 0-100%, share of respondents answering almost always, or often true to 60 statements



/ Environment

Axactor shall have a cautious and conscious approach to its environmental impact, and the environmental and climate impact from business operations is of ever-increasing importance for stakeholders and society. Axactor's operations are by nature low-polluting and relatively harmless to the environment. At the same time, Axactor recognizes that the responsibility to combat climate change is shared, and the company has since its foundation worked actively to minimize its environmental footprint. Axactor's environmental commitments follows from its environmental policy, which is adopted annually by the Board. The principles set out in the environmental policy are also reflected throughout the corporate governance structure, and relevant Group policies.

Axactor's risk management system requires the group to identify, assess and document environmental risks and opportunities. An environmental risk assessment is conducted annually with high risks expected to be mitigated through the ordinary risk management process, and opportunities are elevated to the Group executive management for further evaluation. Additionally, an internal climate risk assessment of Axactor's locations have been conducted, showing limited climate-related risks associated with its locations. This risk is further mitigated in the aftermath of the Covid-19 pandemic, learning from the experiences and emergency preparedness capacities, i.e., with respect to the ability to leverage home office solutions if necessary.

Measures

During 2022, Axactor has had significant group-wide awareness campaigns, addressing environmental issues and the Group's

impact in this respect. With the improvement of the Group's GHG inventory all countries have been actively involved in the collection of activity data, and in determining better ways of measuring and calculating their emissions.

With the updating of the Group's procurement routines, increased emphasis has been put on making sure that services and goods acquired are provided from suppliers with acceptable environmental standards. Axactor shall aim to only use products and services that represent the lowest total impact on the environment. Axactor further ensures its suppliers' commitments to its environmental expectations, through the prerequisite to sign Axactor's Supplier code of conduct. Axactor anticipates that environmental considerations will be subject to closer scrutiny in the years to come, especially as the market matures with respect to associated reporting requirements and stakeholder expectations.



UN Sustainable Development Goal #13

Take urgent action to combat climate change and its impacts

Why is this important?

Axactor's business is low-polluting, and not associated with any significant environmental impact. Despite this, Axactor recognizes that climate change is one of the biggest challenges of our generation. In recognition of this, Axactor actively takes steps towards reducing its operational emissions and promoting environmentally friendly behavior amongst employees.



Axactor is well prepared when this happens, both as provider of services, and as a purchaser.

In addition to the group-wide initiatives, there has also been several local initiatives, aimed at raising awareness and reducing emissions, i.e., through reducing paper and plastic, improved recycling, etc.

GHG inventory

Global trends and initiatives are driving actions towards better accountability and transparency on greenhouse gas (GHG) emissions, together with increased climate ambition towards reaching a low carbon future. As reported on last year, Axactor recognizes the need to improve its practices on emissions’ data collection and reporting as an important first step towards having a high-quality GHG inventory that could trigger strategies for climate action with a clear understanding of the main sources and issues to be addressed, and the best mitigations available.

Together with climate mitigation consultants, Axactor has spent the year developing an inventory tool for Axactor’s scope 1, 2 and 3 GHG emissions in accordance with the GHG Protocol Corporate Standard requirements. The inventory is developed following an operational control approach, which estimates GHG emissions coming from operated assets. The results are provided by business unit, specific GHGs (CO₂e, CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃) and over time. Values are reported in CO₂ equivalents.

Emissions

Compared to previous years, the total emissions show a significant increase during 2022, because the reporting from previous years

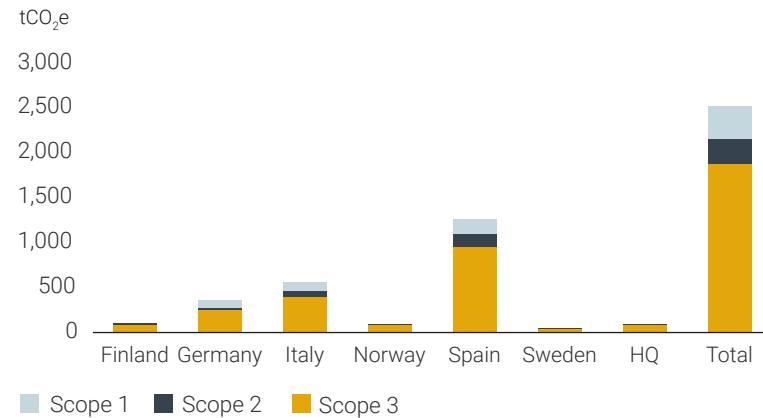
were limited to the data available at the time. With the improved inventory, Axactor has sought to cover all relevant emissions associated with its operations. Where no data has been available for specific activities, emissions have been conservatively estimated. In 2023, Axactor will continue working on improving the quality of the data and try to obtain data where estimations have previously been necessary. In terms of absolute emissions, Axactor expects that comparability to peers will increase in the years to come once the various upcoming sustainability reporting regulations enter into force.

Category	% of total emissions (2022)	2022 (tCO ₂ e)	2021 ¹ (tCO ₂ e)	2021 ¹ (tCO ₂ e)
Scope 1	15	368.5	240.2	203.9
Scope 2	11	269.1	467.2	291.2
Scope 3	75	1882.1	144.0	175.3
Total emissions (1-2-3)	100	2519.7	851.5	670.5

¹ Emissions for full year 2021 and 2020 only cover company cars (scope 1), electricity usage (scope 2) and flights and hotels nights (scope 3)

Axactor’s emissions in Scope 1 and 2 are primarily from company cars, and electricity and heating/cooling purchases in Axactor’s offices. Axactor has limited use of company cars and incentivizes the choice of low emission vehicles. It is mandatory to select models/specifications that have a lower-than-average fuel consumption and emission for its class, according to the World Light Vehicle Test Procedures (“WLTP”), however it is strongly encouraged to choose an electrical vehicle. Axactor aims to use renewable energy where possible, and 100% of the power usage from the Group’s common IT infrastructure provider is guaranteed renewable energy. Several of Axactor’s offices are also set up with

Emission split per country and scope – absolute amount



district heating, that further reduces the need to use electricity for heating. All Axactor offices have systems for smart controlling and monitoring of ventilation, heating/cooling, and lights. No relocations or reconstruction of existing offices shall lead to higher energy consumption per square meter.

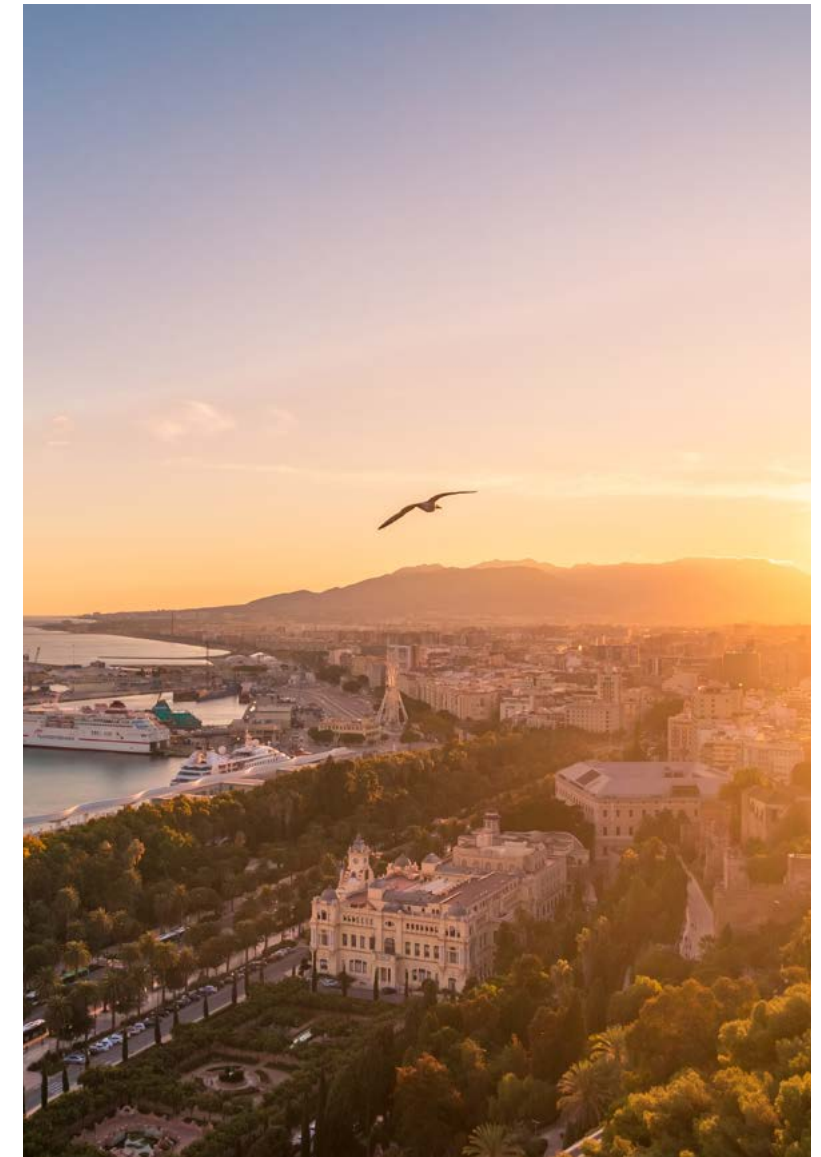
The biggest part of Axactor’s emissions is found in Scope 3, which is indirect emissions linked to the activities of Axactor. As a service company, Axactor purchases goods needed in office spaces, receives and sends significant number of letters, and generates waste. Its employees are travelling on business trips and commuting to work. Further, the emission split per country shows expected coherence in terms of size of operations and geographical location. Axactor has invested in efficient tele-/video

conferencing equipment, strives to lower the travel ratio and aims to choose less emission intensive travels where possible. Axactor also works actively to identify and utilize opportunities to reduce the use of paper through opportunities for electronic communication, as opposed to physical letters etc. within its room of possibility pursuant to legal requirements in the countries where Axactor operates.

Reducing emissions

The work that Axactor has done during the year is an important step towards understanding its impact on the environment, and necessary preparations to start addressing climate reduction in its own operations. By having a comprehensive GHG inventory in place, Axactor has laid the foundation to implement an ambitious emissions reduction strategy, and to keep meeting the future expectations of both its stakeholders, and society.

Axactor’s vision to become the industry benchmark not only stipulates that the Group needs to meet its financial targets, but just as much delivering on this through sustainable economic growth. True to this vision, Axactor aims to formulate a plan to reduce emissions linked to its operations significantly by 2035. During 2023, Axactor will continue working with climate mitigation consultants to formulate a strategy and a plan to achieve this goal, and to set specific emission reduction targets, including by way of science-based targets.



/ Group executive management



Johnny Tsolis

Chief Executive Officer

Mr. Tsolis is a co-founder of Axactor and has previously held positions as Chief Financial Officer and Chief of Strategy & Projects within the company. He has vast industry experience having worked several years as a management consultant focusing on PMI/cost, productivity improvement, post-merger acquisition processes, funding, corporate finance, and M&A. He also has extensive international experience managing projects abroad, primarily in the US and Europe. Prior to joining Axactor, his work experience includes positions as a partner in Cardo Partners AS, a partner in DHT Corporate Services, Handelsbanken Capital Markets, and Arkwright.

Mr. Tsolis holds a «Siviløkonom» degree in Economics and Business Administration from the Norwegian Business School, BI.



Nina Mortensen

Chief Financial Officer

Ms. Mortensen has extensive experience in financial governance and transformations, financial operations, managing IPOs and M&A processes. She has held several financial leadership positions within TietoEVRY, among others interim CFO for the EVRY group and Head of Corporate Controlling and Finance Operations. She also has several years' experience from Audit & Assurance within Deloitte.

Ms. Mortensen holds a «Siviløkonom» degree in Economics and Business Administration from the Norwegian School of Economics (NHH). She is also a certified public accountant (CPA) from the Norwegian Business School, BI.



Arnt André Dullum

Chief Operating Officer

Mr. Dullum has broad operational and management experience within credit management services across Europe. He was previously responsible for the operational and compliance team within the Norwegian organization, and is now responsible for Operations, IT and Data & Analytics for the Axactor Group. Prior to joining Axactor, he held multiple roles in the Lindorff Group within operations, project management and finance. The international experience includes longer periods as an expatriate working out of Spain and the Netherlands, and multiple projects within M&A, greenfield start-ups, offshoring- and efficiency improvement projects.

Mr. Dullum holds a bachelor's degree from BI Norwegian Business School (BI) and an MBA from Norwegian School of Economics (NHH). He is also a certified Project Management Professional (PMP®) certified by the Project Management Institute (PMI) and has a personal debt collection license authorized by the Norwegian Financial Supervisory Authority (FSA).



Vibeke Ly

Chief of Staff

Ms. Ly is responsible for corporate legal affairs, compliance, sustainability, internal audit, HR, and marketing & communications. She has broad experiences in building solid risk management and corporate governance structures, driving sustainability initiatives, managing IPOs and M&A processes, contract management and data privacy. Prior to joining Axactor, she served as a group corporate lawyer and compliance officer in Intrum group, Lindorff group and EVRY group, as an associate in the Norwegian law firm Grette, and as a legal advisor in the Justice Department.

Ms. Ly holds a Master of Laws from the University of Oslo (UiO), in addition to international law from Université libre de Bruxelles (ULB), and law and prosecution rights from University of Bergen (UiB).



Kyrre Svae

Chief of Strategy and IR

Mr. Svae has extensive experience from working as a management consultant focusing on strategy development, operational improvement, and M&A. He also previously held the position as Interim CFO of Axactor. His former work experience includes positions as founder and managing partner of Breidablikk Consulting AS, and as a partner in Cardo Partners AS.

Mr. Svae holds an MSc from Copenhagen Business School, with part of the degree from Harvard University and China Europe Int. Business School.



Robin Knowles

Chief Investment Officer

Mr. Knowles has broad industry experience across Europe, including positions in Lindorff Group, Aktiv Kapital (PRA), Cabot Financial, and Morgan Stanley. His former work experience includes investment banking with Barclays Bank and container shipping with P&O Nedlloyd.

Mr. Knowles holds a bachelor's degree from the University of Plymouth and is a qualified accountant with Chartered Institute of Management Accountants (CIMA).

Board of Directors



Kristian Melhuus

Chair

Member of the Remuneration Committee and the Investment Committee.

Mr. Kristian Melhuus is partner in Sandwater AS, an impact venture capital fund and deputy chair of the Board of Mowi ASA. Before partnering up with Sandwater he held the position as director of Seatankers Management Norway AS, Investment Director in HitecVision, CFO/COO of Liquid Barcodes and analyst at ABG Sundal Collier.

Mr. Melhuus holds an MSc in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU), and has also studied Finance, Derivatives, and Econometrics at the University of Karlsruhe.



Kathrine Astrup Fredriksen

Board member

Ms. Kathrine Astrup Fredriksen is currently employed by Seatankers Services (UK) LLP working closely with its investment advisory company. She serves as a member of the board of SFL Corporation Ltd, of MOWI AS, Avance Gas and Norwegian property ASA.

Fredriksen's previous directorships include Seadrill Ltd, Frontline Ltd and Golar LNG.

Ms. Fredriksen was educated at the European Business School in London.



Brita Eilertsen

Board member

Chair of the Investment Committee and Chair of the Audit Committee.

Ms. Brita Eilertsen has vast experience from investment banking and consulting institutions like SEB Enskilda, Orkla Finans and Touche Ross Mgmt Consultants (Deloitte). She has held various board positions for several listed and private companies in different industries since 2005. Current directorships outside Axactor are Pareto Bank, Klavness Combination Carriers ASA, Novelda ASA and C WorldWide.

Previous directorships last five years outside Axactor are NRC Group, Unifor, Next Biometrics, Anders Jahres Fond til vitenskapens fremme and Fjord1 ASA.

Ms. Eilertsen holds a «Siviløkonom» degree in Economics and Business Administration from the Norwegian School of Economics (NHH) and is a Certified Financial Analyst (AFA).



Terje Mjøs

Board member

Member of the Audit Committee and Chair of the Remuneration Committee.

Mr. Terje Mjøs has broad operational experience as former CEO of Visolit AS, EVRY ASA and ErgoGroup AS, from senior positions in Hydro IS Partner AS and as a senior advisor to Apax Partners (private equity).

Previous directorships and senior management positions last five years outside Axactor is Solid Media Group (Chair) and Visolit group (CEO and Board member in several of their companies).

Mr. Mjøs has a Cand. Scient. Degree in Computer Science from the University of Oslo, and an MBA in Economics and Business Administration from Norwegian Business School BI.



Lars Erich Nilsen

Board member

Member of the Investment Committee.

Mr. Lars Erich Nilsen is the Managing Director and the Chair of the Board of Seatankers Management Norway AS. He is a portfolio manager with experience as investment and equity analyst from Fearnley Advisors AS and Fearnley Securities AS.

Current directorships and senior management positions outside Axactor are Norwegian Property ASA (Board member), Bulk Infrastructure Holding AS (Board member) and FP Bolig Holding AS (Board member).

Previous directorships and senior management positions last five years outside Axactor is Seatankers Management Norway AS (Chairman and CEO).

Mr. Nilsen holds a «Siviløkonom» degree in Economics and Business Administration from the Norwegian Business School, BI.

Board of Directors' report

1. Market development

The market for sale of non-performing loans remained at a high level throughout 2022. Volumes that were withheld during the Covid-19 pandemic were put up for sale, and consumer lending increased. Although there has definitely been competition in the bidding processes, the substantial volumes available meant that Axactor was able to acquire new NPL portfolios for close to EUR 300 million at accretive IRR levels in 2022.

The 3PC market varied more between geographies in 2022. In Spain, the market for servicing unsecured claims has been characterized by consolidation in the banking industry, meaning volumes have been temporarily kept from the market or

re-distributed. As a counter measure, Axactor has built a team to service secured claims, where competition has been less fierce. In Italy, the market remained quite active, with the addition of Credit Recovery Service to the Axactor family contributing positively to the market position. In Germany and the Nordic markets, the activity has been lower, as banks have preferred to offload debt from their balance sheets as opposed to outsource servicing.

Looking ahead, the increased interest rates, and thus funding cost for the industry, are expected to improve the market prices for NPL portfolios, to Axactor's benefit. Adding an expected increase in default rates following the worsened macroeconomic climate, 2023 is poised to be a buyer's market. The uncertainty lies first and

foremost in how long it will take before prices adjust enough to fully offset the increased funding cost. There is a risk that there will be a hiatus of a few months where buyers and sellers will struggle to agree on prices. With increasing volumes and reduced prices, some banks might opt for outsourcing rather than portfolio sales. This means the market outlook for the 3PC segment is positive as well.

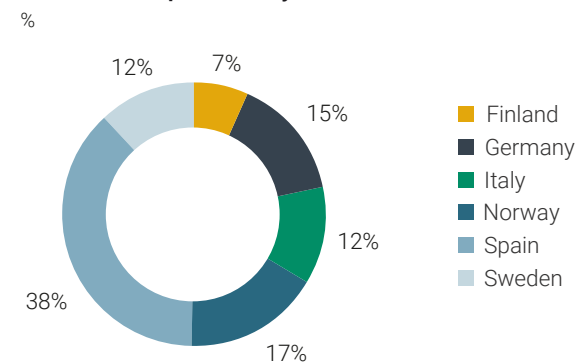
2. Strategy

Axactor was incepted on the notion that the debt collection industry was inefficient. As a young challenger without legacy, Axactor could disrupt the market in terms of cost-to-collect. This remains the Group's key competitive advantage today.

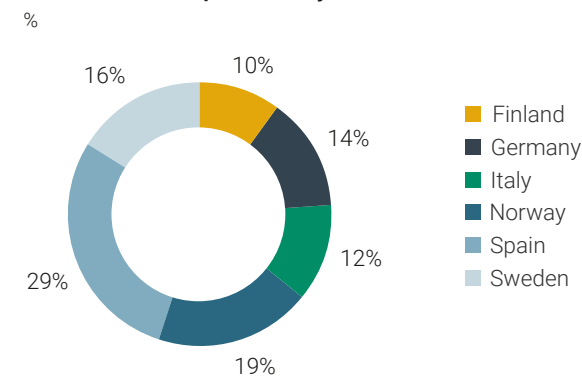
Axactor continue to invest in data driven operations. Through advanced analytics and business intelligence, resources can be directed to the cases where the likelihood of payment is highest. At the same time, efforts to collect where the likelihood of payment is low can be avoided. This saves time and money for the front offices, as well as reducing the burden on the debtors. Further development of machine learning capabilities will remain a key focus area going forward.

There are two main segments in Axactor's product portfolio: acquisition of non-performing loans (NPL) and third-party debt collection services (3PC). By combining the two product offerings, Axactor both diversifies its income stream and leverages synergies

Total income per country



NPL book value per country



between the business segments in terms of business origination, collection execution and data generation. In addition, the combined product offering improves scale benefits for both business segments.

The business strategy entails a narrow focus on the core competence of Axactor: fresh unsecured consumer debt originated within the regulated financial sector in carefully selected markets. Axactor performs debt collection services well suited for the typical size and complexity of these claims. Furthermore, this segment is perceived by Axactor as having the best risk/reward relationship. To maximize profits, Axactor focuses primarily on this core competence.

Having dedicated and motivated employees with great industry knowledge is crucial to deliver on the strategy. To attract, retain and develop the best talents, attention is directed towards making Axactor an attractive employer with career opportunities. The Axactor Academy program offers a wide variety of courses to increase the employees' skill sets. Promising talents are given the opportunity to participate in a mentorship program, where senior staff members provide personal guidance and learning opportunities for the participants. These initiatives are in place to enable the desired performance culture that characterizes Axactor.

To enable the employees to achieve their potential, they need efficient tools to perform their work. Axactor has had a clear strategy from day one of having modern, standardized and efficient common IT solutions for the Group. As a young company with limited legacy, Axactor has had the opportunity to design and build its IT environment from scratch. The result is an IT platform with

low maintenance cost combined with a high level of efficiency and security.

Another important benefit of having common systems and setup on both the IT and the organizational side, is improved cross-border cooperation. It eases communication between countries, which in turn enables sharing of best practices and innovations.

Cyber security is continuously growing in importance. A benefit of Axactor's strategy is that the modern and streamlined IT environment by default is up to the best current security standards. Working with large amounts of personal data, the employees of Axactor have a continuous focus on cyber security in their everyday operations. Training sessions and stress tests are performed on a running basis to be prepared for potential attacks. A major milestone in the cyber security work in 2022 was the implementation of a full network segmentation. This means that in the event hostile individuals should succeed in breaking in, the amount of information at stake would be limited.

Axactor strives to be a transparent, reliable and trustworthy company with focus on fair treatment of debtors, clients and employees alike. As a part of this ambition, Axactor has joined the United Nations Global Compact and adheres to the United Nations sustainable development goals with specific focus on 5 Gender equality, 8 Decent work and economic growth, 13 Climate action and 16 Peace, justice and strong institutions. This ambition is inherent in Axactor's DNA and affects all parts of the Group's business and decisions. Axactor sees working in a sustainable matter as an obvious goal in itself, and it is also an increasingly

important factor for banks and financial institutions when they select their business partners.

The debt collection industry has been criticized for being difficult to interpret from an investor perspective. As a response, Axactor is striving to disclose more information and key performance indicators through the notes in the financial statements, in publicly available presentations, and through educational videos on www.axactor.com. Through being transparent, Axactor hope to both earn trust from investors, and to push the whole industry into becoming more transparent and open.

Axactor was founded during a time of historically high NPL prices. This means the back book has a lower average gross IRR than some competitors. In 2022, Axactor lifted the profitability on the total NPL book substantially, through EUR 288 million of accretive investments. The average gross IRR for all portfolios owned has increased to 17.3% at the end of 2022. This compares to 15.7% at the end of 2020, and 16.3% at the end of 2021. The uplift is the result of sticking to the strategy of well-known debt from reliable sellers, and a strict price discipline. Accretive investments remain an important factor for Axactor to further increase profitability going forward.

With an established skilled, scalable, lean, and passionate organization, Axactor is well positioned to continue the growth journey. To deliver profitable growth, Axactor will continue to improve operational performance, show investment discipline, and grow the capital light part of the business. The Group will further intensify the investor relations work with banks, bond market, equity market and other sources of capital. Finally, Axactor will continue

to pursue fair debtor treatment, high customer satisfaction and dedicated and motivated employees.

3. Operations

Both the non-performing loans (NPL) and third-party collection (3PC) business segments had solid collections and great cost control in 2022, resulting in the highest EBITDA in the history of Axactor.

The NPL portfolio investments were consistent throughout the year, and ended at EUR 288.1 million for 2022. Together with NPL portfolios of EUR 1,095.8 million going into the year, the operational units had large volumes to process through both amicable and legal actions during the year. In total, Axactor had close to 1.4 million NPL cases under management per the end of 2022. The NPL performance was close to 100% for the year. Gross revenue for the NPL segment increased from EUR 258.0 million in 2021 to EUR 281.0 million for the year.

In 2022, the whole organization has focused on maintaining a high loyalty rate on existing payment plans and setting up new payment plans on claims with no prior agreements. Through this approach, Axactor saw a positive development in the number of paying cases in the NPL segment across all countries. The focus on sustainable payment plans is a key strategy in achieving Axactor's purpose of helping people and companies to a better future. In total, the average number of paying cases per month increased more than 9% from 2021 to 2022.

The 3PC segment achieved a total income growth of 13% in 2022, ending at EUR 55.8 million. The main growth drivers were increased

income from existing clients in Spain, and the acquisition of Credit Recovery Service (CRS) in Italy. The CRS acquisition was closed in January 2022 and marked a substantial improvement of Axactor's 3PC servicing capabilities in Italy. With efficient operations and a solid base of banks and financial institutions as clients, all 3PC clients in Italy are now serviced through the CRS platform to achieve scale advantages and increased collection efficiency. The organic 3PC growth in Spain was driven by exceptional results in benchmarking contests, where Axactor was rated as number one in the majority of benchmarks.

During the year, a second German operational site was established in Saarbrücken. The new contact center will run in parallel with the existing center in Heidelberg, supporting future growth and vastly improving Axactor's servicing capabilities in the German market.

The debtor portal took big steps in 2022, becoming an easily accessible platform for debtors in a cost-efficient manner. By adding fully digital payment solutions for all countries, the number of successful transactions through the portal increased by 10% in 2022. The total number of debtors logging in to the self-service portal increased with 26% compared to 2021, as close to 10,000 debtors logged in every month. Live chat functionality has also been enabled to give debtors more contact opportunities, and simultaneously increase cost efficiency.

In 2022, Axactor completed an innovation project, delivering a cloud-based enterprise data warehouse, an insight and analytical framework and new digital solutions. The project has enabled reliable group-wide analytics across all Axactor markets, providing a competitive advantage. The project got financial support

from the Norwegian state as an approved SkatteFUNN project. Axactor launched a major ramp-up of the advanced analytics team during 2022 to utilize the results of the project. The ramp-up has supported more ambitious targets for improving collection strategies, and as a result increased efficiency for the collection processes. By year-end Axactor reached a new milestone with machine learning models being incorporated into the daily operations for all countries of operations. Axactor now has machine learning models to support key decision points throughout the lifecycle of a claim.

Through a combination of efficiency measures, Axactor was able to reach an industry leading NPL Cost-to-collect ratio of 39% for 2022, a 5 percentage point improvement from 2021. This was possible through a combination of efficient processes, the skills and competence of the employees, and strong analytical capabilities, as well as a series of restructuring initiatives.

2022 was a year with multiple initiatives to strengthen information security. Axactor successfully implemented full network segmentation across the complete IT infrastructure in the first half of 2022. This was a major step to improve the security layer and reduce the risk and consequences of a potential malicious malware strike against the company. In addition, several enhancements were implemented towards end-users. From technical solutions to discover vulnerabilities, detection and alert towards threats and malware, to mobile device management and multifactor authentication. This implementation was in combination with several digital nano learning courses and physical training covering security and GDPR related topics for employees.

Results from simulated phishing campaigns in 2022 show higher awareness and understanding of cybersecurity threats among all employees. The work to raise awareness will continue to be a part of the information security exercises and planning. Axactor was faced with one incident in relation to security where an internal employee was victim of a phishing attempt related to the Office365 platform. The attempt was promptly mitigated, and no consequences or data leakage were identified.

To ensure continued growth in the 3PC segment, Axactor always strives to maintain good client relationships. The results from the annual customer satisfaction survey for 2022 conclude that the customers are very satisfied with Axactor's services and deliverables in all six countries, with an overall net promoter score (NPS) of 62.

The positive operational results in 2022 would not have been feasible without the dedication of Axactor's employees, acting passionately, proactively and with integrity. Investing in competent high-performing employees is key for Axactor's success. Axactor retained its Great Place To Work certification for 2022 in Finland, Germany, Italy, Norway and Sweden, while the results in Spain edged closer to the level required for certification.

4. Corporate social responsibility

The objective of Axactor is to create and perform sound, sustainable, responsible and competitive business conduct – creating long-term value and returns for our stakeholders. To effectively achieve such objectives and to have a well-run business, effective corporate governance is indispensable. This means

that Axactor shall comply with all applicable laws and regulations in the jurisdictions in which it operates, as well as general rules of ethical business conduct. Axactor is committed to creating value in an ethical, sustainable, environmental, and socially responsible manner, practice good corporate governance, and respect internationally recognized human- and workers- rights. To safeguard compliance and support the effectiveness of these board level commitments, an open and ongoing dialogue on these issues, shall be maintained.

The company has since 2021 been a signatory to the UN Global Compact, supporting the UN Sustainable Development Goals, placing specific focus on: 5. Gender equality; 8. Decent work and economic growth; 13. Climate action; 16. Peace, justice and strong institutions. Axactor's values and corporate policies support these goals. The sustainability report describes Axactor's work on ESG, including the company's reviews of working environment, gender equality, and the Group's effects on its external environment.

5. Financial performance

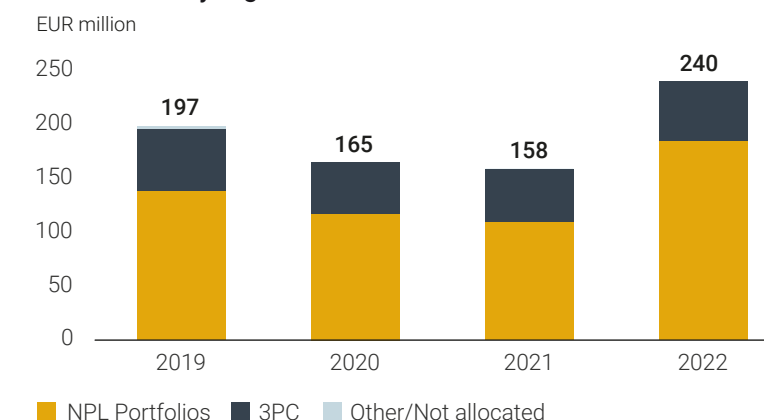
Axactor's operations is split into two business segments: NPL and 3PC. The portfolios of purchased real estate (REO) are in a run-off mode and treated as discontinued operations effective from the fiscal year 2022. Repossessed assets from Axactor's secured NPL portfolios are defined as a part of the continuing operations and reported under the NPL segment. All comments and numbers in the following text refer to continuing operations unless explicitly stated otherwise. This also applies to figures for previous year.

Total income

Total income for 2022 ended at EUR 239.7 million, up from EUR 158.3 million in 2021. The main driver for the increase was increased collection on NPL portfolios, improved gross IRRs and solid investment level during 2022. 2021 was also weighed down by net negative revaluations of EUR 44.1 million, compared to net negative revaluations of EUR 2.6 million in 2022.

Gross revenue from the NPL segment increased by 9% to EUR 281.0 million in 2022 (258.0). The growth is supported by improved collection performance and significant investments in new NPL portfolios during 2022. The NPL amortization rate fell from 41% in 2021 to 34% for the year 2022, contributing positively on the total income development. Out of the 7 percentage point reduction, approximately 2 percentage points relate to improved collection performance, while the rest relates to improved average IRR and timing of collections. 2021 was impacted by EUR 44.1 million in

Total income by segment



net negative revaluations, compared to net negative revaluations of EUR 2.6 million in 2022. NPL total income ended at EUR 183.8 million for 2022 (108.6), representing 77% of the Group's total income (69%).

Estimated remaining collection (ERC) on the NPL portfolios stood at EUR 2,545.4 million at the end of 2022, an increase of 19% compared to the end of 2021. Out of the total ERC, EUR 310.0 million is expected to be collected in 2023.

Axactor invested EUR 288.1 million in new NPL portfolios in 2022, up from EUR 114.0 million in 2021. The investments done in 2022 supports a solid profitable growth for 2023. In addition, a total estimated EUR 68.1 million of investments are committed in signed contracts for 2023 per the end of 2022. Axactor expects to deploy in total EUR 100-150 million in NPL portfolios during 2023, including the already committed amount.

Axactor continues to follow the established strategy with an intensified focus on the core competence of the Group. This means a strict capital discipline with investments directed at fresh unsecured non-performing consumer loans from known sellers. This reduces risk, leverages customer relationships in both the 3PC and NPL segments, and ensures Axactor invests only in attractively priced high-quality portfolios. The strategy is evidenced by a significantly higher gross IRR on acquisitions in 2022 compared to the average for the back book.

The 3PC business reported total income of EUR 55.8 million for 2022, up 13% from 2021 (49.6). The main growth driver was the acquisition of Credit Recovery Service (CRS) in Italy in January 2022. 3PC continue to be an important business segment for Axactor, providing

a capital light income stream and providing important synergies with the NPL segment. The 3PC total income corresponded to 23% of total income for the Group in 2022 (31%).

Operating expenses

Total operating expenses for 2022 amounted to EUR 120.7 million (117.8), excluding depreciation and amortization.

Personnel costs accounted for EUR 64.7 million in 2022 (61.3) and is the single most important input factor in Axactor's operations. The increase is supported by higher number of FTEs, driven by the acquisition of CRS, and the accretive investments made in 2022.

Cost of repossessed assets sold amounted to EUR 1.5 million, compared to EUR 2.1 million in 2021.

Other expenses amounted to EUR 54.6 million (54.4), and is mainly related to IT/ infrastructure costs and legal fees.

Contribution by segment

The total contribution margin amounted to EUR 161.5 million in 2022, up from EUR 85.1 million in 2021. The contribution margin reflects the segments' contribution to EBITDA, before local SG&A, IT and corporate cost. Please see [Note 5](#) for more details.

The contribution margin from the NPL segment was EUR 140.4 million in 2022 (69.7). The main driver for the increase in profitability was improved collection performance and continued strict cost control, as well as the large negative revaluations in 2021. The NPL contribution margin ended at 76% of total income, up from 64% in 2021.

The contribution margin from 3PC was EUR 21.2 million (15.4), corresponding to 38% of total income (31%). The margin in 2021 was impacted by costs related to a restructuring program. The saving initiatives gained full effect in 2022, supporting the higher margin.

Local SG&A, IT and corporate cost amounted to EUR 42.6 million for 2022 (44.6).

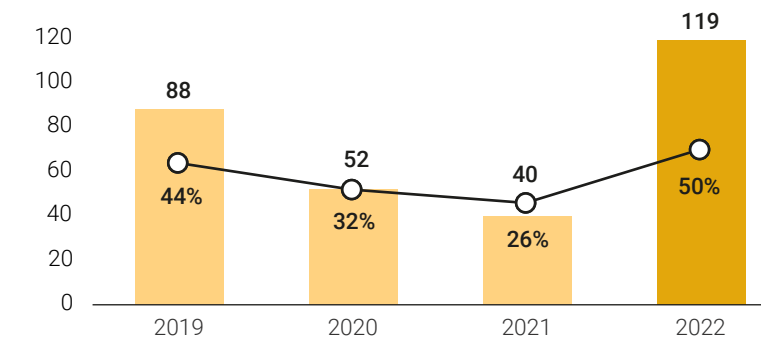
EBITDA

EBITDA for 2022 ended at EUR 119.0 million, up from EUR 40.5 million in 2021. The increased profitability level is due to the growth in total income, combined with strict cost control. The EBITDA margin ended at 50% for the year (26%).

Cash EBITDA ended at EUR 218.1 million in 2022, up from EUR 192.1 million in 2021.

EBITDA and EBITDA margin

EUR million and %



Operating profit (EBIT)

Some of the investments in the collection platforms during the initial years of the Group's history have been fully depreciated or amortized. After some years of stabilizing investments, depreciation and amortization – excluding amortization of NPL portfolios – fell to EUR 8.9 million in 2022 (9.6).

Operating profit (EBIT) was hence EUR 110.1 million for 2022 (30.9).

Net financial items

Net financial items were negative EUR 55.9 million in 2022 (51.0), comprising financial revenue of EUR 3.2 million (0.1) and financial expenses of EUR 59.1 million (51.0).

Interest expenses on borrowings accounted for EUR 57.9 million in 2022, up from EUR 49.1 million in 2021. The increase is driven by increased interest rates during second half of 2022 and a higher debt level following the accretive investments made during the year. Axactor increased the interest rate hedge ratio at the end of 2022, in order to reduce the financial expenses going into 2023.

Axactor has during 2022 purchased own outstanding bonds with a total face value of EUR 49.5 million. The purchases were made at prices significantly below par, resulting in a positive net gain of EUR 2.3 million.

The net foreign exchange impact included in net financial items for 2022 was positive EUR 0.6 million, compared to a net negative impact in 2021 of EUR 1.5 million.

Discontinued operations

Discontinued operations is comprised of the portfolios of real estate assets acquired during 2017 and 2018. It is the operating segment formerly reported as REO, but excluding repossessed assets from Axactor's secured NPL portfolios. Total income for the discontinued operations ended at EUR 14.1 million in 2022 (36.8). EBITDA ended at EUR -7.0 million (-16.8), including a EUR 0.8 million write-down of book values following the annual impairment review (5.9). The net profit for 2022 ended at EUR -8.1 million (-20.6).

Profits and tax

The profit before tax was EUR 54.2 million in 2022 (-20.1), and the net profit was EUR 40.6 million (-25.4).

Axactor recorded a tax expense of EUR 13.5 million in 2022 (5.3), resulting in an effective tax rate of 25% (-26%). Axactor expects to trend towards a normalized average effective tax rate of approximately 27% over time.

Including discontinued operations, the net profit for 2022 was EUR 32.6 million, up from EUR -46.0 million in 2021.

The net profit attributable to shareholders was EUR 36.8 million for 2022 (-32.8), whereas the net profit to non-controlling interests was EUR -4.2 million (-13.2).

Total comprehensive income was EUR 31.1 million for 2022 (-37.3), with the deviation from reported net profit/(loss) after tax mainly explained by currency translation differences from foreign operations and fair value changes on cash flow hedges. EUR 35.3

million of the total comprehensive income was attributable to shareholders of the parent company (-24.1) and EUR -4.2 million to non-controlling interests (-13.2).

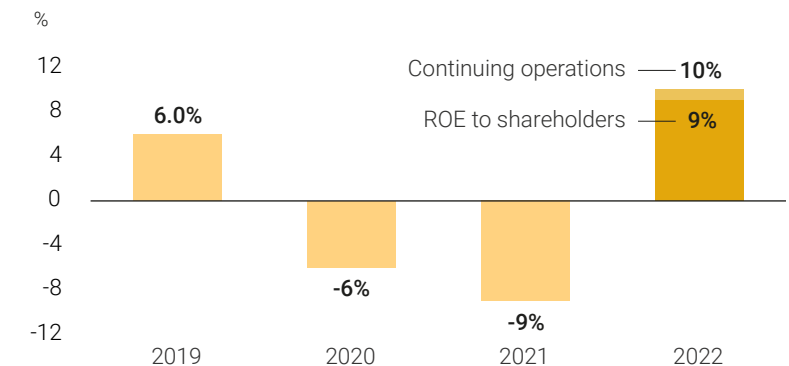
Earnings per share totaled EUR 0.122 both on an ordinary and on a diluted basis (-0.112).

Financial position

Total assets amounted to EUR 1,437.8 million at the end of 2022, up from EUR 1,293.2 million at the end of 2021.

Total non-current assets amounted to EUR 1,350.4 million at the end of 2022 (1,196.7), including purchased NPL portfolios of EUR 1,252.6 million (1,095.8). Intangible assets accounted for EUR 83.0 million (87.5) reflecting goodwill and other intangible assets acquired since inception, as well as deferred tax assets of EUR 5.4 million (13.7).

Return on equity to shareholders



Current assets amounted to EUR 74.7 million (96.5), including cash and cash equivalents of EUR 29.0 million (38.2) and EUR 7.0 million in restricted cash (5.8).

Assets classified as held for sale amounted to EUR 12.7 million at the end of 2022.

Total interest-bearing debt stood at EUR 945.3 million at the end of 2022, up from EUR 838.3 million at the end of 2021. The increase in interest-bearing debt is related to the investments in NPL portfolios during 2022.

Total equity amounted to EUR 410.6 million (381.2), including non-controlling interests of EUR -5.4 million (1.0). The equity ratio was 29% at the end of 2022, same as at the end of 2021.

Supervision of financial reporting

As communicated in a press release on 13 December 2021, Axactor ASA 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 conclusion imposed Axactor to change its future accounting practice for subsequent measurement of expected credit losses for acquired portfolios of non-performing loans (NPL) with effect from the reporting of the annual accounts for the financial year 2022. The subsequent measurement shall apply current and future macroeconomic factors as input and use more than one scenario.

Axactor has in 2022 implemented an expanded revaluation model that applies current and future macroeconomic factors as input

and use of scenarios. For more information, please refer to [note 4](#) to the consolidated financial statements.

6. Cash flow and financing

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

Net cash flow from operating activities, before NPL and REO investments, amounted to EUR 220.0 million in 2022 (224.7). The amount paid for NPL portfolios was EUR 290.8 million in 2022, up from EUR 115.4 million in 2021. The difference between the amount paid and total NPL investments for the year is related to deferred payments on certain contracts. Including investments in NPL portfolios, cash flow from operating activities was EUR -71.0 million (109.6). The difference between cash EBITDA and cash flow from operating activities before NPL investments relates to taxes paid of EUR 10.7 million (3.3) and a decrease in net working capital excl. forward flow commitments of EUR 1.3 million (4.2).

Net cash outflow from investing activities was EUR 7.7 million in 2022 (4.7), whereof EUR 3.1 million was related to the acquisition of CRS in Italy in January 2022. The remaining amount primarily represents investments related to IT and infrastructure, and setting up new office facilities in Spain and Germany.

Net cash flow from financing activities was EUR 75.9 million in 2022 (-112.4). Net proceeds from borrowings were EUR 132.1 million after debt repayments (-86.2). There were no new share issues in 2022, while Axactor had EUR 49.3 million in net proceeds from new share issues in 2021. Repayments to non-controlling interests amounted to EUR 2.2 million for 2022 (6.6). Interest

payments, loan fees and lease payments represented a cash outflow of EUR 53.9 million in 2022 (68.9).

Funding

Axactor has two sources of credit; bond loans and a revolving credit facility from DNB and Nordea. All legal entities except Axactor ASA and the Reolux structure are inside the ringfenced structure that is funded by the revolving credit facility (RCF). The RCF matures on 22 December 2023 and is classified as current interest-bearing debt in the consolidated financial statement at the end of 2022. The company expects the refinancing of the RCF to be completed during the first half of 2023.

Axactor has two outstanding bonds loans; ACR02 and ACR03. ACR02 is an unrated bond, with a carrying amount of EUR 170.6 million and a floating interest rate of EURIBOR +700bps. The ACR03 is a rated bond with a carrying amount of EUR 279.1 million and a floating interest rate of EURIBOR +535bps. The ACR02 bond is maturing 12 January 2023, while the ACR03 bond is maturing 15 September 2026.

7. Reported alternative performance measures

Axactor uses alternative performance measures (APM) such as gross revenue, EBITDA, cash EBITDA, estimated remaining collection, net interest-bearing debt and return on equity, to better reflect its operational business performance and to enhance comparability between financial periods. These alternative performance measures are reported in addition to, but not as a substitute for, the performance measures reported in accordance with IFRS. For definition and reconciliation tables of the used APMs, see [page 154](#).

8. Proposed allocation of the company's result

The parent company, Axactor ASA, had a net negative result after tax of EUR 14.9 million in 2022, compared to negative EUR 16.4 million in 2021. The result available for disposal of the Annual General Meeting is as follows:

EUR thousand

Distribution from other paid in capital	14,950
-----------------------------------------	--------

8. Statement on transparency

Axactor will publish its statement regarding the Norwegian transparency act ("Åpenhetsloven") on www.axactor.com no later than 30 June, 2023.

9. Corporate Governance

The governance structure of Axactor ASA complies with Norwegian corporate law and Norwegian securities legislation and stock exchange regulations. The shares of Axactor are freely negotiable. There are no restrictions on owning, trading, or voting for shares in the Articles of Association. The shares in the company are not subject to any transfer restrictions. The Board has approved guidelines for good corporate governance in accordance with the Norwegian Code of Practice for corporate governance issued by the Norwegian Corporate Governance Board (NCGB and NUES),

last revised on 14 October 2021. Axactor is fully compliant with the NUES recommendations. A detailed description of the corporate governance principles and reporting for 2022 can be found in the Corporate governance report.

Axactor has relevant group-wide insurance policies in place, covering; general liability and professional indemnity, directors' and officers' insurance, crime, and cyber. The company's directors' and officers' insurance covers the directors of the Board, the CEO, and any employee acting in a managerial capacity which includes wholly owned subsidiaries. Coverage does not include grossly negligent or willful acts in which directors have obtained illegal remuneration or acted for personal profit.

10. Risk review

Axactor's regular business activities entail exposure to various types of risk that separately, or in combination could affect its operational and financial performance. Risk management is an integral part of the Group's business activities and decisions. The Board has the overall responsibility to define expectations and oversee the Group's risk management, including monitoring key risks and implementing mitigating actions as outlined below.

Risk	Description	Mitigations
Strategic risks		
Macroeconomic	Lower disposable income for debtors, as a result of a worsened macroeconomic climate, might affect their ability to settle their debts. In the event of postponed payments, the value is not necessarily lost, but realization of the value could be spread out over a longer period. Recent company studies show limited correlations between macroeconomic factors and the likelihood of payment.	If debtors are unable to pay large settlements, they are guided to entering longer installment plans.
Competitiveness	Competitors may have or develop competitive advantages that the Group is unable to match. Additionally, the inability to enter new contracts, inability to purchase portfolios at profitable prices, or acquisitions of portfolios based on incorrect assumptions, may adversely affect the Group's competitiveness. Reputational damage suffered due to unforeseen events may affect the ability to attract and retain customers, employees and investors, or eligibility to purchase portfolios from favorable sellers. If these risks are to materialize the business and ability to implement the business plan may be materially adversely affected.	The Group continuously works to improve collection and cost efficiency through data driven operations, reduced funding costs, improved procurement processes, as well as to focus on employer branding.
Financial risks		
Currency	The Group reports figures, and has its majority of operations and borrowings, in EUR. The Group is exposed to NOK and SEK through borrowings and operations in Norway and Sweden. Movements in these currency exchange rates could have an effect on the Group's financial figures.	The Group aims to reduce currency risk by keeping interest-bearing debt in the same currencies as the Group's assets.
Interest rate	The interest rate risk relates to the variable rates on the Group's interest-bearing debt, which amounted to EUR 955.5 million per 31 December 2022. An annualized increase/decrease of 100 basis points would increase/ decrease profit before tax by EUR 4.0 million, given the debt and hedging level at the end of 2022.	The Group has a strategy to hedge 50-70% of total outstanding gross debt with a duration of three to five years. The strategy is under implementation, and the Group has currently hedged 60% of total outstanding gross debt, with a duration until December 15, 2023. Axactor is committed to the strategy and expects full implementation over time.
Credit (not including NPLs)	Counterparties under a financial or customer contract may be unable to meet their obligations towards Axactor, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily related to trade receivables and from its financing activities, including deposits with banks.	Credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. The credit risk is not considered to be a material risk in Axactor.
Liquidity	The Group has financial obligations in terms of NPL forward flow commitments, interest expenses on borrowings, running salary expenses and external costs. If the cash inflow is not sufficient to support these obligations, there is a risk that the Group may be unable to meet them. The liquidity level at the end of 2022 is perceived as satisfying.	The Group is maintaining a balance of financial assets and unutilized credit lines to meet the cash requirements of its operations and investments for the next 12-24 months.

Risk	Description	Mitigations
Funding	<p>In the event that new credit is not possible to obtain, the Group's growth potential could be adversely affected.</p> <p>If the Group should fail to secure new funds or a re-financing of the current agreements before the maturity dates, there is a risk that the Group could default on its debt obligations.</p> <p>A default could also occur as a result of a significant drop in financial and/or operational performance, through the breach of covenants tied to the credit facilities. Axactor complies with all loan covenants as per the end of 2022, and given the current financial position, cash flow projections and investment outlook, the Board consider the headroom as satisfactory.</p>	<p>The Group diversifies its funding through two main sources of credit: a revolving credit facility (RCF) and bond loans. The Group aims to refinance credit lines well ahead of maturity.</p> <p>Operational and financial performance is continuously monitored, and covenant headroom is an important part of business decisions.</p>
Operational risks		
Performance	<p>Weaknesses in operational processes, or application of the processes, could cause lower collection on own portfolios. Failure to employ and retain skilled personnel is also likely to contribute to lower performance. The cumulated effects may have material adverse effects on the Group's performance.</p>	<p>The Group seeks to mitigate these risks through active employee management, and frequent operational reviews. Additionally, the Group is investing in technology to increase automation, continuing to enhance its processes where possible.</p>
IT and information security	<p>The Group faces risks related to IT stability, application availability, as well as information security and data processing. As the Group is dependent on third-party outsourcing providers, there is also a risk associated with failure to maintain successful third-party relationships. The cumulated consequences of which are difficult to concretize but can be severe if left unmitigated. Additionally, the Group has seen an increase in attempted cyber- and phishing attacks recently, which can have adverse financial consequences if successful.</p>	<p>The Group seeks to mitigate these risks through partnerships with certified infrastructure, hardware and software providers and strict internal control including vendor management. Technical mitigations such as network segmentation have also been implemented, to reduce potential consequences of attempted cyber- and phishing-attacks.</p>
Regulatory	<p>Increased regulatory scrutiny and level of fines issued by the authorities continues to be a risk. This trend is coupled with more consumer-friendly debt collection legislation and practices across the countries in which the Group operates, having various consequences such as lower (regulatory) collection fees and more lenient debt forgiveness arrangements. Additionally, close attention is being paid to the stricter and more comprehensive sustainability related disclosure- and reporting requirements. Failure to comply with applicable regulations in relevant jurisdictions may materially adversely affect the financial position due to severe fines, or inability to operate due to loss of license in respective jurisdictions.</p>	<p>Mitigations include continuous monitoring of regulatory changes both on an EU level and in the various jurisdictions in which the Group operates, i.e., through dialogue with peers, regulators, and participation in local debt collection associations. The Group's processes and compliance programs are also subject to regular oversight through internal controls and internal audits. Relevant trainings are frequently provided to employees at all levels tailored to their roles and responsibilities.</p>

11. Going concern

Based on the review of Axactor ASA's financial statement, the Board of Directors confirms that the annual financial statements for 2022 have been prepared on the basis of a going concern assumption, and that this assumption has been made in accordance with Section 3-3a of the Norwegian Accounting Act.

12. Outlook

The increasing interest rates and macroeconomic uncertainty will have an impact on Axactor's markets in the coming year. With increasing funding costs for the industry, NPL prices must adjust to compensate for the increased cost of capital. Axactor sees indications that prices are already adjusting but expects there will be a transition period in which sellers and buyers of NPL portfolios will struggle to find common ground. Combined with an expected increase in default rates, Axactor is confident that a new and fair price level will be reached, but it might take some months to reach this new equilibrium. As a response, Axactor expect to scale down investments to EUR 100–150 million for 2023.

The NPL segment will nonetheless see significant revenue growth in 2023 on the back of the high investment level in 2022. The replacement capex for 2023 is estimated to be EUR 114 million, and the estimated investment level is thus enough to secure a stable NPL book value. Continued organic growth is expected for the 3PC segment in 2023. The debt originators typically choose between outsourcing or selling off their NPLs, and the servicing volume thus depends on how quickly NPL prices adjust, and how determined debt originators are to offload their balance sheets.

Axactor has two loan maturities in 2023 and 2024 respectively; the RCF and the ACR02 bond. Negotiations to renew the RCF are ongoing and expected to close during the first half of the year. The high cash generation from Axactor's operations will be used to reduce leverage through 2023. Axactor remains opportunistic regarding refinancing in the bond market if market conditions improve, within the limits of the leverage ratio target of 3.5x or less at the end of 2023.

In order to reduce financial expenses, Axactor has increased its interest rate hedge position for 2023. Based on the current base interest rates and keeping the gross debt level constant from the end of 2022, the hedge position is expected to fully offset the impact of increased base interest rates in the first quarter 2023. However, the gross debt increased towards the end of the fourth quarter, meaning the estimated average debt for the first quarter is higher. Estimated interest expenses for the first quarter 2023 with

these assumptions is thus EUR 1.0 million higher than the prior quarter. The sensitivity on interest expenses from a further one percentage point increase in base interest rates is approximately EUR 1.0 million per quarter.

Axactor's operations saw limited impacts on collection from the high inflation and increasing interest rates in 2022. There were some indications in certain markets of fewer large one-off payments, and debtors asking for longer payment plans with lower monthly installments or payment deferrals towards the end of the year. Going into 2023, bailiffs in several countries are reserving higher amounts to cover debtors' cost of living, meaning legal cash flow to creditors will be somewhat reduced.

The executive management and Board continue to closely monitor the general macroeconomic situation and its potential business impacts.

Oslo, 30 March 2023

Kristian Melhuus
Chair

Brita Eilertsen
Board member

Terje Mjøs
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup
Fredriksen
Board member

Johnny Tsois
CEO

/ Corporate governance report

Axactor ASA is a Norwegian Public Limited Liability Company (Allmennaksjeselskap) listed on Oslo Børs and bases its corporate governance structure on Norwegian legislation and recommended guidelines.

Axactor is committed to good corporate governance standards which contributes to optimizing the value creation over time and strengthens the stakeholders' trust and confidence in the company. The company's corporate governance framework regulates the division of roles, responsibilities and accountability between shareholders, the Board, CEO, and the other members of the Group executive management, to ensure that the company's resources are applied in an efficient and sustainable manner.

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

1. Implementation and reporting on corporate governance

The company adheres to the Norwegian Code of Practice for corporate governance ("Code"), last revised 14 October 2021, issued by the Norwegian Corporate Governance Board ("NUES"). The principles and implementation of corporate governance are subject to annual reviews and discussions by the Board, last revised and approved by the Board 15 December 2022. The current corporate governance policy is available on the company's website.

This report addresses Axactor's main corporate governance policies and practices and how Axactor has complied with the Code in the preceding year. Application of the Code is based on the "comply or explain" principle and any deviation from the Code is explained under each item. By the company's own assessment, Axactor has not had any deviations from the Code during 2022 and is fully compliant with all sections of the Code.

2. Business activity

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

To create value over time, the Board has developed clear objectives, strategies, and a risk profile for the business. Axactor's commitment to sustainable development is codified in the quality policy. The company will continue to pursue the following main strategies to reach its overall objective:

- Being a profitable company with organic and sustainable growth through targeted focus to becoming best at what we do within current markets
- Invest in accretive portfolios with attractive gross IRR driving margin expansion based on accountable investments
- Putting emphasis on loyal and satisfied customers within the bank and finance sector through responsible product offering
- Being an innovative player with a strong cost culture to achieve competitive advantages through cloud based unified IT-infrastructure, optimized processes, and data-driven valuation and -operation
- Being an attractive employer, with a focus on creating an

environment for professional and personal growth, with respect and regard for each employee

- Helping hard working companies get paid and debtors solving their financial commitments through fair debt collection practices

A description of the key risk factors and risk management can be found in the Board of Directors' report on [page 45](#).

During 2022, the company has reviewed its policies and procedures providing business practice guidance on environmental, social and governance matters including but not limited to human resources, human rights, legal and compliance, data privacy, information security, anti-money laundering, corporate social responsibility, code of conduct and anti-fraud and anti-corruption. A separate report on how these policies and procedures are integrated with the company's activities and how they relate to value creation for the company's stakeholders can be found in the sustainability report integrated in the annual report 2022 [page 13](#).

At the AGM on 21 April 2022, the general meeting resolved to change the company form from a European SE-company (*Societas Europaea*) to a Norwegian Public Limited Liability company (an allmennaksjeselskap), in accordance with the proposal of the Board. Consequently, certain changes were also made to the company's articles of association. For supplementary information, see the minutes of the AGM held on 21 April 2022, and the conversion proposal and report, available at www.axactor.com.

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

Deviations from the Code: None

3. Equity and dividend

The Board aims to maintain a responsible equity ratio, considering the company's financial targets, strategy, and risk profile. This to ensure that the company has an appropriate balance between equity and other sources of financing.

On 31 December 2022, the Group had an equity ratio of 28.6% and a debt-to-equity ratio of 2.5x. The Board considers the current capital structure as appropriate.

The Board has committed a dividend policy forming the basis for the Board's proposals to the general meeting on cash dividend payments or authorization for payment of dividend or share buy-back programs on one or several occasions based on the last audited financial accounts. Axactor targets a distribution to its shareholders for a financial year of 20–50% of profit after tax on a consolidated basis through either cash distribution or share buy-back programs of treasury shares. Distributions through dividends or share buy-back programs can only be initiated by the Board based on an authorization from the general meeting applicable for one or several occasions limited to the framework of the latest annual report.

At the AGM on 21 April 2022, it was resolved to increase the share capital of the company through a bonus issue in connection with the change in company form, to reduce the number of decimals in the company's nominal share value, in accordance with the proposal from the Board. Because of the change in company form, cf. Section 2 above, the share capital of the company was converted from EUR to NOK (Norwegian Kroner).

- The nominal value of issued shares was increased by NOK 0.007037424125127 per share, in total NOK 2,126,325.78
- The bonus issue was carried out by transferring NOK 2,126,325.78 to the share capital from the unrestricted equity
- The company's share capital was increased from NOK 1,535,794,085.98 to NOK 1,537,920,411.76. This resulted in an increase in the nominal share value from NOK 5.082962575874870 to NOK 5.09

At the AGM on 21 April 2022, three authorizations to increase the company's share capital were granted to the Board:

- Authorization to increase the share capital by issuing new shares with a total nominal value of up to NOK 153,792,041, equal to 30,214,546 shares, each with a nominal value of NOK 5.09 in connection with acquisitions of assets within the company's core areas of expertise
- Authorization to increase the share capital by issuing new shares or acquire own shares with a total nominal value of up to NOK 27,995,000, equal to 5,500,000 shares, each with a nominal value of NOK 5.09 in connection with the performance share units allocated under LTI 2022 which is an incentive program for the CEO, other members of the Group executive management and key personnel
- Authorization to increase the share capital by issuing new shares or acquire own shares with a total nominal value of up to NOK 35,023,496, equal to 6,880,844 shares, each with a nominal value of NOK 5.09 in connection with the share options allocated under ESOP 2019 and ESOP 2020 (also named ESOP 2020-B) which are incentive programs for the CEO, other members of the Group executive management and key personnel

All three authorizations are valid until the AGM in 2023, and no later than 30 June 2023. As of 31 December 2022, neither authorization have been used. There was a separate vote on each of the authorizations. All three authorizations have a limited overall amount by which the Board is permitted to increase the share capital. For supplementary information, see the minutes of the AGM held on 21 April 2022 available at www.axactor.com.

Deviations from the Code: None

4. Equal treatment of shareholders

The Board, CEO, and other members of the Group executive management are committed to treat all shareholders equally, unless there exists a factual basis for deviation from this principle, justified by the common interests of the company and the shareholders.

In the event of a capital increase based on authorization from the general meeting, where the pre-emptive rights of shareholders are set aside, the company shall provide reasons for the action in the stock exchange release in which the capital increase is announced.

Any transactions the company carries out in its own shares shall be carried out either through the stock exchange or at prevailing stock exchange prices. If there is limited liquidity in the company's shares, other ways to ensure equal treatment of all shareholders shall be considered. There were no transactions in treasury shares in 2022.

The instruction issued by the Board states how the company shall manage agreements with closely related parties. For significant

transactions with closely related parties, Axactor will use valuations and statements from an independent third party. There were no such significant transactions in 2022.

For other transactions with related parties, reference is made to the servicing agreement with Seatankers Management Co. Ltd. (a company controlled by Geveran) entered 17 February 2020, as reported in the annual report 2021. Secondly, the general meeting approved the option agreement with Andrés López Sánchez (Country Manager, Spain), dated 18 May 2021 to secure his retention, as reported in the annual report 2021. The agreement with Aston AS (a company controlled by Kristian Melhuus), for advisory services to the company and as reported on in the annual report 2021, expired on 21 April 2022. All three agreements were entered on an arms-length basis and are not considered significant.

For further details, see [note 29](#) to the financial statements for 2022.

Deviations from the Code: None

5. Shares and negotiability

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

Deviations from the Code: None

6. General meetings

The general meeting is the company's ultimate corporate body. The Board strives to ensure that the general meeting is an effective forum for communication between shareholders and the Board. All registered shareholders have the right to participate in the general meetings, which exercise the highest authority of the company. To attend, nominee-registered shareholders must be registered in the VPS by the close of business the day before the general meeting.

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

The general meetings in 2022 were conducted as hybrid meetings with registration deadline CET 12:00 (noon) on the prior business day. When attending the online general meetings shareholders were able to listen to a live audiocast of the meeting, see the presentation, submit questions relating to the items on the agenda and cast their votes in the real time poll. Identification of the shareholders was secured. The notices included information providing the shareholders with sufficient detail for the shareholders to assess all the matters to be considered as well as all relevant information regarding attendance and voting procedures including a proxy form with and without voting

instructions that permitted separate votes for each item up for consideration in the general meetings and each candidate up for election. Advanced votes and proxies were required to be provided the last business day prior to the general meetings by electronic means, in writing or by use of written proxy forms. The Chair declared the general meetings opened. The person chairing the general meetings was elected by the general meeting and was considered independent of the company and the Board. Representatives of the Board, CEO and other members of the Group executive management, the company's auditor, and the Chair of the nomination committee were present at the AGM. For the EGM only the Chair and CEO were present which was deemed sufficient given the items treated.

In 2022, Axactor held its AGM on 21 April 2022 with 50,55% of the shares represented. In addition, an EGM was held on 21 February 2022 to elect Kristian Melhuus as Chair of the Board, with 50,43% of the shares represented.

The minutes from general meetings are published on [newsweb.no](https://www.newsweb.no) and on the company's website.

Deviations from the Code: None

7. Nomination committee

The company has established a nomination committee, ref. articles of association article 8. It consists of 2 members:

- Anne Lise E. Gryte (Chair)
- Magnus Tvenge (member)

Both were elected by the AGM in 2022 for a period of 2 years, until the AGM in 2024, and are considered independent of the Board, CEO and other members of the Group executive management. Efforts are made to ensure that the nomination committee comprises of persons with the necessary expertise and understanding of the shareholders' interests. The general meeting elected the Chair of the nomination committee and determined the remuneration to the members based on the nature of the duties performed and the time invested.

The duties and responsibilities of the nomination committee are regulated by the guidelines to the nomination committee approved by the general meeting in 2022. The main responsibilities are to propose candidates for election to the Board, and to advice on the remuneration of the Board members. Grounds for recommendations are provided when nominees are presented to the general meeting, at latest at the time of the notice of the general meeting. All shareholders are entitled to nominate candidates to the Board, and information on whom to contact can be found on the company's website.

The nomination committee monitors the need for any changes in the composition of the Board through dialogue with the shareholders, board members, and executive management. The nomination committee has also reviewed the Board of Directors' report on its own performance as outlined in Section 9 below.

Deviations from the Code: None

8. Board of Directors

Composition

The Board shall constitute of 3 to 7 directors, as regulated in the articles of association article 5. The Board was elected by the general meeting. On 31 December 2022, the Board consisted of the following 5 directors (see table below).

All members of the Board are elected until the next AGM and may be re-elected. The composition of the Board is based on broad representation of the shareholders, as well as the company's need for competence, capacity, and ability to form balanced decisions. Information on each Board member's expertise and capacity can be found in the Annual report 2022 on [page 43](#) and on the company's website.

Name	Role	Age	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2022	Share ownership in Axactor as of 31 December 2022 (direct/indirect)
Kristian Melhuus	Chair	41	Yes	21.02.22 as Chair (from 15.04.21–21.02.22 as personal deputy for Kathrine Astrup Fredriksen)	AGM 2023	14 as Chair 2 as personal deputy for Kathrine Astrup Fredriksen	0
Brita Eilertsen	Director	60	Yes	20.01.17	AGM 2023	19	19,892
Lars Erich Nilsen	Director	41	No	04.05.18	AGM 2023	19	0
Kathrine Astrup Fredriksen	Director	39	No	01.04.20	AGM 2023	15	0
Terje Mjøs	Director	61	Yes	20.01.17	AGM 2023	19	500,000

Independence

The nomination committee has evaluated the independency of the Board members in relation to the Group executive management, and material business contacts. 3 out of 5 board members are regarded as independent of the main shareholders.

Deviations from the Code: None

9. The work of the Board

The Board has the primary responsibility for overseeing and supervising the CEO and the other members of the Group executive management and daily operations. The Board has adopted written instructions which describes the responsibilities and duties of the Board, including how the Board should handle agreements with related parties, and regulate the allotment of work between the CEO and the Board. The instructions also regulate work related to the Board committees.

The Board's primary responsibilities include: (i) participating in the development and approval of the strategy and budget, (ii) performing necessary monitoring functions, and (iii) acting as an advisory body to the CEO and the other members of the Group executive management. The Board's duties may change over time, depending on the company's ongoing needs.

The Board has prepared an annual plan for its work with special emphasis on goals, strategy, and implementation, to ensure that, (i) the operation of the company complies with the company's values, ethical guidelines and corporate social responsibility, (ii) that the business and assets are well-managed, and (iii) that the risk management and the financial reporting is carried out in a satisfactory manner.

The Board has also established rules on conflicts of interest to ensure that any potential conflicts are identified and handled in a professional manner. If the Board is to consider material matters in which the Chair, or has been, personally involved, the meeting in

which the matter is considered shall be chaired by another board member. There were no such cases in 2022.

The Chair ensures that the Board's work is performed in an effective and correct manner. It is the Board's responsibility to ensure that that the company is managed with clear distribution of responsibilities and duties. The Board appoints the CEO, which is responsible for the day-to-day operations of Axactor Group and for ensuring that the Board receives accurate, relevant, and timely information, sufficient for the Board to carry out its duties. The duties, responsibilities and delegated authorities for the CEO are stated in the CEO instruction issued by the Board.

All members of the Board regularly receive information about the operational and financial development. The company's strategies are regularly subject to review and evaluation by the Board. The Board holds regular physical meetings, at least every second month, where the members may elect to attend either physically or virtually. Extraordinary Board meetings are held when necessary and may be conducted as telephone conferences or, in exceptional circumstances, the Board may take its decisions based on circulating documents. In 2022, the Board held 19 board meetings whereof 8 ordinary and 11 extraordinary. Out of the ordinary meetings 4 were held in relation to the interim reporting and the others mainly devoted to strategy discussions, budget, business, operational and financial updates, risk and internal control, ESG discussions, portfolio assessments, remuneration and employee related matters, review of policies and instructions etc. The extraordinary board meetings were held to discuss budget, claim settlement, change of the Board's composition, bond buy-back, long-term incentive programs and portfolio purchases.

The members of the Board have also visited all of Axactor's local business operations. The CEO has been present in all Board meetings, except during the board deep-dives locally and when the Board is discussing the CEO compensation and performance. The Board has also discussed without CEO and other members of the Group executive management present in all ordinary board meetings and held separate discussions with the auditor without CEO and other members of the Group executive management present.

The Board's work, constitution of the Board committees and review and approval of the Board's instructions were discussed in the constitutional Board meeting following the AGM. The Board has conducted an annual assessment of its performance and expertise. The assessment of the year 2022 was conducted in December 2022 and discussed in the Board meeting 16 January 2023. The results has been presented to the nomination committee. In addition, the nomination committee has discussed the performance with each Board member.

Board committees

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

The **audit committee's** main responsibilities are to ensure the integrity of the Group's financial reporting, to supervise the Group's internal control and risk management system, to ensure the auditor's independency, to inform the Board of the results of the statutory audit, and to ensure that the annual accounts give a fair picture of the Group's financial results and financial condition in accordance with generally accepted accounting principles. The

audit committee works as the Board's risk committee, reviews the procedures for risk management, and assess the risks and financial controls related to the Group's business activities. The audit committee ensures that the company has sufficient focus on ESG to contribute to sustainable development and appropriate risk management to minimize negative impact of the operations. The committee follow-up on regulatory changes, compliance matters that may have a material impact on the financial statements or policies, monitor material external investigations, sanctions, claims, litigations, substantial authority contact, licenses issues and follow up security incidents and whistle blower reports. The audit committee also receives reports on the work of the internal and the external auditor and the results of the audits.

As of 31 December 2022, the audit committee consisted of the following members:

- Brita Eilertsen (Chair)
- Terje Mjøs

All of the members are independent of the Group executive management, and have qualifications within accounting. The audit committee held 6 meetings in 2022.

The **investment committee** oversees the financial investment process and proposals to ensure that the relevant investments meet the requirements with respect to expected return, responsible investments and due diligence prior to commitment of funds. Further, the investment committee reviews the re-evaluations of portfolios regularly assess the risks of the market from a micro and macro perspective and evaluate and implement necessary

mitigations to reduce the risks through monthly reporting and quarterly meetings.

As of 31 December 2022, the Investment Committee consisted of the following members:

- Brita Eilertsen (Chair)
- Lars Erich Nilsen
- Kristian Melhuus

The investment committee held 21 meetings in 2022.

The **remuneration committee** develops the philosophy, policy and guidelines for remuneration that creates the link between remuneration levels, business performance and return to shareholders and makes proposals to the Board on the employment terms and total remuneration of the CEO and approve the terms and remuneration for the other members of the Group executive management which are communicated to the general meeting. These guidelines create precedence for remuneration throughout the organization. Further, the committee oversees that the company has an appropriate succession plan, monitor employee satisfaction, and assess and follow-up other material employment issues related to executive personnel.

As of 31 December 2022, the remuneration committee consisted of the following members:

- Terje Mjøs (Chair)
- Kristian Melhuus

The remuneration committee held 5 meetings in 2022.

Deviations from the Code: None

10. Risk management and internal control

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

In 2022 Axactor has continued to build on the advancements made on the ESG performance, further strengthening the value for the stakeholders and society. Sustainability is an integral part in the company’s vision to become the industry benchmark, as also anchored in the quality policy. This is further outlined in the outlined in the sustainability report, cf. Annual report 2022 [page 13](#).

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

The internal control and risk management system cover the organizational structure, managerial responsibilities for compliance, policies and procedures, training, customer and supplier due diligence, monitoring through financial reviews and internal audits, incident investigations and corrective actions as well as reporting. The Code of Conduct and Group policies are reviewed and approved by the Board annually. All policies have designated owners within the executive management, responsible for developing and monitoring compliance with their respective areas.

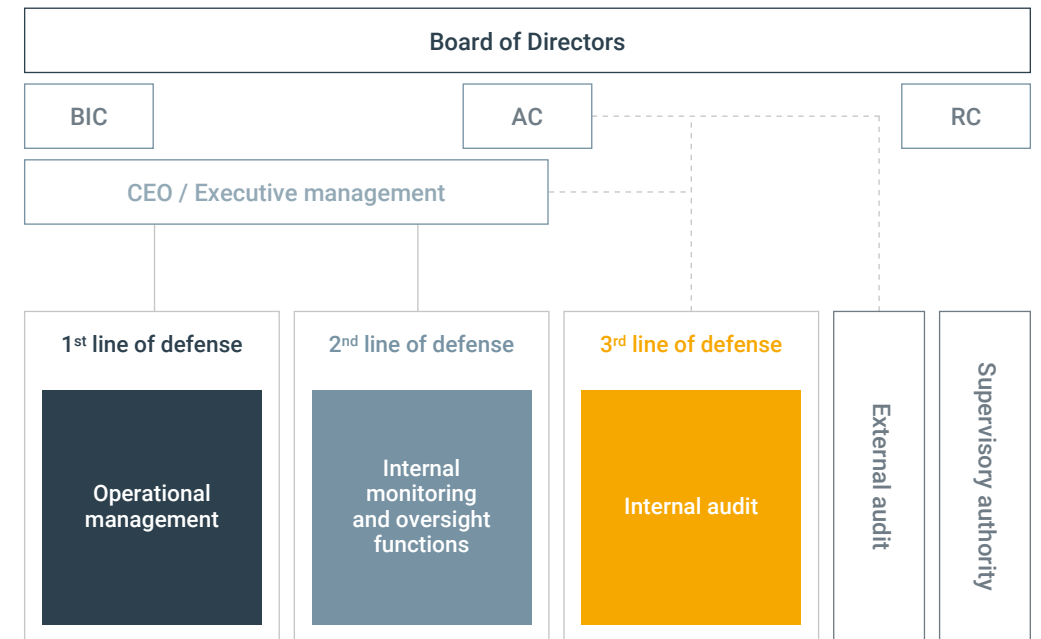
To each policy a set of procedures are established e.g., the Legal and compliance policy has a procedure for managing internal control and risk management. The risk management framework shall ensure that the business operations comply with applicable laws and regulations, commitments to sustainable operations, and business ethics, as well as ensuring profitability, efficiency, and continuity. The company operates a structured risk management process that includes relevant categories of risk, such as strategic,

financial, operational, and regulatory risks. A top-down/bottom-up risk assessment is conducted annually. Key risks are monitored through monthly business reviews with the Group executive management, and through quarterly reporting to the Board. All employees are trained regularly, and annually as a minimum, through trainings on inter alia business ethics, anti-fraud and anti-corruption, good debt collection practices, GDPR and anti-money laundering and customized training within their area of

Corporate governance structure

Group policies

- Quality
- Corporate governance
- IT and Infosec
- Code of conduct
- Procurement
- Finance
- Treasury
- Hedging
- Tax
- Dividend
- Communication
- HR
- Legal and compliance
- Operations
- Delegation of authority
- Physical security
- CSR
- Environmental
- Debt purchase
- Data protection
- Insider
- Anti-fraud and anti-corruption
- Anti-trust
- Trade sanctions
- Human rights



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

Internal controls are conducted throughout the Group annually, at defined intervals which vary between departments. The legal and compliance functions, locally and at group level, follow up on the performance of the controls, as well as any deviations and necessary mitigations. The results are reported to the Board regularly. Axactor's internal auditor conduct audits recommended by the Board and reports its findings to the Board quarterly.

Axactor's separate entities prepares its financial statements within a standard financial accounting system which is consolidated into the Group's results. Impairment testing of NPLs is conducted on a quarterly basis, and goodwill at least on an annual basis. These processes are reviewed by the external auditor. The external auditor presents a review of the internal control procedures, including identified weaknesses and proposals for improvement, to the Board at least once a year. The audit committee monitors the financial reporting and internal controls regularly.

Under Norwegian securities laws, the Norwegian Financial Supervisory Authorities (FSA) oversees that the financial reporting of issuers of transferable securities which are quoted or for which admission to quotation has been requested on a regulated market within the EEA, is compliant with relevant laws and regulations.

As communicated in a press release on 13 December 2021, the

company has received a conclusion from the Norwegian Financial Supervisory Authority (FSA) regarding the review of certain accounting practices and their implications for the Annual report 2019 and half-year report 2020. Further information about the FSA process can be found in Board of Directors' report [page 45](#) and in [note 4](#) in the Annual report 2022.

The Board accounts for the main features of the internal control and risk management systems in the annual report.

Deviations from the Code: None

11. Remuneration of the Board of Directors

The remuneration of Board members is stipulated annually by the AGM based on the nomination committee's recommendation.

The remuneration reflects the Board's responsibilities, work, time invested, and the complexity of the company.

The remuneration of board members is not performance based and no share options are granted to board members.

The Chair receives a higher compensation than the other board members, and work in board committees provides for additional compensation. The Board shall be informed if any board members perform other tasks for the company than exercising their role as board members. None of the members of the Board has taken on specific assignments for the company in addition to their appointment as a member of the board. However, prior to being elected Chair, Kristian Melhuus was during 2022 compensated by the company for advisory services under the agreement with Aston AS, cf. Section 4.

Further details about the remuneration of the Board can be found in [note 8](#) to the Annual report, and in the Remuneration report, on [page 65](#) of the Annual report 2022.

Deviations from the Code: None

12. Salary and other remuneration of executive management

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

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

The Board's statement regarding remuneration of the executive management can be found in [note 8](#) to the Annual report, and in the Remuneration report, on [page 65](#) of the Annual report 2022.

Deviations from the Code: None

13. Information and communication

The company complies with the relevant recommendations and market practices for reporting financial and other Investor Relation ("IR") related information.

The Board, CEO and the other members of the Group executive management prioritize to give shareholders quick, relevant, and current information about the company and its activity areas, while ensuring equal treatment.

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

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

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

Deviations from the Code: None

14. Take-over bids

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

Deviations from the Code: None

15. Auditor

The auditor has attended one meeting with the Board at which the company's management was not present to review the company's financial reporting, accounting principles, risk areas, internal control routines etc. The Board's audit committee has met 4 times with the auditor during 2022 where the auditor presented a plan for the implementation of the audit work, observations, risks etc. The auditor has confirmed in writing to the Board and the audit committee that independence and objectivity requirements are met.

The auditor is only used as a financial advisor to the company if such use of the auditor cannot influence or call into question the auditors' independence and objectiveness in its capacity as auditor for the company. The Board has established guidelines in respect of the use of the auditor for services other than the audit. The breakdown between the audit fee and fees for other services for 2022 is described in [note 9](#) to the Annual report 2022.

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

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

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

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

Deviations from the Code: None

/ Remuneration report

The purpose of the remuneration report is to provide an open account of remuneration to members of the Board and the Group executive management and show that variable remuneration is closely linked to Axactor's long-term interests and sustainable value creation. The report explains how remuneration earned and paid in 2022 complies with Axactor's policy for remuneration of Group executive management as approved by the AGM on 21 April 2022.

The report includes the remuneration of the members of the Board and the Group executive management for the financial year 2022 and describes how the remuneration policy approved by the AGM in 2022 has been implemented in practice. This report will be presented at the AGM in 2023 for an advisory shareholder vote. All amounts in the remuneration report are stated in NOK thousand unless otherwise specified.

The company's financial results

2022 ended as the most profitable year in Axactor's history, with a return on equity from continuing operations of 10%. The result comes from a continued focus on the strategy: Narrow focus on bank and finance claims, low cost through efficient and digital operations, and maintaining a strict price discipline.

Axactor returned to growth in 2022, and the gross revenue increased EUR 29.3 million from 2021. EBITDA increased EUR 78.5 million, resulting in an EBITDA margin improvement from 26% in 2021 to 50% in 2022. Including contribution from the discontinued

operations, the net profit to shareholders for the year ended at EUR 36.8 million.

Changes in the Board and Group executive management during 2022

Kristian Melhuus was elected Chair of the Board in February 2022. Prior to that he was a personal deputy board member for board member Kathrine Astrup Fredriksen. Merete Haugli and Hans Harén left their positions as a board member in April 2022.

There has been no changes in Group executive management during 2022.

Remuneration

The annualized fixed fees for the board members were increased in line with the recommendation from the Nomination committee, approved by the AGM 21 April 2022. The annualized fixed fee for the Chair was increased by 45% from NOK 550 thousand to NOK 800 thousand. For the other board members, the annualized fixed fee

was increased with 25% from NOK 350 thousand to NOK 437.5 thousand. Any further changes of total actual remuneration at an individual level in 2022 is due to additional committee responsibilities that the individual member has taken on during the reporting year. Further information on the remuneration of the Board is detailed in the section 'Remuneration - Board of Directors'.

The Group executive management received an increase in the annual base salary during 2022 of two percent. The increase is in line with the overall average salary increase for non-executives in Axactor.

The bonus pay-out is determined based on the company's performance and individual performance. This resulted in a bonus between 20% and 30% of the Group executive manager's individual base salary for 2022.

Remuneration committee (RC)

The RC continuously monitors prevailing market practice and developments in remuneration in Europe and within its group of peers. Axactor values ongoing dialogue with shareholders, institutional investors, and other stakeholders to ensure that Axactor's remuneration policy is aligned with market practice and helps drive execution of the company's strategy.

In 2022, the RC has focused on the following key areas:

- Reviewing the remuneration and benefits strategy including

short- and long-term incentive plans to ensure it continues to fit business needs.

- Maintaining a close dialogue with shareholders, gathering their feedback and having subsequent discussions on their views about Axactor's remuneration arrangements.
- Assessing and recommending for the Board's approval the overall remuneration, the composition between fixed and variable pay, pensions and other employment conditions for the CEO.
- Reviewing the performance of the Group executive management versus the adopted objectives.

Summary of remuneration policy

The key objectives of Axactor's remuneration policy are to support business needs by guiding the development of an appropriate total remuneration level that has a clear link to the business strategy and with shareholders' interests. The remuneration policy applicable to the Board and the Group executive management approved at the AGM in April 2022 is compliant with the requirements following The Norwegian Public Limited Liability Companies Act, section 6-16a. This report is made according to the requirements in section 6-16b of the Norwegian Public Limited Liability Companies Act and Axactor's remuneration policy. The report is based on the guidelines under Directive 2007/36/EC.

Axactor has had no exceptions or deviations from the approved remuneration policy during 2022.

The remuneration policy, including the purpose and key aspects of each of the remuneration elements, is summarized in the following table.

Remuneration policy summary

Component	Purpose and link to strategy	Size of the award
Board		
Fixed fee	Attracts individuals with a broad range of experience and skills, rewards the Board members for setting strategy and overseeing its implementation.	Fixed fees are set to reflect market practice and the role of each member of the Board in terms of efforts and responsibilities.
Shareholding	Aligns the interests of the Board members and shareholders.	The share purchasing is at the Board members' own account.
Group executive management		
Base salary (inclusive of pension)	Recognizes market value, the nature of the role in terms of scale, complexity and responsibility and the executive members' experience, sustained performance and contribution.	Subject to annual remuneration review, it may change in the context of the individual's long-term performance, market pay positioning and consideration of the wider employee group.
Short-term incentive	Rewards the achievement of annual company goals guided by Axactor's strategy plan.	Up to 100% of base salary at maximum performance.
Long-term incentives	Link executive remuneration to the achievement of long-term shareholder value creation and support the retention of the executives.	Delivered through the stock options plans.
Benefits	Provide for the executive management members' health and welfare needs.	As per the respective benefits policy and may vary at individual level.

Remuneration of the Board

The members of the Board receive an annual fixed fee as compensation for their services. The Chair's fee is higher than the other board members, reflecting the difference in role and responsibilities.

Board members serving in the Board's different committees receive an additional annual compensation based on their participation in the respective committees. Each committee's Chair receives a higher annual fixed compensation than the other committee members, following the same logic as for the Chair of the Board.

An overview of the members of the Board is available at Axactor's website (www.axactor.com)

Name	Fixed fee	
	2022	2021
Current members		
Kristian Melhuus, Chair ¹	841	100
Terje Mjøs, Board member	576	465
Brita Eilertsen, Board member	598	480
Lars Erich Nilsen, Board member	488	415
Kathrine Astrup Fredriksen, Board member	432	415
Former members		
Merete Haugli, Board member ²	94	546
Hans Olov Haren, Board member	104	415
Glen Ole Rødland, Chair	-	277

¹ Kristian Melhuus was appointed Chair of the Board 21 February 2022, prior to this he was deputy board member for Kathrine Astrup Frederiksen

² Merete Haugli was Interim Chair of the Board from 31 May 2021 to 21 February 2022

Remuneration of the Group executive management

Remuneration of the Group executive managers shall support business needs with a clear link to the business strategy and shareholders' interests. Members of the Group executive management do not receive any additional remuneration from other internal Board positions within Axactor.

Group executive remuneration

All numbers in NOK thousand

Name / position	Year	Salary	Benefits	Bonus ⁵	Pension	Total ⁶	Fixed pay	Variable pay
Group executive management								
Johnny Tsohis, CEO	2022	4,281	12	2,736	361	7,389	63%	37%
	2021	4,169	15	889	351	5,423	84%	16%
Nina Mortensen, CFO ²	2022	2,152	12	1,119	177	3,460	68%	6%
	2021	938	6	200	50	1,194	83%	17%
Arnt Andre Dullum, COO	2022	2,082	12	927	152	3,172	71%	29%
	2021	1,899	15	178	164	2,256	92%	8%
Vibeke Ly, Chief of Staff	2022	2,069	12	941	149	3,171	70%	30%
	2021	2,025	15	295	143	2,479	88%	12%
Kyrre Svae, Chief of strategy and IR ³	2022	2,045	12	923	149	3,129	70%	30%
	2021	1,876	15	497	143	2,532	80%	20%
Robin Knowles, Chief Investment Officer ⁴	2022	2,480	-	1,000	16	3,495	71%	29%
	2021	2,737	-	285	36	3,058	91%	9%
Former Group executive management¹								
Endre Rangnes, CEO	2022	-	-	-	-	-	n.a	n.a
	2021	-	-	44	-	44	-	100%
Oddgeir Hansen, COO	2022	-	-	-	-	-	n.a	n.a
	2021	469	-	1,350	5	1,824	26%	74%
Teemu Alaviitala, CFO	2022	-	-	-	-	-	n.a	n.a
	2021	604	3	-	15	622	100%	-

¹ Salary in last year of employment is based on employment period in the year plus severance pay if agreed

² Nina Mortensen was appointed CFO from 1 August 2021. Nina Mortensen received a sign-on fee of NOK 200 thousand presented as bonus

³ Kyrre Svae held the position as interim CFO from January 2021 to 31 July 2021

⁴ Remuneration to Robin Knowles is denominated in GBP, an exchange rate of 11.84 (2021: 11.90) is used to convert to NOK

⁵ Bonuses are paid in one payment. Bonus for 2021 is paid bonus. Bonus for 2022 is accrued bonus

⁶ There are no extraordinary items paid to Group executive management

The following information is not included in the table above as its not applicable for Axactor: board fees, multiple year bonus, extraordinary items.

Long-term incentive plan

The long-term incentive plan is divided into several share option programs based on the year of award. The long-term incentive program for 2022 (ESOP 2022) are based on performance share units, strike set at average share price last 30 days prior to grant, and vesting conditional upon service conditions and specific performance criteria to ensure commitment to common goals. There are no significant differences between the earlier share option programs, beside strike price and the dates for vesting and exercise (applicable for ESOP2017, ESOP2019 and ESOP2020). After the awarding date there are no other conditions to be met other than that the Group executive manager needs to be employed in Axactor on the vesting date (applicable for ESOP2017, ESOP2019 and ESOP2020). There is no lock up period on the shares once the options are exercised.

Granted share options in the reporting period

Name/position	Plan	Performance period	Award date	Vesting date	Exercise period	Strike price (NOK)	Awarded at period start	Granted in period	Vested in period	Subject to a performance condition period end	Awarded and unvested period end
Johnny Tsohis, CEO	ESOP 2017		28.08.2017	01.06.2018	01/06/2018–15/07/2022	30.00	75,000	-	-	-	-
			28.08.2017	01.06.2019	01/06/2019–15/07/2022	32.00	75,000	-	-	-	-
			28.08.2017	01.06.2020	01/06/2020–15/07/2022	35.00	75,000	-	-	-	-
			28.08.2017	01.06.2021	01/06/2021–15/07/2022	37.50	75,000	-	-	-	-
	ESOP 2019		25.04.2019	25.04.2020	25/04/2020–25/04/2024	24.50	77,485	-	-	-	-
			25.04.2019	25.04.2021	25/04/2021–25/04/2024	26.50	77,485	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022–25/04/2024	28.00	77,486	-	77,486	-	-
	ESOP 2020		26.06.2020	26.06.2021	26/06/2021–26/06/2025	28.00	125,000	-	-	-	-
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	22.00	75,000	-	-	-	-
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	17.25	50,000	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	28.00	125,000	-	125,000	-	-
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	22.00	75,000	-	75,000	-	-
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	17.25	50,000	-	50,000	-	-
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	28.00	125,000	-	-	-	125,000
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	22.00	75,000	-	-	-	75,000
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	17.25	50,000	-	-	-	50,000
			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	333,333	-	333,333
ESOP 2022		15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	333,333	-	333,333	333,333
			15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	333,334	-	-	333,334

Name/position	Plan	Performance period	Award date	Vesting date	Exercise period	Strike price (NOK)	Awarded at period start	Granted in period	Vested in period	Subject to a performance condition period end	Awarded and unvested period end
Nina Mortensen, CFO	ESOP 2020		04.08.2021	02.08.2022	02/08/2022–01/08/2025	28.00	62,500	-	62,500	-	-
			04.08.2021	02.08.2022	02/08/2022–01/08/2025	22.00	37,500	-	37,500	-	-
			04.08.2021	02.08.2022	02/08/2022–01/08/2025	17.25	25,000	-	25,000	-	-
			04.08.2021	02.08.2023	02/08/2023–01/08/2025	28.00	62,500	-	-	-	62,500
			04.08.2021	02.08.2023	02/08/2023–01/08/2025	22.00	37,500	-	-	-	37,500
			04.08.2021	02.08.2023	02/08/2023–01/08/2025	17.25	25,000	-	-	-	25,000
	ESOP 2022	15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,666	-	91,666	91,666
		15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	91,667	91,667
			15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	-	91,667
	Arnt André Dullum, COO	ESOP 2017		06.06.2018	01.06.2018	01/06/2018–15/07/2022	30.00	18,750	-	-	-
			06.06.2018	01.06.2019	01/06/2019–15/07/2022	32.00	18,750	-	-	-	-
			06.06.2018	01.06.2020	01/06/2020–15/07/2022	35.00	18,750	-	-	-	-
			06.06.2018	01.06.2021	01/06/2021–15/07/2022	37.50	18,750	-	-	-	-
ESOP 2019			25.04.2019	25.04.2020	25/04/2020–25/04/2024	24.50	38,742	-	-	-	-
			25.04.2019	25.04.2021	25/04/2021–25/04/2024	26.50	38,742	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022–25/04/2024	28.00	38,744	-	38,744	-	-
ESOP 2020			26.06.2020	26.06.2021	26/06/2021–26/06/2025	28.00	62,500	-	-	-	-
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	22.00	37,500	-	-	-	-
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	17.25	25,000	-	-	-	-
		26.06.2020	26.06.2022	26/06/2022–26/06/2025	28.00	62,500	-	62,500	-	-	
		26.06.2020	26.06.2022	26/06/2022–26/06/2025	22.00	37,500	-	37,500	-	-	
		26.06.2020	26.06.2022	26/06/2022–26/06/2025	17.25	25,000	-	25,000	-	-	
		26.06.2020	26.06.2023	26/06/2023–26/06/2025	28.00	62,500	-	-	-	62,500	
		26.06.2020	26.06.2023	26/06/2023–26/06/2025	22.00	37,500	-	-	-	37,500	
		26.06.2020	26.06.2023	26/06/2023–26/06/2025	17.25	25,000	-	-	-	25,000	
	ESOP 2022	15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,666	-	91,666	91,666
15/06/2022–15/06/2025		15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	91,667	91,667	
		15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	-	91,667	

Name/position	Plan	Performance period	Award date	Vesting date	Exercise period	Strike price (NOK)	Awarded at period start	Granted in period	Vested in period	Subject to a performance condition period end	Awarded and unvested period end	
Vibeke Ly, Chief of Staff	ESOP 2017		19.11.2018	01.06.2018	01/06/2018–15/07/2022	30.00	12,500	-	-	-	-	
			19.11.2018	01.06.2019	01/06/2019–15/07/2022	32.00	12,500	-	-	-	-	
			19.11.2018	01.06.2020	01/06/2020–15/07/2022	35.00	12,500	-	-	-	-	
			19.11.2018	01.06.2021	01/06/2021–15/07/2022	37.50	12,500	-	-	-	-	
	ESOP 2019		25.04.2019	25.04.2020	25/04/2020–25/04/2024	24.50	38,742	-	-	-	-	
			25.04.2019	25.04.2021	25/04/2021–25/04/2024	26.50	38,742	-	-	-	-	
			25.04.2019	25.04.2022	25/04/2022–25/04/2024	28.00	38,744	-	38,744	-	-	
	ESOP 2020		26.06.2020	26.06.2021	26/06/2021–26/06/2025	28.00	62,500	-	-	-	-	
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	22.00	37,500	-	-	-	-	
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	17.25	25,000	-	-	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	28.00	62,500	-	62,500	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	22.00	37,500	-	37,500	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	17.25	25,000	-	25,000	-	-	
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	28.00	62,500	-	-	-	62,500	
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	22.00	37,500	-	-	-	37,500	
	ESOP 2022		15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,666	-	91,666	91,666
			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	91,667	91,667
			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	-	91,667
	Kyrre Svae, Chief of Strategy and IR	ESOP 2020		01.08.2020	01.08.2021	01/08/2021–01/08/2025	28.00	62,500	-	-	-	-
				01.08.2020	01.08.2021	01/08/2021–01/08/2025	22.00	37,500	-	-	-	-
			01.08.2020	01.08.2021	01/08/2021–01/08/2025	17.25	25,000	-	-	-	-	
			01.08.2020	01.08.2022	01/08/2022–01/08/2025	28.00	62,500	-	62,500	-	-	
			01.08.2020	01.08.2022	01/08/2022–01/08/2025	22.00	37,500	-	37,500	-	-	
			01.08.2020	01.08.2022	01/08/2022–01/08/2025	17.25	25,000	-	25,000	-	-	
			01.08.2020	01.08.2023	01/08/2023–01/08/2025	28.00	62,500	-	-	-	62,500	
			01.08.2020	01.08.2023	01/08/2023–01/08/2025	22.00	37,500	-	-	-	37,500	
ESOP 2022			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,666	-	91,666	91,666
			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	91,667	-	91,667	91,667

Name/position	Plan	Performance period	Award date	Vesting date	Exercise period	Strike price (NOK)	Awarded at period start	Granted in period	Vested in period	Subject to a performance condition period end	Awarded and unvested period end	
Robin Knowles, Chief Investment Officer	ESOP 2017		28.08.2017	01.06.2018	01/06/2018–15/07/2022	30.00	31,250	-	-	-	-	
			28.08.2017	01.06.2019	01/06/2019–15/07/2022	32.00	31,250	-	-	-	-	
			28.08.2017	01.06.2020	01/06/2020–15/07/2022	35.00	31,250	-	-	-	-	
			28.08.2017	01.06.2021	01/06/2021–15/07/2022	37.50	31,250	-	-	-	-	
	ESOP 2019		25.04.2019	25.04.2020	25/04/2020–25/04/2024	24.50	38,742	-	-	-	-	
			25.04.2019	25.04.2021	25/04/2021–25/04/2024	26.50	38,742	-	-	-	-	
			25.04.2019	25.04.2022	25/04/2022–25/04/2024	28.00	38,744	-	38,744	-	-	
	ESOP 2020		26.06.2020	26.06.2021	26/06/2021–26/06/2025	28.00	62,500	-	-	-	-	
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	22.00	37,500	-	-	-	-	
			26.06.2020	26.06.2021	26/06/2021–26/06/2025	17.25	25,000	-	-	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	28.00	62,500	-	62,500	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	22.00	37,500	-	37,500	-	-	
			26.06.2020	26.06.2022	26/06/2022–26/06/2025	17.25	25,000	-	25,000	-	-	
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	28.00	62,500	-	-	-	62,500	
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	22.00	37,500	-	-	-	37,500	
			26.06.2020	26.06.2023	26/06/2023–26/06/2025	17.25	25,000	-	-	-	25,000	
	ESOP 2022		15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	41,666	-	41,666	41,666
			15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	41,667	-	41,667	41,667
				15.06.2022	15.06.2025	15/06/2025–15/06/2027	6.07	-	41,667	-	-	41,667
	Oddgeir Hansen, former COO	ESOP 2017		28.08.2017	01.06.2018	01/06/2018–15/07/2022	30.00	75,000	-	-	-	-
			28.08.2017	01.06.2019	01/06/2019–15/07/2022	32.00	75,000	-	-	-	-	
			28.08.2017	01.06.2020	01/06/2020–15/07/2022	35.00	75,000	-	-	-	-	
ESOP 2019			25.04.2019	25.04.2020	25/04/2020–25/04/2024	24.50	51,657	-	-	-	-	

Performance measures and outcomes for 2022 short-term incentive

The Group executive management is measured on a combination of financial targets for the Group and individual targets relating to the development according to Axactor's strategy and ESG targets. Each member of the Group executive management has between two and five individual targets with respective sub targets.

Axactor can claw back granted and paid bonuses from beneficiaries on certain conditions, pursuant to the remuneration policy. There has been no claw back of granted and paid bonuses in Axactor for the financial year 2022.

Name position	Value driver	Weighting	Min performance (%)	Min remuneration	Max performance (%)	Max remuneration	Actual performance (%)	Actual remuneration
Johnny Tsolis, CEO	Financial performance	70%	-	-	100%	2,169	97.6%	2,116
	Other	30%	-	-	100%	929	66.7%	620
Nina Mortensen, CFO	Financial performance	70%	-	-	100%	803	97.6%	784
	Other	30%	-	-	100%	344	97.2%	335
Vibeke Ly, Chief of Staff	Financial performance	70%	-	-	100%	706	97.6%	689
	Other	30%	-	-	100%	302	83.3%	252
Arnt Andre Dullum, COO	Financial performance	70%	-	-	100%	803	97.6%	697
	Other	30%	-	-	100%	344	66.7%	230
Kyrre Svae, Chief of strategy and IR	Financial performance	70%	-	-	100%	705	97.6%	688
	Other	30%	-	-	100%	302	77.8%	235
Robin Knowles, Chief Investment Officer	Financial performance	70%	-	-	100%	824	97.6%	804
	Other	30%	-	-	100%	353	55.6%	196

Annual changes in remuneration and company result

The annual change in remuneration to the Group executive management is a combination of increase in base salary and decrease in short-term incentive payment and pension contribution. The base salary for the Group executive management was increased with 2% to compensate for the general cost level increase in Norway. The decrease in short-term incentive payment was a result of weaker financial results for the financial year 2021.

The changes in remuneration are in line with the remuneration policy.

Change in remuneration and percent change

Name / position		2018	2019	2020	2021	2022
Current Group executive management						
Johnny Tsohis, CEO	Remuneration ¹	3,696	4,472	4,845	5,423	7,389
	Change in NOK	1,121	776	374	578	1,966
	Change in %	44%	21%	8%	12%	36%
Nina Mortensen, CFO	Remuneration ¹	-	-	-	2,250	3,460
	Change in NOK	-	-	-	-	1,210
	Change in %	-	-	-	-	54%
Arnt Andre Dullum, COO	Remuneration ¹	-	-	1,608	2,256	3,172
	Change in NOK	-	-	-	648	916
	Change in %	-	-	n.a	40%	41%
Vibeke Ly, Chief of Staff	Remuneration ¹	1,728	1,753	2,273	2,479	3,171
	Change in NOK	-	25	519	206	692
	Change in %	-	1%	30%	9%	28%
Kyrre Svae, Chief of strategy and IR	Remuneration ¹	-	-	2,412	2,532	3,129
	Change in NOK	-	-	-	120	597
	Change in %	-	-	n.a	5%	24%
Robin Knowles, Chief Investment Officer	Remuneration ¹	2,362	3,467	3,795	3,343	3,495
	Change in NOK	300	1,106	328	-452	152
	Change in %	15%	47%	9%	-12%	5%

Name / position		2018	2019	2020	2021	2022
Former Group executive management²						
Endre Rangnes, CEO	Remuneration ¹	9,350	10,372	11,095	-	-
	Change in NOK	3,351	1,022	723	-	-
	Change in %	56%	11%	7%	-	-
Oddgeir Hansen, COO	Remuneration ¹	3,180	5,040	7,400	-	-
	Change in NOK	910	1,860	2,360	-	-
	Change in %	40%	58%	47%	-	-
Siv Farstad, EVP HR	Remuneration ¹	2,246	2,689	4,502	-	-
	Change in NOK	-1,383	443	1,813	-	-
	Change in %	-38%	20%	67%	-	-
Teemu Alaviitala, CFO	Remuneration ¹	-	-	2,250	-	-
	Change in NOK	-	-	-	-	-
	Change in %	-	-	-	-	-
Geir Johansen, CFO	Remuneration ¹	4,090	-	-	-	-
	Change in NOK	1,412	-	-	-	-
	Change in %	53%	-	-	-	-

¹ Remuneration is grossed up to full year if Group executive has been employed only for a part of the year

² Salary in last year of employment is based on employment period in the year plus severance pay if agreed

Group result

Amounts in EUR million	2018	2019	2020	2021	2022
Net result to shareholders of the parent company	4,492	16,326	-18,131	-32,797	36,757
Annual change net result to shareholders of the parent company	1,875	11,834	-34,456	-14,666	69,554
Annual change net result to shareholders of the parent company %	72%	263%	-211%	-81%	212%
ROE to shareholders	0.6%	6.0%	-6.1%	-8.5%	9.2%
Annual change ROE	-40.0%	900.0%	-201.7%	-39.3%	208.2%
EBITDA	46.3	92.1	32	23.7	119.0
Annual change EBITDA	31.5	45.8	-60.1	-8.3	95.3
Annual change EBITDA %	213%	99%	-65%	-26%	402%
Gross revenue	238.8	368.1	325.2	344.5	336.9
Annual change gross revenue	134.1	129.3	-42.9	19.3	-7.6
Annual change gross revenue %	128%	54%	-12%	6%	-2%

Axactor average remuneration

The average remuneration presented is excluding Group management remuneration.

Amounts in NOK thousand	2018	2019	2020	2021	2022	
Employees in Axactor ASA ¹	Average total salary	1,101	1,039	1,199	1,136	1,128
	Change in NOK	96	-62	160	-63	-8
	Change in %	10%	-6%	15%	-5%	-1%
Employees in Norwegian Axactor companies ¹	Average total salary	657	596	649	674	644
	Change in NOK	-	-61	53	25	-30
	Change in %	-	-9%	9%	4%	-4%

¹ Reduction in salary relates to differences in paid bonus and new employees in 2022

The remuneration report for 2021 was approved by 94% of the votes on the annual general meeting 21 April 2022.

Statement by the Board of Directors

The remuneration report is prepared in accordance with section 6-16b of the Norwegian Public Limited Liability Companies Act. The Board has considered and adopted the remuneration report of Axactor ASA for the financial year 2022. The remuneration report will be presented for an advisory vote at the Annual General Meeting on 3 May 2023.

Oslo, 30 March 2023

Kristian Melhuus
Chair

Brita Eilertsen
Board member

Terje Mjøs
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup Fredriksen
Board member

To the General Meeting of Axactor ASA



Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Axactor ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard

for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 March 2023

PricewaterhouseCoopers AS

Anne Lene Stensholdt
State Authorised Public Accountant
(This document is signed electronically)

Financial statements

Consolidated financial statements	80
Financial statements of Axactor ASA	128
Responsibility statement	148
Auditor's report	149
Alternative performance measures	153

/ Consolidated financial statements

Consolidated statement of profit or loss	81	Notes to the consolidated financial statements	86	Note 16	Property, plant and equipment	108	
Consolidated statement of comprehensive income	82	Note 1	Corporate information	86	Note 17	Fair value measurement	109
Consolidated statement of financial position	83	Note 2	Significant accounting policies	86	Note 18	Purchased loan portfolios	111
Consolidated statement of cash flows	84	Note 3	Risk management	92	Note 19	Hedge accounting	113
Consolidated statement of changes in equity	85	Note 4	Significant accounting judgements, estimates and assumptions	95	Note 20	Shares in subsidiaries	114
		Note 5	Operating segments	96	Note 21	Accounts receivable and other current assets	115
		Note 6	Income	98	Note 22	Cash and cash equivalents	115
		Note 7	Employee remuneration	99	Note 23	Issued shares and share capital	116
		Note 8	Executive remuneration	100	Note 24	Share-based payments	117
		Note 9	Other operating expenses	101	Note 25	Interest-bearing loans and borrowings	119
		Note 10	Leases	102	Note 26	Post-employment benefits	122
		Note 11	Financial items	103	Note 27	Other non-current liabilities	122
		Note 12	Income tax	103	Note 28	Other current liabilities	123
		Note 13	Earnings per share	105	Note 29	Related party transactions	123
		Note 14	Intangible assets	106	Note 30	Purchase price allocations	124
		Note 15	Goodwill and intangible assets with indefinite useful lives	107	Note 31	Pledged assets	125
					Note 32	Discontinued operations	125
					Note 33	Events after the reporting period	127

Consolidated statement of profit or loss

EUR thousand	Note	2022	2021 ¹
Continuing operations			
Interest income from purchased loan portfolios	6, 18	187,490	168,421
Net gain/(loss) purchased loan portfolios	6, 18	-8,185	-62,013
Revenue from sale of repossessed assets	6	4,526	3,018
Other operating revenue	5	55,846	48,858
Other income		15	15
Total income	5, 6	239,692	158,298
Cost of repossessed assets sold, incl impairment		-1,496	-2,136
Personnel expenses	7, 8	-64,655	-61,313
Other operating expenses	9	-54,587	-54,350
Total operating expenses		-120,738	-117,800
EBITDA		118,955	40,498
Amortization and depreciation	10, 14, 16	-8,895	-9,616
Operating profit		110,060	30,882
Financial revenue	11	3,194	51
Financial expenses	11	-59,061	-51,030
Net financial items		-55,867	-50,979
Profit/(loss) before tax from continuing operations		54,193	-20,097
Income tax expense	12	-13,549	-5,296
Net profit/(loss) after tax from continuing operations		40,644	-25,393

EUR thousand	Note	2022	2021 ¹
Discontinued operations			
Net profit/(loss) after tax from discontinued operations	32	-8,066	-20,599
Net profit/(loss) after tax		32,578	-45,992
Attributable to			
Non-controlling interests			
Net profit/(loss) after tax from continuing operations		489	-952
Net profit/(loss) after tax from discontinued operations		-4,668	-12,242
Net profit/(loss) after tax		-4,179	-13,194
Shareholders of the parent company			
Net profit/(loss) after tax from continuing operations		40,156	-24,440
Net profit/(loss) after tax from discontinued operations		-3,399	-8,357
Net profit/(loss) after tax		36,757	-32,797
Earnings per share			
From continuing operations, basic and diluted	13	0.133	-0.083
From continuing and discontinued operations, basic and diluted	13	0.122	-0.112

¹ Comparative figures have been re-presented due to a discontinued operation, see [note 32](#)

Consolidated statement of comprehensive income

EUR thousand	Note	2022	2021
Net profit/(loss) after tax		32,578	-45,992
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of pension plans		238	-4
Net gain/(loss) on equity instruments designated at fair value through OCI		16	-16
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences - foreign operations		-11,343	8,924
Fair value net gain/(loss) on cash flow hedges during the period	19	9,876	-230
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss	19	-245	-
Other comprehensive income/(loss) after tax		-1,458	8,675
Total comprehensive income/(loss)		31,120	-37,317
Attributable to			
Non-controlling interests		-4,179	-13,194
Shareholders of the parent company		35,299	-24,123

Consolidated statement of financial position

EUR thousand	Note	2022	2021
Assets			
Intangible non-current assets			
Goodwill	6, 14, 15	61,069	55,960
Deferred tax assets	12	5,356	13,700
Other intangible assets	6, 14	16,617	17,824
Tangible non-current assets			
Property, plant and equipment	6, 16	2,372	2,290
Right of use assets	6, 10	11,757	10,768
Financial non-current assets			
Purchased loan portfolios	17, 18	1,252,642	1,095,789
Other non-current assets		607	366
Total non-current assets		1,350,420	1,196,698
Current assets			
Stock of secured assets		-	29,310
Reposessed assets		3,230	-
Accounts receivable	21	6,376	7,060
Other current assets	21	29,021	16,154
Restricted cash	22	7,026	5,798
Cash and cash equivalents	22	29,045	38,155
Total current assets		74,699	96,476
Assets classified as held for sale	32	12,660	-
Total assets		1,437,778	1,293,175

EUR thousand	Note	2022	2021
Equity and liabilities			
Equity			
Share capital	23	158,369	158,150
Other paid-in equity		270,381	269,919
Retained earnings		-3,699	-40,475
Other components of equity		-9,016	-7,320
Non-controlling interests		-5,441	976
Total equity	24	410,593	381,249
Non-current liabilities			
Interest-bearing debt	17, 25	445,590	834,411
Deferred tax liabilities	12	6,143	6,144
Lease liabilities	10	9,404	8,866
Other non-current liabilities	26, 27	3,423	1,994
Total non-current liabilities		464,561	851,415
Current liabilities			
Accounts payable		7,141	7,282
Interest-bearing debt	17, 25	499,709	3,845
Taxes payable		17,578	20,259
Lease liabilities	10	2,835	2,185
Other current liabilities	28	24,741	26,941
Total current liabilities		552,005	60,511
Liabilities directly associated with assets classified as held for sale	32	10,619	-
Total liabilities		1,027,185	911,925
Total equity and liabilities		1,437,778	1,293,175

Consolidated statement of cash flows

EUR thousand	Note	2022	2021
Operating activities			
Profit/(loss) before tax from continuing operations		54,193	-20,097
Profit/(loss) before tax from discontinued operations		-8,066	-20,599
Taxes paid	12	-10,713	-3,261
Adjustments for:			
Net financial items, continuing operations	11	55,867	50,979
Net financial items, discontinued operations	32	1,059	3,796
Portfolio amortization and revaluation	5, 18	97,218	148,542
Cost of repossessed assets sold, incl impairment		1,496	2,136
Cost of REOs sold, incl. impairment	32	18,318	48,379
Depreciation and amortization	10, 14, 16	8,895	9,654
Calculated cost of employee share options	24	462	180
Change in working capital		1,291	4,991
Cash flow from operating activities before NPL and REO investments		220,019	224,700
Purchase of loan portfolios	18	-290,816	-115,402
Sale of loan portfolios		-	450
Purchases related to REO/repossessed assets		-227	-193
Net cash flow from operating activities		-71,025	109,555

EUR thousand	Note	2022	2021
Investing activities			
Investment in subsidiaries, net of cash acquired	30	-3,085	-
Purchase of intangible and tangible assets	14, 16	-4,862	-4,718
Interest received		203	5
Net cash flow from investing activities		-7,744	-4,712
Financing activities			
Proceeds from borrowings	25	354,051	542,496
Repayment of debt	25	-222,001	-628,681
Interest paid		-51,067	-42,050
Loan fees paid	25	-83	-24,033
Lease payments, principal amount	10	-2,755	-2,812
Repayments to non-controlling interests		-2,238	-6,625
New share issues		-	50,792
Cost related to share issues		-	-1,460
Net cash flow from financing activities		75,907	-112,373
Net change in cash and cash equivalents		-2,861	-7,531
Cash and cash equivalents at the beginning of period, incl. restricted cash		43,953	50,725
Currency translation		-1,413	759
Cash and cash equivalents at end of period, incl. restricted cash	22	39,679	43,953

Consolidated statement of changes in equity

EUR thousand	Equity related the shareholders of the parent company							Non-controlling interest	Total equity
	Restricted	Non-restricted					Total		
	Share capital	Other paid in equity	Retained earnings	Translation reserve	Cash flow hedge reserve	Other reserves			
Balance at 31 Dec 2020	97,040	236,562	-16,036	-15,999	-	-	301,566	74,113	375,680
Result of the period			-32,797				-32,797	-13,194	-45,992
Other comprehensive income of the period			-4	8,924	-230	-16	8,675		8,675
Total comprehensive income for the period	-	-	-32,802	8,924	-230	-16	-24,123	-13,194	-37,317
Repayments to non-controlling interests							-	-6,625	-6,625
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		180					180		180
Balance at 31 Dec 2021	158,150	269,919	-40,475	-7,074	-230	-16	380,273	976	381,249
Result of the period			36,757				36,757	-4,179	32,578
Other comprehensive income of the period			238	-11,343	9,630	16	-1,458		-1,458
Total comprehensive income for the period	-	-	36,995	-11,343	9,630	16	35,299	-4,179	31,120
Repayments to non-controlling interests							-	-2,238	-2,238
Share-based payment		462					462		462
Bonus issue	219		-219				-		-
Balance at 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	-	416,033	-5,441	410,593

Oslo, 30 March 2023

Kristian Melhuus
Chair

Brita Eilertsen
Board member

Terje Mjøs
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup
Fredriksen
Board member

Johnny Tsois
CEO

Notes to the consolidated financial statements

Note 1 Corporate information

The parent company Axactor ASA ("Axactor") is a Norwegian public limited liability company (Allmennaksjeselskap), domiciled in Norway. The registered address is Drammensveien 167, 0277 Oslo. The company's shares are traded in Norway on Oslo Børs.

The principal activities of the Company and its subsidiaries (the Group) are debt management, specializing on both purchasing and collection on own loan portfolios and providing collection services for third-party owned portfolios. The activities are further described in [note 5](#).

The Annual Report and Parent Company Report for Axactor ASA were adopted by the Board of Directors on 30 March 2023 and will be submitted for approval to the Annual General Meeting on 3 May 2023.

Note 2 Significant accounting policies

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective as of 31 December 2022. Axactor also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

The parent company's functional currency is euro (EUR) and this is also the reporting currency for the Group. All amounts in the financial reports are stated in EUR thousand unless otherwise specified.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual outcomes may deviate from management's estimates. The most important accounting principles that have been applied are described below. These principles have been applied consistently for all years presented, unless otherwise specified.

2.2 Consolidation principles

The Group's consolidated financial statements comprise Axactor ASA and entities in which Axactor ASA has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity, including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements.

The assessments are done for each individual investment. The Group re-assesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for by using the acquisition method. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests are presented separately under equity in the Group's consolidated statement of financial position.

Change in ownership interest without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognized at fair value and the difference between the consideration and the carrying amount of the asset is recognized against the equity attributable to the parent.

Loss of control

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when control is lost. Differences between the consideration and the carrying amount of the asset are recognized as a gain or loss in profit or loss. Investments retained, if any, are recognized at fair value, and surplus or deficits, if any, are recognized in profit or loss as a part of gain/loss on subsidiary disposal. Amounts included in other comprehensive income are recognized in profit or loss or directly as equity depending on their prior classification in other comprehensive income.

2.3 Functional currencies and presentation currency

The financial statements are presented in EUR, which is also the functional currency of Axactor ASA. For the purposes of presenting this consolidated financial statement, the assets, and liabilities of the Group's non-euro operations (i.e. Sweden and Norway) are translated to EUR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for each month. All group transactions and group unsettled matters, and profit and losses for transactions between group companies, are eliminated..

2.4 Business combinations

Business combinations are accounted for using the acquisition accounting method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and relevant conditions at the acquisition date. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognized at fair value less cost to sell, and deferred tax assets and liabilities which are recognized at nominal value.

Goodwill arising from an acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquire over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in profit or loss immediately.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in profit or loss as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured, and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2.5 Segment reporting

The Group derives its revenues from the following two operating segments: Non-performing loans (NPL) and Third-party collection (3PC). The Group 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. For management purposes, the Group is additionally organized into business units based on geographical locations.

The internal reporting provided to the Board, which is the Group's chief decision maker, is in accordance with this structure.

2.6 Revenue and revenue recognition

Revenue from purchased loan portfolios is recognized according to IFRS 9 Financial Instruments using the effective interest rate method, while revenue from 3PC is recognized according to IFRS 15 Revenue from Contracts with Customers.

The recognition of revenues from purchased loan portfolios is described in detail in [2.12.1](#). The Group can sell a loan portfolio to another debt collector. The revenue will be recognized at the time the portfolio is transferred to an external buyer.

3PC revenue is derived from a combination of fixed fees paid by Axactor's customers for services provided and commissions for solved cases and/or fees paid by the debtors to an Axactor entity. Revenue from 3PC is recognized in 'Other operating revenue' in the consolidated statement of profit or loss.

Revenue from repossessed assets is recognized at the point of time where the ownership of the property has been transferred to an external buyer. Revenue from repossessed assets is recognized in line item 'Revenue from sale of repossessed assets' in the consolidated statement of profit or loss.

2.7 Employee benefits

2.7.1 Pension obligations

The Group's pension obligations vary between countries depending on the local legislation and different pension systems, see [notes 7, 8, 26](#) and [27](#) for further descriptions.

Defined contribution retirement plans are retirement plans where the company's payment obligations are limited to the fixed contributions and where the fees already have been undertaken. The retirement benefits for the individual employee are dependent on the contributions paid to the retirement plan or an insurance company by the employer, and the return of capital invested in the retirement fund. Consequently, it is the employee that holds the risk of return (that the return will be lower than expected) and the risk of the investment (the risk that the invested pension provision will not be sufficient to cover expected retirement compensation in the future). The obligations of the Group related to payments of defined contribution retirement plans are expensed in profit or loss as they are earned by the employee for services rendered on behalf of the employer during the period.

For defined benefit plans, the pension obligations do not cease until the agreed pensions have been paid. Defined benefit plans typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

2.7.2 Share-based compensation

The group operates an equity-settled compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the option is recognized as an expense (payroll expenses) over the vesting period. The total amount to

be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g. an entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions
- Including the impact of any non-vesting conditions

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The fair value of the options has been estimated at grant date and is not subsequently changed. When the options are exercised, and the company elects to issue new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium.

Social security costs related to the options are accrued on a quarterly basis and become payable at exercise of the options. The social security provisions are estimated based on the gain on the options multiplied with the relevant social security rate.

2.8 Taxes

Income taxes consist of current tax and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that

is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, or which unused tax losses and unused tax credits can be utilized. A deferred tax asset arising from unused tax losses or tax credit is only recognized to the extent that the entity has sufficient taxable temporary differences or that there is other convincing evidence supporting the utilization of the tax losses and tax credits, including the impact of time restriction by local tax authorities. The carrying amount of deferred tax assets are reviewed at the end of each reporting period. Unrecognized deferred tax assets are reassessed at each reporting date. Deferred income tax assets and deferred income tax liabilities are offset only when a legally enforceable right exists to set off tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity or taxation authority.

2.9 Intangible assets

Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalized and recognized as intangible assets, in accordance with IAS 38 Intangible Assets. These capitalized expenses can include staff expenses if the resource has been taken out of its ordinary course of work for a longer period to work on the development project, which has been recognized as having future economic benefits. Customer contracts that are recognized as intangible assets relate to fair value recognized upon acquisition in accordance with IFRS 3 Business Combinations. Customer contracts are amortized on a straight-line basis over their estimated period of use. Other intangible assets relate to other acquired rights and are amortized on a straight-line basis over their estimated period of use. If there is an indication that an asset is impaired, the recoverable amount of the asset is calculated in accordance with IAS 36 Impairment of Assets. For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use, the recoverable amount is assessed annually.

2.9.1 Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill from acquisition of subsidiaries is included within intangible assets. Goodwill that arises on the acquisition of subsidiaries is allocated to cash generating units (CGUs). Goodwill is measured at cost (residual) less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when there are indications of impairment. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. When the Group disposes of an operation within a CGU or group of CGUs to which goodwill has been allocated, a portion of the goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal. The portion of the goodwill allocated is measured based on the relative values of the operation disposed of and the portion of the CGU retained at the date of the partial disposal, unless it can be demonstrated that another method better reflects the goodwill associated with the operation disposed of. The same principle is used for allocation of goodwill when the Group reorganizes its businesses.

2.9.2 Customer contracts and databases

Separately acquired customer contracts and databases are initially recognized at historical cost. The assets acquired in a business combination are recognized at fair value at the acquisition date. Customer contracts and databases have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their useful lives.

Development costs on an individual project are recognized as an intangible asset only when there is an identifiable asset that will generate expected future economic benefits and when the cost of such an asset can be measured reliably, otherwise development costs are recognized as an expense when incurred.

2.10 Property, plant and equipment

Property, plant and equipment are reported at cost in the consolidated statement of financial position, with a deduction for accumulated depreciation and any impairment. Depreciation is made on a straightline basis over each asset's estimated useful life, which is assessed on an individual basis.

2.11 Right of use assets and lease liabilities

The Group has applied IFRS 16 Leases. At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts that constitute or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

At the lease commencement date, the Group recognizes a lease liability and corresponding right of use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as other operating expenses in profit or loss when they incur.

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the future lease payments for the right to use the underlying asset during the lease term.

The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate. The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

The Group presents its lease liabilities as separate line items in the statement of financial position.

The Group measures the right of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment for depreciating the right of use asset, except that the right of use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right of use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

2.12 Financial instruments

A financial asset or liability is recognized in the consolidated statement of financial position when the Group has a contractual commitment regarding such an instrument. Financial instruments reported as assets in the consolidated statement of financial position are included in the line items purchased loan portfolios, other non-current assets, accounts receivable, other current assets, restricted cash and cash and cash equivalents. The majority of the Group's financial assets are classified as measured at

amortized cost, with the exception of derivatives which are classified as measured at fair value through profit or loss.

Financial instruments reported as liabilities in the consolidated statement of financial position are included in the line items interest-bearing debt, accounts payable, lease liabilities and other current and non-current liabilities. The Group's debt and other financial liabilities are, with the exception of derivatives, initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Derivative liabilities are, as derivative assets, measured at fair value through profit or loss.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the Group has either transferred the contractual right to receive the cash flows from that asset or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired, usually when the Group has paid the contractual obligation. Interest income and interest cost are calculated using the effective interest rate method.

2.12.1 Purchased loan portfolios

Purchased loan portfolios consists of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired.

For purchased loan portfolios, timely collection of principal and interest is no longer reasonably assured at the date of purchase. Purchased loan portfolios 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 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 a collateral asset 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 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. Changes in expected cash flows 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 revenue is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'. All non-performing loans are classified as non-current assets.

Purchased loan portfolios that are secured by a property may have the securing property repossessed. Repossessed assets are not classified as non-performing loans according to IFRS 9, hence all values relating to the asset is derecognized from the portfolio value in the consolidated statement of financial position. Repossessed assets are held for sale and valued at the lower of cost and net realizable value in accordance with IAS 2 Inventories.

2.12.2 Forward flow agreements

The Group has entered into several forward flow agreements to purchase future non-performing loan portfolios. These are agreements whereby Axactor agrees to buy and the counterparty agrees to sell future periods' financial assets (loans) that fulfils a set of specified criteria (past due status etc.) in a number of batches over a specified time period. The price at which Axactor buys the loans is agreed when the contract is signed and can be segmented by types of claims or size bands. The value of a forward flow agreement shall reflect fair value.

Any significant changes to the expected future cash flow will lead to a revaluation of the portfolio. If external factors assumed directly or implicitly in the business case valuation change significantly before the acquisition date of one or more batches in a portfolio, so that it will impact the value of

the batch(es) through a change in the expected future cash flow from the batch(es), the change in value is recorded as a fair value adjustment with immediate effect. The fair value adjustment is recognized in the consolidated statement of profit or loss as 'Other operating revenue'.

2.12.3 Accounts receivable

Accounts receivable are recognized initially at fair value and measured at amortized cost. Evaluation of the value of overdue accounts receivable are based on individual judgment and/or from historical experience.

2.12.4 Accounts payable and other payables

Accounts payable are recognized at the original invoiced amount. Other payables are recognized initially at fair value. The payables are measured at amortized cost.

2.12.5 Client funds

Client funds arise from cash received on collections on behalf of a client. Collections are kept on separate restricted bank accounts and are reflected simultaneously as a liability. The funds are reported as 'Restricted cash' and 'Other current liabilities' in the consolidated statement of financial position, and shown on a separate line in [note 22](#) and [note 28](#).

2.12.6 Cash and cash equivalents

Cash and cash equivalents include cash in banks and on hand, and other short term highly liquid investments with original maturities of three months or less.

2.12.7 Derivatives

Derivatives are recognized at fair value on the date the contract is entered into and are subsequently measured at fair value. Derivatives are designated as hedging instruments in cash flow hedge relationships, and related gains or losses are recognized as described in [note 2.14](#).

2.13 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not

that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring provisions are recognized only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the activities concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

2.14 Hedge accounting

The Group has elected to apply the hedge accounting rules in IFRS 9. When a hedging relationship meets the specified hedge accounting criteria in IFRS 9, the Group applies hedge accounting, based on the purpose of the hedge. Currently, the Group applies cash flow hedge accounting to mitigate the impact of changes in floating interest rates. Derivatives are used as hedging instruments.

At inception, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge, the hedge ratio determined in the risk management strategy and

the ratio in the actual hedges performed and the effect of credit risk on the relationship, which cannot dominate the value changes from the economic relationship. The Group's qualifying instruments are designated in their entirety as hedging instruments.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized in OCI as fair value net gain/(loss) on cash flow hedges in the cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in profit or loss as a financial revenue or expense. When the hedged cash flow affects the profit or loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line. The market value is calculated by third parties. The calculation is based on a net present value calculation of the difference between agreed premium and market premium at the reporting date.

To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge relationship no longer meets the criteria for hedge accounting or the risk management objectives, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in profit or loss. Further information is provided in note 19.

2.15 Discontinued operations and assets held for sale

The Group has applied IFRS 5 for discontinued operations and assets held for sale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or

loss after tax from discontinued operations in the statement of profit or loss. The comparative consolidated statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position. Assets and liabilities classified as held for sale are not re-presented in prior period statements of financial position.

Assets held for sale, liabilities in disposal groups and income and expenses from discontinued operations are excluded from specifications presented in the notes unless otherwise stated. Additional disclosures are provided in [note 32](#).

2.16 Changes in accounting policies and disclosures implemented in 2022

On 1 January 2022, the Group implemented the amendments to IAS 16, IAS 37, IFRS 3 and Annual Improvements to IFRS Standards 2018–2020. The implementation of the amendments had no impact on the consolidated financial statements of the Group.

In 2022, the Group has presented portfolios of purchased real estate as discontinued operations. Comparative information in the consolidated statement of profit or loss has been re-presented. Further information is provided in [note 32](#).

2.17 Changes in accounting policies and disclosures for 2023 or thereafter

The new and amended standards and interpretations that are issued, but not yet effective, are not expected to have a material impact on the Group.

Note 3 Risk management

Axactor defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives. All economic activities are associated with risk. Axactor's risks are managed within the Group in accordance with the policies established by the Board. Axactor conducts risk management at both a group and company level, where risks are evaluated and monitored in a systematic manner. Risk management and internal control is an integral part of management responsibility. Key risks are monitored through monthly business reviews with the executive management, and through quarterly reporting to the Board. The Group has assessed risks in the Board of Director's report section 10, the Corporate governance report section 10 (unaudited) as well as in the Group's Sustainability report (unaudited). Financial risk and non-financial risk in relation to the financial statements are presented separately below.

Financial risk management

Axactor's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks. The main categories of financial risks identified are the following; market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For Axactor, market risk comprises interest rate risk and currency risk.

Interest rate risk

Interest rate risk is related to the risk the Group is exposed to from changes in the market's interest rate which can affect the net profit. The Group's main interest rate risk arises from long-term borrowings with variable rates. The nominal value of interest-bearing debt (less treasury bonds) amounted to EUR 960.5 million on 31 December 2022 (2021: EUR 852.0

million). The loans carry a variable interest rate based on the interbank rate in each currency with a margin.

The Group's risk management objective and strategy is to apply cash flow hedge accounting for interest rate risk in order to mitigate the effect of increasing interest rates on issued loans and therefore limit the impact on the Group's interest expenses. The Group's strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. Per 31 December 2022, the strategy is under implementation and the Group is still committed to the strategy which it expects to fully implement. On 31 December 2022, the Group holds two interest rate caps with a strike of 0.5% EURIBOR with start date 15 December 2022 and maturity 15 December 2023. The two contracts hedge the interest risk of EUR 573 million in borrowings, equaling a hedging ratio of 60%. The details of the hedge relationships are described in [note 2.14](#) and [19](#).

The average interest rate in 2022 was 6.2% (2021: 6.2%). An annualized increase by 100 basis point would have reduced the Group's profit before tax for 2022 by EUR 9.0 million (2021: EUR 7.0 million), before the impact of hedge accounting.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries. The majority of the Group's business operation is taking place in euro countries. The Group's presentation currency is therefore euro. However, some of its business operations is in non-euro countries, Norway and Sweden. This foreign exchange exposure may affect the Group's results and the value of its monetary assets. When the financial position of foreign subsidiaries is recalculated in euro, a translation exposure arises that affects consolidated shareholders' equity.

The Group aims to reduce currency risk by keeping interest-bearing debt in the same currencies as the Group's asset.

Credit risk

Credit risks is the risk that the counterparty will not meet its obligations under a financial contract or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily related to purchased loan portfolios, trade receivables and from its financing activities, including deposits with banks. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The credit risk (excluding purchased loan portfolios) is not considered to be a material risk for the Group.

Credit risk inherent in purchased loan portfolios

Axactor invests in non-performing loans which consists of portfolios of delinquent consumer debt. The portfolios are purchased significantly below nominal value, and the purchase price reflects both incurred and expected credit losses. The portfolios are thus defined as credit impaired at acquisition. Even though the portfolios are credit impaired at acquisition, there is still inherent credit risk in the purchased loans. To mitigate this risk, the Group places high yield requirements on purchased loan portfolios and before every acquisition a careful assessment is made with a projection of future cash flows (collected amount) from the portfolio. In its calculations, Axactor is aided by scoring models (where the debtors' payment capacities are assessed through statistical analysis) and historical data. In addition, Axactor uses specialized industry consultants to get a second opinion on contemplated loan portfolio purchases. This reduces the credit risk in the Group's purchased loan portfolios.

Liquidity risk

Liquidity risk is the potential loss arising from the Group's inability to meet its contractual obligations when due. Axactor is exposed to liquidity risk related to its operations and financing activities. The Group monitors its risk of a shortage of funds using cash flow forecasts regularly. The Group had positive cash flow operating activities before NPL investments of EUR 220.0 million in 2022, as shown in the consolidated statement of cash flows (2021: 224.7 million). For 2022, the cash flows from operating activities ended at EUR -71.0 million (2021: EUR 109.6 million). The driver of the negative cash flows from operating activities is investments in NPL portfolios, which amounted to EUR 290.8 million in 2022 (2021: EUR 115.4 million). These investments can be scaled down relatively quick, as evident by the 46% reduction in investments in NPL portfolios from 2020 to 2021. The cash flow from operating activities in future years will be positively affected by the investment levels in 2022.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date (for both continuing and discontinued operations). The contractual maturity is based on the earliest date on which the Group may be required to pay. The amounts disclosed in the table are the contractual undiscounted cash flows. The table only include liabilities classified as financial instruments, contractual maturities of lease liabilities are presented in [note 10](#). For NPL investment commitments, 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. The loan repayment amounts presented

are subject to change dependent on changes in variable interest rates. 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. When applying the interest rate curves at the end of the reporting period, the Group's interest rate caps are expected to reduce the interest payments for borrowings. The effect of the interest rate caps is hence included in the table below.

The Group's estimated remaining collection for purchased loan portfolios for the next 15 years is presented below the table of contractual maturities (see also [note 18](#)). Per 31 December 2022, the Group's estimated collection from purchased loan portfolios exceeds the Group's contractual commitments for all periods presented, with the exception of Q4 2023 which includes repayment of the revolving credit facility.

EUR thousand	Contractual maturities per 31 December 2022								Contractual maturities per 31 December 2021							
	Q1-23	Q2-23	Q3-23	Q4-23	1-2 years	2-4 years	4+ years	Total	Q1-22	Q2-22	Q3-22	Q4-22	1-2 years	2-4 years	4+ years	Total
NPL investment commitments, non-cancellable ¹	31,158	15,710	4,003	3,461	2,880	-	-	57,211	34,597	19,938	19,420	21,092	31,984	-	-	127,030
NPL investment commitments, cancellable ¹	-	4,604	4,604	4,604	6,438	-	-	20,249	-	8,992	7,116	6,300	45,600	17,349	-	85,357
Revolving credit facility	7,113	8,077	8,063	517,957	-	-	-	541,211	2,772	2,772	2,772	2,772	363,064	-	-	374,152
Bond ACR02 (ISIN: NO0010914666)	3,897	4,326	3,186	4,608	170,218	-	-	186,235	3,578	3,500	3,539	3,578	14,194	203,578	-	231,967
Bond ACR03 (ISIN: NO0011093718)	5,305	6,003	6,414	4,426	25,013	324,824	-	371,984	4,013	4,102	4,102	4,057	16,273	32,590	312,216	377,352
Interest rate caps	-1,988	-3,314	-2,658	-2,110	-	-	-	-10,071	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	3,423	3,422	-	-	-	-	-	-	1,994	1,994
Accounts payable	7,141	-	-	-	-	-	-	7,141	7,282	-	-	-	-	-	-	7,282
Other current liabilities	21,111	3,203	-	800	-	-	-	25,114	23,177	3,764	-	-	-	-	-	26,939
Total contractual maturities	73,737	38,609	23,612	533,745	204,549	324,824	3,423	1,202,496	75,418	43,067	36,948	37,799	471,115	253,517	314,210	1,232,074

¹ Expected cash flows based on the last three months' actual deliveries. Per 31 December 2022, cash flows are limited to EUR 132.1 million (2021: EUR 308.5 million) by contracted capex limits. The NPL commitments that are cancellable are cancellable with three to twelve months' notice

EUR thousand	ERC per 31 December 2022								ERC per 31 December 2021							
	Q1-23	Q2-23	Q3-23	Q4-23	1-2 years	2-4 years	4+ years	Total	Q1-22	Q2-22	Q3-22	Q4-22	1-2 years	2-4 years	4+ years	Total
Estimated remaining collection (ERC)	77,147	79,664	75,691	77,525	305,914	508,765	1,420,714	2,545,419	67,775	70,806	64,367	65,884	261,948	426,662	1,183,100	2,140,543

The Group manages the liquidity risk by continuously monitoring the liquidity status and the monthly rolling consolidated result- and cash flow forecasts. Securing non-current financing at competitive terms is an important part of the Group's long-term liquidity planning. The revolving credit facility matures on 22 December 2023. Hence, the contractual maturity of interest-bearing debt presented as less than one year (EUR 569.1 million) includes both interest and repayment of the revolving credit facility. The Group has started the process to refinance the revolving credit facility and expects to conclude the refinancing well in advance of the maturity date. On 31 December 2022, the Group had an unused part of the RCF agreement of EUR 35 million (2021: EUR 193 million), an uncommitted accordion option of EUR 75 million, in addition to unrestricted cash and cash equivalents of EUR 39.7 million (2021: EUR 44.0 million).

Axactor was compliant with all covenants throughout the year.

Capital management

The primary objective of the Group's capital management is to ensure the Group maintains a solid capital structure enabling it to develop and build its business to maximize shareholder value. The Group's objective is to maintain a balance of financial assets that reflects the cash requirement of its operations and investments for the next 12–24 months. No change was made to the objectives, policies, or process for managing capital during the year ended 31 December 2022.

Non-financial risk

Geopolitical risk, regulatory risk and climate risk in relation to the financial statements are described below.

Geopolitical risk

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

Regulatory risks

Increased regulatory scrutiny from the authorities continues to be subject to close monitoring by Axactor. Previously included but still relevant examples include MAR (market abuse regulation), AML (anti-money laundering), GDPR (general data protection regulation), the NPL directive, and BEPS (base erosion and profit shifting).

During the year, several regulatory initiatives from the EU have been either adopted or announced, stipulating stricter and more comprehensive sustainability related disclosure- and reporting requirements, including EU taxonomy regulation, CSRD (corporate sustainability reporting directive) to replace NFRD (non-financial reporting directive), CSDDD (corporate sustainability due diligence directive) and SFRD (sustainable finance disclosure regulation). These requirements are primarily expected to have an administrative cost in management but does also offer opportunities in terms of standardization and comparability to peers.

This trend is coupled with more consumer-friendly debt collection legislations and practices across the EU Member States in which Axactor operates, having various consequences such as lower (regulatory) collection fees and more lenient debt forgiveness arrangements.

The cumulated effects for Axactor are not currently expected to have any material financial impact, but Axactor is still actively working to identify and mitigate potential negative effects of regulatory changes and developments, and to promote the interests of the debt management industry through its various dialogues with the authorities.

Climate risk

The Group has considered the impact of climate change and no material impact on the financial reporting judgments and estimates have been identified.

The Group has not identified any material impact on the financial reporting from transitional risks, which are the risks associated to shifting to a low-carbon economy, or to physical risks arising from projected climate changes. The Group's assets mainly consist of unsecured non-performing loans. Less than 1% of the Group's assets are tangible, whereas approximately 4% of the Group's assets are secured by collateral in property objects, mainly in Spain.

The climate risk assessment of Axactor's locations shows limited climate-related risks associated with its locations. Operational resilience is secured through business continuity processes and procedures, with the ability to move locations and leverage home office solutions if necessary.

Note 4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchased loan portfolios

Purchased loan portfolios consist of acquired non-performing (credit impaired) loans. 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. Changes in expected cash flows are adjusted in the carrying amount and are recognized in the consolidated statement of profit or loss as income or expense in 'Net gain/(loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'.

Estimating the timing and amount of cash flows, which forms the basis of the carrying amount and revenue recognition, requires significant professional judgment regarding the key assumptions. The estimation of future cash flows is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal 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. Scenarios have been used to consider possible non-linear relationships between macroeconomic factors and collection. The fact that the claims are credit impaired reduces the presence of non-linear effects on credit losses.

Estimated future cash flow from the portfolios is assessed and updated regularly. Each quarter the ERC is reviewed, and the Group's actual collection is compared to the forecasted collection over time. The review considers several factors that may impact collection, some of which may be inherently subjective. Changes in the assumptions used to estimate the expected cash flows can result in significant changes to the carrying amount of the portfolios.

For more details, see [note 2.12.1](#) Purchased loan portfolios and [note 18](#) Purchased loan portfolios.

Update on process with FSA

As communicated in a press release on 13 December 2021, Axactor ASA 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 conclusion imposed Axactor to change its future accounting practice for subsequent measurement of expected credit losses for purchased loan portfolios with effect from the reporting of the annual accounts for the financial year 2022. The subsequent

measurement shall apply current and future macroeconomic factors as input and use more than one scenario. Axactor has in previous periods considered relevant macro factors and market specific factors when estimating future cash flows but not as a direct input generating output in the portfolio revaluation model.

During 2022, Axactor has performed extensive work to expand the portfolio revaluation model as required by the FSA. The work has included testing of correlation between macroeconomic factors and collection. The macroeconomic factors that have been assessed include central bank interest rate, unemployment rate, GDP growth, house price indexes, household consumption, disposable income, inflation and salary growth. The purpose of the testing has been to identify macroeconomic factors with prediction value on collection. Although it has been possible to identify correlations at reduced levels of statistical significance, the correlations have been weak and inconsistent. One possible explanation could be the data availability limited to Axactor's short history. The company will continue to look for correlations through regular testing.

Axactor has now implemented the expanded revaluation model that applies current and future macroeconomic factors as input and use of scenarios, with the model performance limitations explained above. The expanded revaluation model has been applied on Axactor's portfolios of non-performing loans and a revaluation of EUR -1.9 million was recognized in the financial statement line item 'Net gain/(loss) purchased loan portfolios' in 2022. The revaluation is recognized as a change in an accounting estimate in accordance with IAS 8 Change in Accounting Policies, Changes in Accounting Estimates and Errors.

Goodwill

In accordance with the stated accounting policy, the Group annually tests whether goodwill has suffered any impairment or more frequently if impairment indicators are identified. The recoverable amount of cash-generating units has been determined based on value in use calculations. These calculations require the use of estimates. The value in use calculation is based on a discounted cash flow model. The cash flows are based on management's best estimate, reflecting the Group's strategy plan. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows (sensitive to estimates of sales and cost levels) and the growth rate used for extrapolation purposes. Further details about goodwill and impairment reviews are included in [note 15](#).

Note 5 Operating segments

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)

The NPL segment invests in portfolios of non-performing loans, presented as 'Purchased loan portfolios' in the consolidated statement of financial position. Subsequently, the outstanding loans are 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 to collect the non-performing loans, and normally receive a commission for these services. Other services provided include, amongst others, 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 normally receives a fixed fee.

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in [note 2](#). Segment contribution margin represents contribution margin earned by each segment without allocation of management fee, central administration costs, other gains and losses and financial items. The measurement basis of the performance of the segment is the segment's contribution margin.

Portfolios of purchased real estate is classified as a discontinued operation (see [note 32](#)). Portfolios of purchased real estate has prior to 2022 been reported as part of the real estate owned (REO) operating segment. From 2022, in line with internal reporting, REO is no longer considered a separate operating segment. The REO segment consisted of portfolios of purchased real estate as well as repossessed assets from secured non-performing loans. From 2022, in line with the organization and reporting structure used by management, the repossessed assets from secured non-performing loans are reported as part of the NPL segment, whereas amounts from discontinued operations are not included in the segment reporting. Segment information for earlier periods is re-presented to reflect the change in operating segments.

2022

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collection on own portfolios	276,524	-	-	276,524
Portfolio amortization and revaluation	-97,218	-	-	-97,218
Revenue from sale of repossessed assets	4,526	-	-	4,526
Other operating income				
Change in fair value forward flow commitments	-	-	-	-
Other operating revenue and other income	-	55,846	15	55,861
Total income	183,831	55,846	15	239,692
Cost of repossessed assets sold	-1,430	-	-	-1,430
Impairment repossessed assets	-65	-	-	-65
Direct operating expenses	-41,980	-34,674	-	-76,654
Contribution margin	140,356	21,172	15	161,543
SG&A, IT and corporate cost			-42,588	-42,588
EBITDA				118,955
Amortization and depreciation			-8,895	-8,895
Operating result				110,060
Total operating expenses	-43,475	-34,674	-42,588	-120,738
Contribution margin (%)	76.4%	37.9%	na	67.4%
EBITDA margin (%)				49.6%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.5%	62.1%	na	23.2%
SG&A, IT and corporate cost / Gross revenue				12.6%

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
Revenue from sale of repossessed assets	3,018	-	-	3,018
Other operating income				
Change in fair value forward flow commitments	-782	-	-	-782
Other operating revenue and other income	-	49,640	15	49,655
Total income	108,643	49,640	15	158,298
Cost of repossessed assets sold	-2,046	-	-	-2,046
Impairment repossessed assets	-90	-	-	-90
Direct operating expenses	-36,819	-34,235	-	-71,055
Contribution margin	69,687	15,405	15	85,107
SG&A, IT and corporate cost			-44,609	-44,609
EBITDA				40,498
Amortization and depreciation			-9,616	-9,616
Operating result				30,882
Total operating expenses	-38,956	-34,235	-44,609	-117,800
Contribution margin (%)	64.1%	31.0%	na	53.8%
EBITDA margin (%)				25.6%
Opex ex SG&A, IT and corporate cost / Gross revenue	15.1%	69.0%	na	23.8%
SG&A, IT and corporate cost / Gross revenue				14.5%

Note 6 Income

The Group delivers credit management services in six European countries: Finland, Germany, Italy, Norway, Spain and Sweden. Axactor also owns certain portfolios through entities based in Luxembourg.

The Group's income from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

The information in the table presented is based on the location of the debtors and the country of the company performing the collection (which correspond). This is not necessarily the same as the country owning the portfolio. The same principle is used for the allocation of the non-current assets. Non-current assets presented in the table below consists of intangible assets, goodwill, property, plant and equipment and right of use assets.

EUR thousand	Total income		Non-current assets	
	2022	2021	2022	2021
Finland	16,100	10,113	3,747	4,052
Germany	35,112	30,331	15,894	15,884
Italy	28,574	17,387	16,039	9,184
Norway	40,862	35,271	33,068	36,088
Spain	91,029	59,009	19,883	17,519
Sweden	28,016	6,187	3,185	4,115
Total	239,692	158,298	91,816	86,843

Portfolio revenue

Portfolio revenue consists of interest income from purchased loan portfolios, net gain/(loss) from purchased loan portfolios and revenue from sale of repossessed assets. In line with the information given in [note 5](#) and [32](#), revenue from sale of repossessed assets is reported as part of the NPL segment. Net gain/(loss) from purchased loan portfolios is split into collection above/(below) collection forecasts (previously reported as CU1) and net present value of changes in collection forecasts (previously reported as CU2 and CU2 tail).

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	2022
Interest income from purchased loan portfolios	14,962	29,700	19,081	39,464	56,266	28,017	187,490
Collection above/(below) forecasts	463	-3,784	-33	-3,130	1,023	-88	-5,550
NPV of changes in collection forecasts	-15	790	239	-1,847	685	-2,487	-2,635
Net gain/(loss) purchased loan portfolios	448	-2,994	206	-4,976	1,708	-2,576	-8,185
Sale of repossessed assets					4,526		4,526
Total portfolio revenue	15,410	26,705	19,287	34,487	62,500	25,442	183,831

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	2021
Interest income from purchased loan portfolios	14,931	21,612	16,023	36,889	44,911	34,055	168,421
Collection above/(below) forecasts	-1,728	-1,223	-272	-5,932	-1,605	-7,107	-17,867
NPV of changes in collection forecasts	-3,817	-229	-684	-2,728	-14,589	-22,098	-44,146
Net gain/(loss) purchased loan portfolios	-5,546	-1,452	-956	-8,660	-16,194	-29,206	-62,013
Sale of repossessed assets					3,018		3,018
Total portfolio revenue	9,385	20,160	15,067	28,230	31,734	4,849	109,426

Note 7 Employee remuneration

Personnel expenses

EUR thousand	2022	2021
Salaries	41,203	39,862
Bonus	7,192	4,036
Commissions	2,203	2,210
Social security costs	10,593	10,047
Pension costs	1,315	1,489
Share-based payment expense	462	180
Other benefits	1,688	3,489
Total personnel expenses	64,655	61,313

Average number of FTEs

	2022	2021
Number of FTEs, 1 Jan	1,096	1,128
Number of FTEs, 31 Dec	1,301	1,096
Average number of FTEs	1,199	1,112

Number of FTEs at end of year, per country

	2022	2021
Finland	42	42
Germany	151	148
Italy ¹	286	104
Norway	108	111
Spain	672	628
Sweden	42	64
Total number of FTEs	1,301	1,096

¹ In 2022, the Axactor Group purchased CRS, an Italian debt collection agency with 150 employees

Axactor Group is compliant with the different local mandatory occupational pension requirements. For information on the country specific pension schemes, see [note 26](#).

Note 8 Executive remuneration

Board of Directors remuneration

The following remuneration has been made to the members of the Board of Directors during the year. Remuneration presented includes remuneration for participation in Board committees.

EUR thousand	2022	2021
Kristian Melhuus ¹	80	10
Terje Mjøs	55	45
Brita Eilertsen	57	47
Lars Erich Nilsen	46	41
Kathrine Astrup Fredriksen	41	41
Merete Haugli ^{2,3}	9	54
Hans Harén ³	10	41
Glen Ole Rødland ⁴	-	27
Total remuneration	298	306

¹ Chair of the Board from February 2022

² Interim Chair of the Board from May 2021 to February 2022

³ Member of the Board until April 2022

⁴ Chair of the Board until May 2021

Nomination committee

The following remuneration has been made to the members of the nomination committee during the year:

EUR thousand	2022	2021
Anne Lise Ellingsen Gryte	6	-
Magnus Tvenge	4	-
Total remuneration	10	-

Group executive management remuneration

EUR thousand	Salary	Bonus ⁷	Pension	Share options ¹	Other	2022
Johnny Tsolis, CEO	407	260	34	34	1	734
Nina Mortensen, CFO	204	106	17	16	1	343
Arnt Andre Dullum, COO	198	88	14	12	1	312
Vibeke Ly, Chief of Staff	197	89	14	12	1	312
Kyrre Svae, Chief of Strategy and IR	194	88	14	11	1	307
Robin Knowles, Chief Investment Officer	236	95	1	8	-	340
Total remuneration	1,435	726	95	91	6	2,349

EUR thousand	Salary	Bonus ⁷	Pension	Share options ¹	Other	2021
Johnny Tsolis, CEO	410	87	35	39	1	573
Endre Ragnes, CEO ²	-	44	-	-	-	44
Nina Mortensen, CFO ³	92	20	7	-	1	120
Teemu Alaviitala, CFO ⁴	44	16	2	-	-	61
Arnt Andre Dullum, COO	178	18	16	17	2	230
Oddgeir Hansen, COO ⁵	46	133	-	-	-	179
Vibeke Ly, Chief of Staff	199	29	14	17	1	261
Kyrre Svae, Chief of Strategy and IR ⁶	185	49	14	8	2	257
Robin Knowles, Chief Investment Officer	297	25	3	19	-	344
Total remuneration	1,451	420	91	100	7	2,069

¹ Cost in relation to share option program, not exercised

² CEO until 3 April 2020

³ CFO from 1 August 2021

⁴ CFO until 31 January 2021

⁵ COO until 1 July 2020

⁶ Interim CFO from 1 February to 31 July 2021

⁷ Bonus for 2022 represents accrued bonus for the financial year, whereas bonus for 2021 represents paid bonus in the financial year

The CEO, Johnny Tsohis, has a six-month notice period and is entitled to a severance pay of six months in case of termination by the company. In addition, there is a non-compete and non-solicitation clause in the employment agreement.

The share-based option program is presented in [note 24](#). Bonus stated in the tables above reflects the paid amounts during the year. At the end of 2022 no loan or prepayments were granted to members of the Board or Group executive management.

Members of the Group executive management, employed in Axactor ASA, has an additional contribution plan entitling them to pension rights for salary above 12G (Norwegian Grunnbeløp).

Note 9 Other operating expenses

Other operating expenses

EUR thousand	2022	2021
Direct operating expenses, excluding salary	8,307	7,282
External services	31,789	29,822
IT expenses	12,309	11,496
Restructuring cost	-	1,591
Other expenses	2,181	4,159
Total other operating expenses	54,587	54,350

Auditor's remuneration

PricewaterhouseCoopers AS (PwC) is the Group auditor of Axactor ASA. The following table shows fees to the appointed auditor. The reported fees are the recognized expenses for the year.

EUR thousand	2022	2021
Auditing	903	966
Audit related services	118	26
Other services	148	187
Total auditor's remuneration	1,169	1,179

Note 10 Leases

The Group leases premises, office equipment and vehicles under non-cancellable lease agreements. The lease terms are between 1–9 years and the majority of the lease agreements are renewable after the end of the lease period. No periods covered by an option to extend the lease has been included in the lease term, as the Group is not reasonably certain to exercise the individual options. Leasing contracts are classified as lease liabilities and right of use assets under IFRS 16, see [note 2](#), section [2.11](#).

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets at 31 Dec 2020	3,949	797	80	4,826
Additions	9,333	107	51	9,491
Depreciation	-2,503	-346	-80	-2,929
Disposals	-484	-84	-4	-572
Currency translation differences	-48	1	-	-48
Right of use assets at 31 Dec 2021	10,247	475	46	10,768
Additions	4,293	339	69	4,701
Depreciation	-2,668	-386	-19	-3,073
Disposals	-298	-24	-	-322
Currency translation differences	-310	-3	-3	-317
Right of use assets at 31 Dec 2022	11,263	401	93	11,757

New leases amounted to EUR 4.3 million in 2022, mainly relating to new offices in Germany, Italy and Spain. The interest costs relating to IFRS 16 leases during the year are reflected in profit or loss with EUR 702 thousand (EUR 366 thousand). The interest rate used for discounting the lease liability is based on the interest rate on the Group's external financing.

Lease liabilities

EUR thousand	2022	2021
Lease liabilities at 1 Jan	11,051	5,086
Net new leases	4,241	8,812
Lease payments, principal amount	-2,755	-2,812
Currency translation differences	-297	-35
Lease liabilities at 31 Dec	12,239	11,051
Current	2,835	2,185
Non-current	9,404	8,866

The future aggregated minimum lease payments under lease liabilities are as follows:

EUR thousand	2022	2021
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	3,441	2,717
1–2 years	3,015	2,511
2–3 years	2,620	2,065
3–4 years	2,464	1,821
4–5 years	822	1,800
> 5 years	1,745	2,100
Total undiscounted lease liabilities	14,106	13,015
Discounting element	-1,866	-1,964
Total lease liabilities	12,239	11,051

Note 11 Financial items

EUR thousand	2022	2021
Financial revenue		
Interest on bank deposits	203	5
Net foreign exchange gain ¹	550	-
Gain on purchase of bonds in own bond loans (note 25)	2,349	-
Other financial income	91	46
Total financial revenue	3,194	51
Financial expenses		
Interest expense on borrowings ²	-57,902	-49,099
Net foreign exchange loss ¹	-	-1,504
Other financial expenses	-1,158	-427
Total financial expenses	-59,061	-51,030
Total net financial items	-55,867	-50,979

¹ Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position

² In 2022, EUR 0.3 million are reclassified from the cash flow hedge reserve (OCI) into interest expense on borrowings, see [note 19](#)

Note 12 Income tax

Income tax calculation

The Group's tax expense is affected by several factors, where the most important are limitation of interest deduction, unrecognized tax losses carried forward, currency effects and local GAAP/IFRS-differences for calculation of taxable profit. The Group's tax is related to continuing operations only, as there is no tax related to discontinued operations, see [note 32](#).

Tax expense in consolidated profit or loss

EUR thousand	2022	2021
Profit/(loss) before tax from continuing operations	54,193	-20,097
Basis for income tax	54,193	-20,097
Income tax calculated on profit from continuing operations	-13,548	5,411
Tax effect on permanent differences	-1,541	-7,859
Adjustment for previous year	-2,325	7
Limitation of interest deduction, for which no deferred tax asset was recognized	-1,768	4,014
Tax assets, previously not recognized	309	-
Tax losses for which no deferred tax asset was recognized	-30	-1,530
Tax effect of change in net deferred income tax liabilities/assets	4,234	-3,912
Effect on foreign exchange rates	1,121	-1,426
Income tax expense	-13,549	-5,296
Effective tax rate	25%	-26%

Tax included in consolidated other comprehensive income

EUR thousand	2022	2021
Fair value net gain/(loss) on cash flow hedges	2,720	-
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss	-69	-
Deferred tax charged to OCI	2,651	-

Deferred taxes

EUR thousand	2022	2021
Non-current portfolios	-3,213	-2,887
Non-current intangible assets/liabilities	-636	-159
Current assets	-925	158
Non-current liabilities	528	-52
Tax losses carried forward	6,110	10,496
Deferred tax related to hedges through OCI	-2,651	-
Net deferred tax	-787	7,556
Deferred tax asset	5,356	13,700
Deferred tax liability	-6,143	-6,144
Net deferred tax	-787	7,556

Unrecognized deferred tax assets

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Tax losses carried forward, not recognized, mainly relates to companies in Luxembourg and Italy. Limitation of interest deduction, not recognized, relates mainly to Norway:

EUR thousand	2022	2021
Tax losses carried forward, not recognized	35,001	32,349
Limitation of interest deduction, not recognized	13,925	4,014
Net asset not recognized	48,926	36,363

Note 13 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Axactor currently has no share-based compensation programs that results in a dilutive effect on earnings per share. See [note 24](#) for an overview of outstanding instruments in the share option plan.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

EUR thousand	Continuing operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
Net profit/(loss) to shareholders of the parent company	40,156	-24,440	-3,399	-8,357	36,757	-32,797
Number of shares (in thousands)						
Weighted average number of ordinary shares	302,145	293,408	302,145	293,408	302,145	293,408
Effects of dilution from share options	-	-	-	-	-	-
Weighted average number of shares adjusted for the effect of dilution	302,145	293,408	302,145	293,408	302,145	293,408
Basic and diluted earnings per share	0.133	-0.083	-0.011	-0.028	0.122	-0.112

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share:

	2022	2021
Employee share options	13,267,100	8,548,969

Note 14 Intangible assets

EUR thousand	Customer contracts	Databases	Software	Goodwill	Other intangibles	Total
Cost price						
Cost price at 31 Dec 2020	12,308	3,611	28,076	54,879	3,905	102,779
Acquisitions	-	-	3,131	-	412	3,543
Reclassification	-	-	619	-	-	619
Disposals at cost price	-	-	-2,885	-	-	-2,885
Currency translation differences	324	69	15	1,081	10	1,499
Cost price at 31 Dec 2021	12,631	3,680	28,956	55,960	4,328	105,555
Acquisition of CRS Italy	-	-	46	6,326	-	6,372
Acquisitions	-	-	3,281	-	552	3,833
Disposals at cost price	-	-	-158	-	-67	-226
Currency translation differences	-330	-70	-98	-1,218	-13	-1,728
Cost price at 31 Dec 2022	12,301	3,610	32,026	61,069	4,800	113,806
Amortization						
Accumulated amortizations at 31 Dec 2020	-11,718	-3,013	-11,483	-	-1,697	-27,911
Amortization	-597	-553	-4,188	-	-517	-5,854
Reclassification	-	-	-619	-	-	-619
Disposals accumulated amortizations	-	-	2,863	-	135	2,998
Currency translation differences	-316	-59	-6	-	-2	-383
Accumulated amortizations at 31 Dec 2021	-12,631	-3,625	-13,433	-	-2,081	-31,769
Acquisition of CRS Italy	-	-	-30	-	-	-30
Amortization	-	-55	-4,480	-	-506	-5,041
Disposals accumulated amortizations	-	-	158	-	67	226
Currency translation differences	330	70	91	-	5	496
Accumulated amortizations at 31 Dec 2022	-12,301	-3,610	-17,694	-	-2,514	-36,118
Carrying amount at 31 Dec 2022	-	-	14,332	61,069	2,286	77,687
Useful life	3–5 yr	3–6 yr	3–10 yr	na	1–10 yr	

For impairment testing of goodwill see [note 15](#).

Note 15 Goodwill and intangible assets with indefinite useful lives

Goodwill stated in the consolidated financial position is derived from excess values following the acquisitions of ALD Abagados in Spain (2015), IKAS Group in Norway (2016), CS Union in Italy (2016), Altor Group in Germany (2016), Profact in Sweden (2017), SPT Group in Finland (2018) and CRS in Italy (2022). Recognized goodwill amounts to 61.0 EUR million on 31 December 2022 (2021: EUR 56.0 million).

Only goodwill has an indefinite lifetime, all other intangible assets are amortized in accordance with their useful life, see [note 14](#).

Goodwill is tested for impairment for each cash generating unit (CGU) prior to preparation of the annual accounts. The test is performed annually, and more frequently if there are indications of impairment.

The recoverable amount for each CGU has been determined estimating their value in use (VIU) and comparing that to the carrying amount of the specific CGU. The calculation of VIU has been based on management's best estimate, reflecting the Group's strategy plan. The discount rates are derived as the weighted average cost of capital (WACC) for a similar business in the same business environment.

Goodwill has been allocated for impairment testing purposes to the CGU "Third-party collection business" for the following CGU "Countries":

EUR thousand	2022	2021
Finland	2,592	2,592
Germany	9,301	9,301
Italy	13,636	7,310
Norway	20,146	21,270
Spain	14,328	14,328
Sweden	1,066	1,159
Total goodwill	61,069	55,960

Cash flow projections and assumptions

A five-year forecast of discounted cash flows plus a terminal value has been used to determine the net present value of the CGU. Discounted cash flows related to the third-party collection business were calculated pre-tax and by applying a pre-tax WACC. The pre-tax WACC was derived by back-solving based on the estimated value using the post-tax WACC and the post-tax cash flow.

The terminal value is based on the estimated pre-tax net cash flow in year five, using a standard perpetuity formula with a long-term growth rate.

Key assumptions for the value in use calculations

The calculation of VIU for the CGUs is most sensitive when it comes to the following assumptions:

Discount rate

The input data for the WACC is gathered from representative sources, peer groups etc., and this is used to determine the best estimate. The WACC was calculated after tax, and then back solved to arrive at a pre-tax WACC. All parameters were set to reflect the forecast period of the cash flows.

Key inputs for the WACC:

	EUR	NOK	SEK
Risk-free rate	2.5%	3.1%	2.5%
Market risk premium	4.9%	4.9%	4.9%
Beta	1.81	1.81	1.81
Small cap premium	2.0%	2.0%	2.0%
Cost of equity before tax	13.3%	14.0%	13.4%
Cost of debt	7.4%	7.4%	7.4%
Equity ratio	29.5%	29.5%	29.5%
Corporate income tax rate	25%	22%	20.6%
WACC	7.8%	8.2%	8.1%

- Risk free rate: Five year risk free bond per country
- Market risk premium: The market risk premium is based on empirical data for risk premium (Damodaran)
- Beta: Observed monthly levered beta for Axactor for the last five years
- Small cap premium/company specific premium: Based on the market cap of Axactor, Ibbotson research 2014, similar sized companies and industry peers
- Cost of debt: Applied cost of debt of 7.4% based on company estimated forecasts
- Capital structure: Applied 29.5% equity ratio based on company estimates for 2023
- Corporate income tax rate: The Group's average tax rate for EUR and country specific tax rate for NOK and SEK

Growth rate

The growth rate in the forecast period is based on management's expectation for the development in the different markets, and management's strategic plan. The terminal growth rate applied in 2022 is 2.0% as opposed to 1.5% in 2021. The increase in growth rate is adjusted to be in line with expected long-term inflation rates from relevant central banks.

Cash flow

The calculation includes cash flows for five years, in addition to a terminal value. Cash flow estimates are based on the Board approved 2023 budget and a projection for the next four years.

Impairment – test results and conclusion

The impairment test concluded that the VIU exceeded the carrying amount for each of the CGUs. Hence, no impairment was recognized in 2022 (2021: EUR 0 million). Based on a sensitivity analysis, the ceteris paribus impact of reducing the terminal growth rate from 2.0% to 1.5% would not result in any impairment of goodwill. Similarly, the ceteris paribus impact of increasing the WACC by one percentage point would not result in any impairment of goodwill. Management has considered and assessed reasonable possible changes for key assumptions and has not identified any instance that could cause the carrying amount of the goodwill to exceed its recoverable amount.

Note 16 Property, plant and equipment

EUR thousand	Fixtures	Vehicles	Office equipment	Total
Cost price				
Cost price at 31 Dec 2020	4,581	80	3,600	8,260
Acquisitions	472	-	591	1,063
Disposals at cost price	-2,233	-80	-852	-3,165
Currency translation differences	-7	-	27	21
Cost price at 31 Dec 2021	2,814	-	3,366	6,180
Acquisition of CRS Italy	-	-	624	624
Acquisitions	746	-	284	1,030
Disposals at cost price	-163	-	-266	-429
Currency translation differences	-44	-	-70	-115
Cost price at 31 Dec 2022	3,353	-	3,937	7,290
Depreciation				
Accumulated depreciations at 31 Dec 2020	-3,107	-55	-2,568	-5,730
Depreciation	-338	-7	-515	-860
Disposals accumulated depreciations	1,916	62	747	2,725
Currency translation differences	2	-	-25	-23
Accumulated depreciations at 31 Dec 2021	-1,527	-	-2,363	-3,889
Acquisition of CRS Italy	-	-	-575	-575
Depreciation	-318	-	-464	-781
Disposals accumulated depreciations	7	-	258	265
Currency translation differences	19	-	44	63
Accumulated depreciations at 31 Dec 2022	-1,818	-	-3,100	-4,918
Carrying amount at 31 Dec 2022	1,535	-	838	2,372
Useful life	3–6 yr	5 yr	3–5 yr	

Note 17 Fair value measurement

The Group's financial assets consist of purchased loan portfolios, derivatives, accounts receivable and other receivables, restricted cash and cash and cash equivalents. The majority of the Group's financial assets are classified, at initial recognition, as subsequently measured at amortized cost, with the exception of derivatives which are classified as subsequently measured at fair value through profit or loss. The Group's debt and other financial liabilities are, with the exception of derivatives, initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Derivative liabilities are, as derivative assets, measured at fair value through profit or loss.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by the inputs used in the valuation techniques:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input)

The level in this fair value hierarchy within which the measurements are categorized is determined based on the lowest level input that is significant to the fair value measurement.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

EUR thousand	Carrying amount			Fair value			
	Loans and receivables	Other	Total	Level 1	Level 2	Level 3	Total
2022							
Financial assets							
Purchased loan portfolios	1,252,642	-	1,252,642	-	-	1,322,320	1,322,320
Cash flow hedge derivatives (note 19)	-	12,367	12,367	-	12,367	-	12,367
Total financial assets	1,252,642	-	1,252,642	-	12,367	1,322,320	1,334,686
Financial liabilities							
Interest-bearing debt ¹	955,546	-	955,546	421,673	510,134	-	931,807
Total financial liabilities	955,546	-	955,546	421,673	510,134	-	931,807
2021							
Financial assets							
Purchased loan portfolios	1,095,789	-	1,095,789	-	-	1,238,070	1,238,070
Total financial assets	1,095,789	-	1,095,789	-	-	1,238,070	1,238,070
Financial liabilities							
Interest-bearing debt	838,256	-	838,256	503,320	351,998	-	855,318
Fair value forward flow commitments	-	409	409	-	-	409	409
Cash flow hedge derivatives (note 19)	-	230	230	-	230	-	230
Total financial liabilities	838,256	639	838,894	503,320	352,228	409	855,957

¹ The interest-bearing debt in the table includes interest-bearing debt attributable to both continuing and discontinued operations

Fair value estimation of interest-bearing loans

The fair value of the bond loans was determined using the quoted market values for the bond loans from the Norwegian Verdipapirforetaketnes Forbund. The fair value of the other interest-bearing loans is equal to the nominal value and accrued interest.

Fair value estimation of purchased loan portfolios

The fair value of purchased loan portfolios is calculated as the net present value of estimated net cash flows after tax for the next 15 years. The estimated net cash flows from portfolios are the assumed future collection, less assumed collection costs per portfolio and tax. The estimated net cash flows are for existing portfolios only, no cash flows from future investments are included. Collection costs consist of operational costs in the portfolio segment, i.e. commission to debt collection, payroll expenses, premises, communication costs, and other costs directly and indirectly attributable to the debt purchasing segment. The Group's estimated average tax rate has been applied to the cash flows.

The weighted average cost of capital after tax for the portfolio segment is estimated to 7.8% on 31 December 2022 (2021: 5.8%). The key inputs for the WACC applied for the portfolio segment are the same as those presented for EUR WACC in [note 15](#). Most of the Group's portfolio cash flows are in EUR, although some part of the Group's portfolio cash flows are in NOK and SEK. Calculating a currency specific WACC, the risk-free rate element would have increased the WACC slightly compared to the WACC estimated for the Group. A sensitivity analysis of the cash flow estimates is presented in the table to the right.

Fair value sensitivity table

EUR million	Performance				
	90%	95%	100%	105%	110%
WACC					
5%	1,353	1,427	1,501	1,576	1,650
6%	1,292	1,363	1,433	1,504	1,575
7%	1,235	1,303	1,371	1,439	1,506
8%	1,191	1,257	1,322	1,388	1,453
9%	1,135	1,197	1,260	1,322	1,385
10%	1,090	1,150	1,210	1,270	1,330
11%	1,049	1,106	1,164	1,222	1,280

Fair value of forward flow commitments, balance movements

EUR thousand	2022	2021
Balance at 1 Jan	-409	-834
Deliveries	409	1,221
Value change	-	-782
Currency translation differences	-	-14
Balance at 31 Dec	-	-409

Note 18 Purchased loan portfolios

EUR thousand	2022	2021
Balance at 1 Jan	1,095,789	1,124,699
Acquisitions during the year ³	288,052	113,979
Collection	-276,524	-254,949
Interest income from purchased loan portfolios	187,490	168,421
Net gain/(loss) purchased loan portfolios ¹	-8,185	-62,013
Repossessions	-1,925	-845
Deliveries on forward flow contracts	-409	-1,221
Disposals ¹	-	-193
Currency translation differences	-31,646	7,911
Balance at 31 Dec	1,252,642	1,095,789
Payments during the year for investments in loan portfolios amounted to EUR ²	290,816	115,402

¹ Gain on disposals is netted in profit or loss 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 year;

Nominal value purchased loan portfolios	2,429,169	827,810
Expected credit losses at acquisition	-2,141,117	-713,831
Acquisitions during the year	288,052	113,979

For a description of Axactor's accounting principles for purchased loan portfolios, see [note 2](#) and for a description of revenue recognition and fair value estimation, see [note 4](#).

Purchased loan portfolios consists of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. For purchased loan portfolios, timely collection of principal and interest is no longer reasonably assured at the date of purchase. Purchased loan portfolios 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 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 a collateral asset 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. Changes in expected cash flows are adjusted in the carrying amount and are recognized in the profit or loss as income or expense in 'Net gain/ (loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest revenue from purchased loan portfolios'.

The majority of the purchased loan portfolios are unsecured, whereas approximately 5% of the book value of the loans are secured by a property object per 31 December 2022 (2021: 3%).

Market	Book value	
	2022	2021
Finland	121,300	111,841
Germany	179,654	131,059
Italy	147,678	111,348
Norway	243,468	249,439
Spain	357,137	264,034
Sweden	203,405	228,068
Total book value	1,252,642	1,095,789

The estimation of future cash flows is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor has incorporated into the estimated remaining collection the effect of the economic factors and conditions that is expected to influence collections going forward. Scenarios have been used to consider possible non-linear relationships between macroeconomic factors and collection.

The ERC represents the estimated gross collection on the purchased loan portfolios. The ERC, amortization and interest income from purchased loan portfolios 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 per year																
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total ERC
2022																
ERC	310,027	305,914	271,347	237,417	212,308	185,750	168,327	152,172	137,607	124,971	113,833	99,900	84,323	74,817	66,705	2,545,419
Amortization	113,530	130,485	118,518	103,930	95,595	83,424	78,622	74,325	71,027	69,190	68,662	65,230	59,403	59,493	61,207	1,252,642
Interest ¹	196,496	175,428	152,829	133,487	116,714	102,326	89,705	77,847	66,581	55,781	45,171	34,670	24,921	15,324	5,498	1,292,777
2021																
ERC	268,832	261,948	225,843	200,819	177,633	160,087	141,774	127,467	114,766	103,142	93,135	84,078	72,064	58,344	50,611	2,140,543
Amortization	107,788	118,694	101,236	91,330	81,907	76,761	69,424	65,132	61,836	59,169	57,780	57,213	53,505	47,268	46,746	1,095,789
Interest ¹	161,045	143,254	124,607	109,489	95,726	83,326	72,350	62,335	52,930	43,973	35,354	26,865	18,559	11,075	3,864	1,044,754

¹ Interest income from purchased loan portfolios

Note 19 Hedge accounting

The Group's risk management objective is to mitigate the effect of interest rate changes related to its floating rate instruments. In order to achieve the objective, the Group's strategy is to use derivatives to limit the impact of changes in interest rates on the Group's interest expenses. The Group has applied cash flow hedge accounting to ensure that the Group's risk management strategy is reflected in its financial statements.

Cash flow hedges

Interest rate risk in floating rate instruments

The Group has applied cash flow hedge accounting for interest rate risk in order to mitigate the effect of increasing interest rates on issued loans and therefore limit the impact on the Group's interest expenses. The hedged items consist of a proportion of issued floating-rate loans. The hedging instruments consist of interest rate caps. The hedge ratio for the relationships is defined by the ratio of the principal of the interest rate cap to the designated proportion of the hedged item, resulting in 100% hedge ratio. The cash flow hedges of interest rate risk on loans are expected to be highly effective. Potential sources of ineffectiveness have been identified as differences in timing of cash flows of hedged items and hedging instruments, derivatives used as hedging instruments having a non-nil fair value at the time of designation and the effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged items.

The Group's strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. Per 31 December 2022, the strategy is under implementation and the Group is still committed to the strategy which it expects to fully implement. On 31 December 2022, the Group holds two interest rate caps with a strike of 0.5% EURIBOR and maturity 15 December 2023. The two contracts hedge the interest risk of EUR 573 million in borrowings, equaling a hedging ratio of 60%. The hedged items are included as part of current and non-current interest-bearing debt in the consolidated statement of financial position. Per 31 December 2022, the fair value of the interest rate hedging derivatives was positive EUR 12.4 million (2021: -0.2 million), reported as part of other current receivables (2021: other non-current liabilities) in the consolidated statement of financial position.

The financial instruments designated as hedged items in existing cash flow hedge relationships are:

Hedged items

EUR thousand	2022			2021		
	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve
Interest rate risk						
Floating rate issued loans	573,000	573,000	9,630	200,000	200,000	-230
Total	573,000	573,000	9,630	200,000	200,000	-230

The table below sets out the derivatives designated as hedging instruments in existing cash flow hedge relationships, and the outcome of the Group's hedging strategy:

Hedging instruments

EUR thousand	2022			2021		
	Up to 1 year	1-5 years	Total	Up to 1 year	1-5 years	Total
Interest rate caps						
Nominal amount	573,000	-	573,000	2,778	197,222	200,000
Average strike	0.5%	-	0.5%	0.5%	0.5%	0.5%

The effective portion of changes in the fair value on the hedging instrument that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Hedge ineffectiveness is, if applicable, recorded as part of financial expenses or financial revenue. There was no material ineffectiveness in 2022 or 2021. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. In 2022, EUR 0.2 million (net of tax) has been reclassified from the cash flows hedge reserve (OCI) into profit or loss, reducing the interest rate expenses on borrowings reported in [note 11](#) with EUR 0.3 million (pre-tax).

Note 20 Shares in subsidiaries

The table is an overview of the subsidiaries included in the Axactor Group. The financial figures of the subsidiaries have been included in the consolidated financial statements of Axactor Group from the date of acquisition. During 2022, Axactor purchased CRS Italy, see [note 30](#) for the purchase price allocation. Several small entities have also either been liquidated or merged into other entities during the year to simplify the legal structure within the Group.

EUR thousand	Ownership	Head office	Country
Axactor Holding Srl	100.0%	Cuneo	Italy
Axactor Italy SpA	100.0%	Cuneo	Italy
Axactor Capital Italy Srl	100.0%	Cuneo	Italy
CR Service Srl	100.0%	Grosseto	Italy
Axactor Portfolio Holding AB	100.0%	Gothenburg	Sweden
Axactor Platform Holding AB	100.0%	Gothenburg	Sweden
Axactor Sweden AB	100.0%	Gothenburg	Sweden
Axactor Capital AS	100.0%	Oslo	Norway
Axactor Norway AS	100.0%	Drammen	Norway
Reolux Holding SARL ¹	50.0%	Luxembourg	Luxembourg
Axactor Invest 1 SARL	100.0%	Luxembourg	Luxembourg
Axactor Capital Luxembourg SARL	100.0%	Luxembourg	Luxembourg
Beta Properties SLU ²	100.0%	Madrid	Spain
Borneo Commercial Investments SLU ²	100.0%	Madrid	Spain
Alcala Lands Investments SLU ²	100.0%	Madrid	Spain
PropCo Malagueta SL ³	75.0%	Malaga	Spain
Proyecto Lima SL ³	75.0%	Madrid	Spain
Axactor Espana SLU	100.0%	Madrid	Spain
Axactor Espana Platform SA	100.0%	Madrid	Spain
Axactor Germany Holding GmbH	100.0%	Heidelberg	Germany
Axactor Germany GmbH	100.0%	Heidelberg	Germany
Heidelberger Forderingskauf GmbH	100.0%	Heidelberg	Germany
Heidelberger Forderungskauf II GmbH	100.0%	Heidelberg	Germany
Axactor Finland OY	100.0%	Helsinki	Finland

¹ The parent company owns 50% of the shares of Reolux Holding. Based on the contractual arrangements between the Group and the other investor, the Group has concluded that it has control of Reolux Holding and the company is therefore consolidated in the Group's financial statements

² The company is owned 100% by Reolux Holding SARL, in which Axactor owns 50% of the shares and has control

³ The company is owned 75% by Reolux Holding SARL, in which Axactor owns 50% of the shares and has control

Note 21 Accounts receivable and other current assets

Accounts receivable

EUR thousand	2022	2021
Accounts receivable	6,376	7,060

Due to the nature of the business the amount of outstanding accounts receivable is low and shows an acceptable aging. Allowances for doubtful debts are recognized against account receivable on an individual basis. The allowance amount recognized is immaterial.

Other current assets

EUR thousand	2022	2021
Prepaid taxes	2,855	3,019
Prepaid expenses	4,773	4,609
Accrued revenue ¹	5,747	2,754
Cash flow hedge derivatives (note 19)	12,367	-
Other	3,279	5,772
Total other current assets	29,021	16,154

¹ Accrued revenue relates to 3PC business

Note 22 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents including restricted cash as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

EUR thousand	2022	2021
Cash and bank deposits	29,045	38,155
Restricted cash - client funds ¹	6,060	5,090
Restricted cash and bank deposits	966	708
Cash and cash equivalents, discontinued operations (note 32)	3,607	-
Total cash and cash equivalents, incl. restricted cash	39,679	43,953

¹ The corresponding client funds payable is reported as part of other current liabilities in [note 28](#)

Restricted cash relates to client funds, deposits for building rent guarantee and employee withholding taxes. Cash in bank earns interest at floating rates based on daily bank deposit rates.

The composition of the cash per currency is shown below:

EUR thousand	2022	2021
EUR	7,213	25,816
GBP	2	6
NOK	31,651	17,583
SEK	813	548
Total cash and cash equivalents, incl. restricted cash	39,679	43,953

Note 23 Issued shares and share capital

On 21 April 2022, Axactor ASA converted form from a Societas Europaea company (SE) to a Norwegian public limited liability company (ASA) and converted the share capital from EUR to NOK. A bonus issue was carried out the same day, whereby NOK 2,126,326 (EUR 218,961) was transferred from unrestricted equity to share capital. The share capital of Axactor ASA as of 31 December 2022 was NOK 1,537,920,412 (EUR 158,368,902) consisting of 302,145,464 ordinary shares at NOK 5.09 per share. Each share has the same rights, and all issued shares are fully paid.

Issued shares and share capital

	Number of shares	Share capital (EUR)
At 31 Dec 2020	185,395,464	97,040,286
New share issues	116,750,000	61,109,656
At 31 Dec 2021	302,145,464	158,149,942
Bonus issue	-	218,961
At 31 Dec 2022	302,145,464	158,368,902

20 largest shareholders at 31 December 2022

Name	Shareholding	Share %
Geveran Trading Co Ltd	140,784,692	46.6%
Torstein Ingvald Tvenge	10,000,000	3.3%
Ferd AS	7,864,139	2.6%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Skandinaviska Enskilda Banken AB	4,500,000	1.5%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,443,779	0.8%
Endre Rangnes	2,017,000	0.7%
Gvæpseborg AS	2,009,694	0.7%
Stavern Helse og Forvaltning AS	2,000,000	0.7%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Velde Holding AS	1,500,000	0.5%
Masani AS	1,400,000	0.5%
David Martin Ibeas	1,177,525	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Titas Eiendom AS	1,000,000	0.3%
Kistefos Investment AS	1,000,000	0.3%
Total 20 largest shareholders	193,878,039	64.2%
Other shareholders	108,267,425	35.8%
Total number of shares	302,145,464	100%
Total number of shareholders	9,825	

Shares owned by the Board and Group executive management per 31 December 2022

Name	Shareholding	Share %
Latino Invest AS ¹	1,040,000	0.3%
Johnny Tsois Vasili ^{1,4}	670,000	0.2%
Terje Mjøs Holding AS ³	500,000	0.2%
Robin Knowles ²	352,921	0.1%
Vibeke Ly ²	203,750	0.1%
Arnt Andre Dullum ²	162,000	0.1%
Nina Mortensen ²	160,000	0.1%
Kyrre Svae ²	150,000	0.0%
Brita Eilertsen ³	19,892	0.0%

¹ CEO/related to the CEO of Axactor ASA

² Member of the Group executive management

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

⁴ Holds 300,000 call options that will be settled in cash on 22 June 2023

Note 24 Share-based payments

To incentivize and retain key employees, the Group operates an equity-settled option plan. Each option gives the right to acquire one share in Axactor ASA on exercise. The options carry neither right to dividends nor voting rights before exercised into ordinary shares. There is no cash settlement alternatives for the employees and the Group does not have a past practice of cash settlement for share option awards.

Share options approved 2017–2021

The share options approved and granted from 2017 to 2020 vest annually in equal tranches over a three-year period following the date of the grant, with one third vesting each year. The options expire five years after the date of the grant. Options approved and granted in 2021 vest annually in equal tranches over a two-year period following the date of the grant, with one half vesting each year, and expiry four years after the date of the grant. The share options approved from 2017 to 2021 vest based on service conditions/continuing employment as vesting criteria.

Share options approved 2022

In April 2022, the Annual General Meeting approved 1,000,000 share options to be granted to a key employee with grant date 18 May 2021. The grant has been accounted for in 2022. The exercise price of the options of NOK 5.09 was equal to par value of the shares at the date of approval of the grant. The options vest if the key employee is still employed three years from the grant date and expire 20 days after vesting date.

In June 2022, 5,500,000 share options were granted to key employees. The exercise price of the options of NOK 6.07 was equal to the average traded share price of the Axactor ASA share 30 trading days prior to the grant. The vesting period of the options is three years. One third of the options vests subject to the option holder being employed at the vesting date, one third vests based on relative market performance in the performance period and one third vests based on the Group's return on equity in the performance period. The performance period is from June 2022 to June 2025.

Measurement of fair values

The Black-Scholes-Merton Option Pricing Model is used for valuing the share options without performance criteria, whereas the Monte Carlo Valuation Model is used to estimate the fair value of the options subject to performance criteria.

Expected volatility has been based on an evaluation of the historical volatility of Axactor's share price equal to the expected lifetime of the options. The lifetime of the option is set to the shortest period of either one year after vesting or expiry. The expected lifetime is hence not always set to expiry. This is because it is reasonable to assume, and

prior exercise behavior has shown, that participants tend to exercise early as the options are “non-transferable” and the options’ gains are taxed as personal income (higher) and gains on ordinary shares are taxed as capital gains (lower). It is only possible to exercise at structured exercise windows, which might not coincide with time of vesting. The shortest period of either one year after vesting or expiry is therefore used as the assumption for the life of the option. Exercise patterns are monitored frequently and expected option lifetime for future grants will reflect exercise behavior.

The inputs used in the measurement of the fair values at grant date of the equity settled share-based payment plans approved in 2022 were as follows (weighted average parameters at grant):

	June 2022-grant	May 2021-grant
Strike price (NOK)	6.07	5.09
Share price (NOK)	5.48	9.30
Expected lifetime	3.67	3.07
Volatility	58.6%	56.2%
Interest rate	2.9%	0.7%
Dividend	-	-
Fair value per option	2.29	5.32

Outstanding share options

The number and weighted-average exercise prices of share options outstanding during the year are as follows:

Activity	2022		2021	
	Number of options	Weighted average strike price (NOK)	Number of options	Weighted average strike price (NOK)
Outstanding at 1 Jan	8,548,969	26.50	13,775,508	24.98
Granted during the year ¹	6,500,000	5.92	500,000	24.10
Forfeited during the year	-113,744	13.54	-4,101,481	26.54
Expired during the year	-1,668,125	33.60	-1,625,058	12.74
Outstanding at 31 Dec	13,267,100	15.62	8,548,969	26.50
Vested at 31 Dec	5,175,432	24.95	4,531,169	28.05

¹ 2022 number includes May 2021-grant, which was approved and accounted for in 2022

No options were exercised in 2022 or 2021.

At 31 December 2022 the Group has options outstanding that were granted from 2019 to 2022. The exercise prices vary from NOK 5.09 to NOK 28.00 per option (2021: NOK 17.50 to NOK 37.50).

Strike price (NOK)	Outstanding options		Vested options		
	Number of options	Weighted average remaining contractual life	Weighted average strike price (NOK)	Vested options 31.12.2022	Weighted average strike price (NOK)
5.09	1,000,000	1.45	5.09	-	-
6.07	5,425,000	4.46	6.07	-	-
17.25	950,000	2.51	17.25	616,666	17.25
22.00	1,425,000	2.51	22.00	925,000	22.00
24.50	723,189	1.32	24.50	723,189	24.50
26.50	723,189	1.32	26.50	723,189	26.50
28.00	3,020,722	2.25	28.00	2,187,388	28.00
Total	13,267,100			5,175,432	

Expenses recognized in profit or loss and liabilities arising from share-based payment transactions

The total expense recognized for the share-based programs during 2022 was EUR 0.5 million (2021: EUR 0.2 million). There are no liabilities related to share-based payment transactions on 31 December 2022 (2021: EUR 0 million), total social security provisions amount to EUR 0 million on 31 December 2022 and 2021.

Note 25 Interest-bearing loans and borrowings

The Group's total loans and borrowings, attributable to both continuing and discontinued operations, are as follows:

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility									
Bond ACR02 (ISIN: N00010914666)	EUR		200,000	-30,550	-2,009	3,133	170,574	3m EURIBOR+700pbs	12.01.2024
Bond ACR03 (ISIN: N00011093718)	EUR		300,000	-18,950	-2,901	925	279,074	3m EURIBOR+535bps	15.09.2026
Total bond loans			500,000	-49,500	-4,910	4,057	449,648		
Revolving credit facility	EUR		197,390		-4,234	116	193,272	EURIBOR+ margin	22.12.2023
<i>(multiple currency facility)</i>	NOK		159,529				159,529	NIBOR+ margin	22.12.2023
	SEK		153,099				153,099	STIBOR+ margin	22.12.2023
Total credit facilities		545,000	510,018		-4,234	116	505,899		
Total loans and borrowings at 31 Dec 2022			1,010,018	-49,500	-9,144	4,172	955,546		

Of the total borrowings, EUR 945.3 million is attributed to continuing operations, whereof EUR 445.6 million is classified as non-current and EUR 499.7 million is classified as current. Discontinued operations has EUR 10.3 million in current borrowings ([note 32](#)). All borrowings in discontinued operations are denominated in EUR.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities	Other borrowings	Total Borrowings
Total loans and borrowings at 31 Dec 2020	200,283	530,278	205,625	936,185
Proceeds from loans and borrowings	311,050	231,446	-	542,496
Repayment of loans and borrowings	-11,050	-411,175	-206,456	-628,681
Loan fees	-10,948	-13,087	2	-24,033
Total changes in financial cash flow	289,052	-192,816	-206,454	-110,218
Change in accrued interest	3,513	-45	-334	3,134
Amortization of capitalized loan fees	2,345	4,239	1,165	7,749
Currency translation differences	-	1,406	-	1,406
Total loans and borrowings at 31 Dec 2021	495,193	343,063	-	838,256
Proceeds from loans and borrowings	-	354,051	-	354,051
Repayment of loans and borrowings	-49,500	-172,501	-	-222,001
Loan fees	-	-83	-	-83
Total changes in financial cash flow	-49,500	181,467	-	131,967
Change in accrued interest	232	235	-	467
Amortization of capitalized loan fees	3,721	4,785	-	8,506
Currency translation differences	-	-23,651	-	-23,651
Total loans and borrowings at 31 Dec 2022	449,648	505,899	-	955,546

Change in lease liabilities are presented in [note 10](#). Other borrowings presented in the table are related to Italian facilities which were repaid in full in 2021.

Maturity

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.

	Currency	Carrying amount	Total future cash flow	Estimated future cash flow within			
				6 months or less	6–12 months	1–2 years	2–5 years
Bond ACR02 (ISIN: NO0010914666)	EUR	170,574	186,235	8,224	7,794	170,218	-
Bond ACR03 (ISIN: NO0011093718)	EUR	279,074	371,985	11,308	10,840	25,013	324,824
Total bond loans		449,648	558,220	19,531	18,633	195,231	324,824
Revolving credit facility (multiple currency facility)	NOK/SEK/EUR	505,900	530,964	15,190	515,774	-	-
Total credit facilities		505,900	530,964	15,190	515,774	-	-
Total loans and borrowings at 31 Dec 2022		955,546	1,089,184	34,722	534,408	195,231	324,824

Bond ACR02

The bond was placed at 3m EURIBOR + 7% interest, with maturity date 12 January 2024. The bond is listed on Oslo Børs (ISIN: NO0010914666).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

During 2022 the Group has repurchased part of the outstanding bonds. On 31 December 2022, the Group holds treasury bonds with a nominal value of EUR 49.5 million, split between EUR 30.6 million in ACR02 (ISIN NO 0010914666) and EUR 19.0 million in ACR03 (ISIN NO 0011093718).

Bond ACR03

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs (ISIN: NO0011093718).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan 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 addition of 75 million in the form of accordion option. The loan carries a variable interest rate based on the interbank rate in each currency with a margin. The maturity date for the facility is 22 December 2023.

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 loan 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 loan portfolios and REOs) margin.

Subsidiaries in the Group have granted a pledge as part of the security package for this facility, see [note 31](#).

Note 26 Post-employment benefits

Axactor operates defined contribution retirement benefit plans for all qualifying employees of its subsidiaries in Sweden and Norway. The Group's legal obligation for these plans is limited to the contributions. Members of the Group executive management, employed in Axactor ASA, has an additional contribution plan entitling them to pension rights for salary above 12G (Norwegian Grunnbeløp).

The employees of the Finnish, German and Spanish subsidiaries are member of a state managed retirement benefit plan operated by the government of Finland, Germany and Spain respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The Group's legal obligation for these plans is limited to the contributions. Axactor meets the different local mandatory occupational pension requirements in the countries where Axactor operates.

In Italy all employees are entitled to a termination indemnity (TFR) upon termination of employment for any reason. This TFR is considered a defined benefit obligation to be accounted for in accordance with IAS 19. Axactor funds defined benefit plans for the qualifying employees.

Pension liabilities are recognized in the consolidated statement of financial position as other non-current liabilities ([note 27](#)). The total pension expenses recognized in profit or loss amount to EUR 1.3 million (2021: EUR 1.5 million) and represent contributions payable to these plans by Axactor at rates specified in the rules of the plans.

Note 27 Other non-current liabilities

EUR thousand	2022	2021
Post-employment liabilities (note 26)	1,572	1,293
Cash flow hedge derivatives (note 19)	-	230
Other liabilities	1,851	471
Total other non-current liabilities	3,423	1,994

Note 28 Other current liabilities

EUR thousand	2022	2021
Public duties	3,483	3,943
Personnel related liabilities	7,083	6,452
Deferred payments relating to purchased loan portfolios	7,522	8,863
Client funds payable ¹	6,060	5,090
Fair value of forward flow commitments, liability	-	409
Accrued restructuring cost	-	1,039
Other liabilities	594	1,145
Total other current liabilities	24,741	26,941

¹ The corresponding client funds cash balance is reported as part of cash in [note 22](#)

A forward flow agreement is an obligation to acquire a portfolio as described in a contract. Typically, these agreements are to buy defaulted cases from the vendor on a monthly basis. The total volume under the contract can be capped. The price for the cases in the forward flow is agreed upfront when the contract is signed. Initially the fair value of the forward flow commitment is nil, as the future expected collection level is unchanged from the valuation assumption underlying the contract. If the future cash flow estimates for the forward flow changes from the assumed level when signing the contract, there can be a change in the value of the forward flow commitment.

Note 29 Related party transactions

EUR thousand	2022	2021
Related party balances at 31 Dec	-	-
Related party transactions during the year		
On 17 February 2020, Axactor ASA entered into a servicing agreement with Seatankers Management Co. Ltd., a company controlled by Geveran, under which Seatankers Management Co. Ltd. has agreed to provide the company with advisory and other support services upon request. The agreement is entered on an arms-length basis and is not considered material.	150	7
On 5 January 2021 Axactor aquired the remaining 50% of the shares in Axactor Invest 1 SARL from Geveran Trading Co LTD. Axactor Invest 1 SARL was prior to the aquisition fully consolidated by Axactor, as a result of this there is a change between non-controlling interest and equity related to shareholders of the parent company in the consolidated statement of changes in equity.	-	37,635
On 1 October 2021 Axactor ASA entered an agreement with Aston AS (a company controlled by Kristian Melhuus, former personal deputy board member for board member Kathrine Astrup Fredriksen and now Chair of the Board) for the delivery of advisory services to the company. The agreement was terminated in Q2 2022.	4	-

For additional information on agreements with related parties, see the Corporate governance report.

Note 30 Purchase price allocations

The Group secured 100% of the shares in C.R. Service - Credit Recovery Service Srl (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). 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 discloses the impact from the transaction effective from 3 January 2022.

EUR thousand

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 assets	15
Right of use assets	990
Property, plant and equipment	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
Accounts payable	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 31 Pledged assets

EUR thousand	2022	2021
Group	897,880	977,958
Parent	332,108	530,843

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 the revolving credit facility, see [note 25](#). Reolux Holding SARL is not part of the agreement nor the security arrangement.

Note 32 Discontinued operations

The Board resolved to dispose of the Group's real estate owned (REO) operating segment from 1 January 2022. The REO segment consisted of portfolios of purchased real estate and repossessed assets from secured loan portfolios. In the first quarter of 2022, both portfolios of purchased real estate and repossessed assets from secured non-performing loans were presented as discontinued operations in line with the Board's resolution. In the second quarter of 2022, it was resolved that it is only the portfolios of purchased real estate that shall be classified as discontinued operations. Assets repossessed from secured loan portfolios prior to 2022 are thus presented as continuing operations, and the Group will also continue with repossessions from secured loan portfolios going forward.

The disposal of portfolios of purchased real estate is consistent with the Group's long-term policy to focus its activities on the Group's other operating segments. These operations, which were 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. The proceeds of disposal were expected to equal the carrying amount of the related net assets and accordingly no impairment losses have been recognized on the classification of these operations as held for sale.

As per 31 December 2022, the Group is still pursuing a buyer for the assets classified as held for sale. Negotiations with several interested parties have taken place, but the Group has not reached an agreement at the reporting date. With rising inflation, rising interest rates and a weakened economy during 2022, the market conditions that existed at the date the assets were classified initially as held for sale has deteriorated, and as a result the assets are not sold. During this period, the Group has actively solicited but not received any reasonable offers to purchase the assets. The Group has impaired the assets by EUR 0.8 million in 2022. The assets continue to be actively marketed at a price that is reasonable given the change in market condition and is hence classified as held for sale on 31 December 2022.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between continuing operations and discontinued operations are eliminated in the consolidated financial statements. 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 receivable with corresponding interest income related to discontinued operations is eliminated within continuing operations. The same applies for intragroup debt and corresponding interest expense, taking minority interest into account and capped according to the cash flow the parent company expects to receive from the asset values in the discontinued operations. The rest of the intragroup debt is eliminated within discontinued operations. A part of the Group's total debt and interest expense are hence retained in discontinued operations, as this debt is considered to be directly associated with the discontinued operations. The net assets directly associated with the assets classified as held for sale represents minority interests in the discontinued operations.

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

EUR thousand	2022	2021
Other operating revenue	14,113	36,828
Total income	14,113	36,828
Cost of REOs sold, incl impairment	-18,318	-48,379
Other operating expenses	-2,803	-5,215
Total operating expenses	-21,121	-53,593
EBITDA	-7,008	-16,765
Amortization and depreciation	-	-38
Operating profit	-7,008	-16,803
Financial expenses	-1,059	-3,796
Net financial items	-1,059	-3,796
Profit/(loss) before tax	-8,066	-20,599
Income tax expense	-	-
Net profit/(loss) after tax	-8,066	-20,599
Attributable to:		
Non-controlling interests	-4,668	-12,242
Shareholders of the parent company	-3,399	-8,357
Earnings per share: basic and diluted	-0.011	-0.028

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

EUR thousand	2022
<i>Current assets</i>	
Stock of secured assets	8,418
Accounts receivable	116
Other current assets	518
Cash and cash equivalents	3,607
Assets classified as held for sale	12,660
<i>Current liabilities</i>	
Interest-bearing debt	10,247
Other current liabilities	373
Liabilities directly associated with assets classified as held for sale	10,619
Net assets classified as held for sale	2,041

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

EUR thousand	2022	2021
Net cash flow from operating activities	11,310	28,535
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-12,220	-33,151
Total net cash flow	-910	-4,616

Note 33 Events after the reporting period

There has been no material events after the reporting period for 2022.

/ Financial statements of Axactor ASA

Parent company statement of profit or loss	129	Notes to the parent company financial statements	133	Note 10	Property, plant and equipment	139	
Statement of comprehensive income	129	Note 1	Corporate information	133	Note 11	Issued shares and share capital	140
Statement of financial position	130	Note 2	Significant accounting policies	133	Note 12	Shares in subsidiaries	141
Statement of cash flows	131	Note 3	Employee remuneration	134	Note 13	Other current assets	142
Statement of changes in equity	132	Note 4	Executive remuneration	134	Note 14	Cash and cash equivalents	142
		Note 5	Other operating expenses and remuneration to auditors	136	Note 15	Loans and receivables to group companies	143
		Note 6	Leases	136	Note 16	Interest-bearing loans and borrowings	144
		Note 7	Financial items	137	Note 17	Other current liabilities	146
		Note 8	Income tax	138	Note 18	Hedge accounting	146
		Note 9	Intangible assets	139	Note 19	Events after the reporting period	147

Parent company statement of profit or loss

EUR thousand	Note	2022	2021
Management services to group companies		11,241	10,519
Total revenue		11,241	10,519
Personnel expenses	3	-5,796	-4,922
Operating expenses	5	-7,665	-7,394
Total operating expense		-13,461	-12,315
EBITDA		-2,220	-1,797
Amortization and depreciation	6, 9, 10	-2,334	-2,004
Operating profit/(loss)		-4,554	-3,801
Financial revenue	7	42,328	22,898
Financial expenses	7	-48,062	-35,525
Net financial items		-5,734	-12,626
Profit/(loss) before tax		-10,288	-16,427
Income tax expense	8	-4,662	23
Net profit/(loss) after tax		-14,950	-16,404
Distribution from other paid in capital		-14,950	-16,404

Statement of comprehensive income

EUR thousand	Note	2022	2021
Net profit/(loss) after tax		-14,950	-16,404
Items that may be reclassified subsequently to profit or loss			
Fair value net gain/(loss) on cash flow hedges during the period	18	9,876	-230
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss		-245	
Other comprehensive income/(loss) after tax		9,630	-230
Total comprehensive income/(loss)		-5,319	-16,634

Statement of financial position

EUR thousand	Note	2022	2021
Assets			
Intangible non-current assets			
Intangible assets	9	9,612	10,291
Tangible non-current assets			
Property, plant and equipment	10	55	71
Right of use assets	6	361	521
Financial non-current assets			
Investment in subsidiaries	12	332,108	532,086
Loans to group companies	15	428,728	290,507
Other long-term receivables		367	-
Total non-current assets		771,231	833,475
Current assets			
Receivables group companies	15	25,400	37,310
Other current assets	13	13,175	664
Restricted cash	14	422	402
Cash and cash equivalents	14	4,046	4,182
Total current assets		43,043	42,558
Total assets		814,275	876,033

EUR thousand	Note	2022	2021
Equity and liabilities			
Equity			
Share capital		158,369	158,150
Other paid in capital		202,225	218,386
Cash flow hedge reserve	18	9,401	-230
Result for the year		-14,950	-16,404
Total equity	11	355,046	359,903
Non-current liabilities			
Interest-bearing debt	16	445,590	491,369
Deferred tax liabilities	8	3,956	167
Lease liabilities	6	245	401
Other non-current liabilities		367	230
Total non-current liabilities		450,159	492,167
Current liabilities			
Accounts payable		777	781
Liabilities group companies	15	260	15,607
Interest-bearing debt	16	4,057	3,824
Taxes payable	8	2,017	1,962
Lease liabilities	6	156	156
Other current liabilities	17	1,802	1,632
Total current liabilities		9,070	23,964
Total liabilities		459,229	516,131
Total equity and liabilities		814,275	876,033

Statement of cash flows

EUR thousand	Note	2022	2021
Operating activities			
Profit/(loss) before tax		-10,288	-16,427
Taxes paid	8	-2,864	-1,787
Adjustments for:			
Net financial items	7	5,734	12,626
Depreciation and amortization	6, 9, 10	2,334	2,004
Calculated cost of employee share options		112	81
Change in working capital		11,045	1,500
Net cash flow from operating activities		6,073	-2,003

EUR thousand	Note	2022	2021
Investing activities			
Investment/share issue in subsidiaries		-	-148,100
Purchase of intangible and tangible assets	9, 10	-1,479	-1,652
Interest received		15	1
Net group contribution received		-	4,346
Net cash flow from investing activities		-1,464	-145,405
Financing activities			
Proceeds/repayments from external borrowings	16	-49,500	299,717
Loans to subsidiaries/repaid from subsidiaries		75,086	-176,593
Interest paid		-30,006	-21,217
Lease payments, principal amount	6	-156	-144
Loan fees paid	16	-	-10,976
New share issues		-	50,792
Costs related to share issues		-	-1,460
Net cash flow from financing activities		-4,576	140,119
Net change in cash and cash equivalents		34	-7,289
Cash and cash equivalents at the beginning of period, incl. restricted cash		4,584	10,988
Currency translation		-150	886
Cash and cash equivalents at end of period, incl. restricted cash		4,468	4,584

Statement of changes in equity

EUR thousand	Restricted		Non-restricted		Total	Total equity
	Share capital	Other paid in capital	Cash flow hedge reserve	Result for the year		
Balance at 31 Dec 2020	97,040	219,580	-	-27,231	192,349	289,389
Transfer of prior year's net result		-27,231		27,231	-	-
Result of the period				-16,404	-16,404	-16,404
Other comprehensive income of the period			-230		-230	-230
Total comprehensive income for the period	-	-27,231	-230	10,827	-16,634	-16,634
New share issues	61,110	27,318			27,318	88,427
Cost related to share issues		-1,460			-1,460	-1,460
Share-based payment		180			180	180
Balance at 31 Dec 2021	158,150	218,386	-230	-16,404	201,753	359,903
Transfer of prior year's net result		-16,404		16,404	-	-
Result of the period				-14,950	-14,950	-14,950
Other comprehensive income of the period			9,630		9,630	9,630
Total comprehensive income for the period	-	-16,404	9,630	1,454	-5,319	-5,319
Bonus issue	219	-219			-219	-
Share-based payment		462			462	462
Balance at 31 Dec 2022	158,369	202,225	9,401	-14,950	196,676	355,046

Oslo, 30 March 2023

Kristian Melhuus
Chair

Brita Eilertsen
Board member

Terje Mjøs
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup
Fredriksen
Board member

Johnny Tsolis
CEO

Notes to the parent company financial statements

Note 1 Corporate information

The Parent Company Axactor ASA (“Axactor”) is a Norwegian public limited liability company (Allmennaksjeselskap), domiciled in Norway. The registered address is Drammensveien 167, 0277 Oslo. The company’s shares are traded in Norway on Oslo Børs.

The Annual Report and Parent Company Report for Axactor ASA were adopted by the Board of Directors on 30 March 2023 and will be submitted for approval to the Annual General Meeting on 3 May 2023.

Note 2 Significant accounting policies

These parent company financial statements should be read in conjunction with the consolidated financial statements of the Axactor Group, published together with these financial statements. With the exceptions described below, Axactor ASA applies the accounting policies of the Group, as described in Axactor Group’s disclosure, [note 2](#) Significant accounting policies, and reference is made to the Axactor Group note for further details. To the extent that the company applies policies that are not described in the Axactor Group note due to group level materiality considerations, such policies are included below, if necessary, for sufficient understanding of Axactor’s accounts.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

2.1 Basis for preparation

The financial statements of the parent company are prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014. The company follows the exception from IAS 10 regarding timing of recognition of group contribution and dividend.

The parent company’s functional currency is euro (EUR) and this is also the reporting currency for the Group. All amounts in the financial reports are stated in EUR thousands unless otherwise specified.

2.2 Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method in the parent company accounts. The investments are valued at cost unless impairment losses occur. Impairment of investments are recognized as financial expenses in the statement of profit or loss.

2.3 Segment reporting

Axactor ASA’s activities are currently organized as one operating unit for internal reporting purposes, thus no segment information is presented in these financial statements.

Note 3 Employee remuneration

Personnel expenses

EUR thousand	2022	2021
Salaries	2,803	2,752
Bonus	2,034	1,561
Social security costs	528	479
Pension costs	133	103
Share-based payment expense	112	83
Other benefits	188	-57
Total personnel expenses	5,796	4,922

Axactor ASA meets the local mandatory occupational pension requirement.

Average number of FTEs

EUR thousand	2022	2021
Number of FTEs, 1 Jan	19	16
Number of FTEs, 31 Dec	20	19
Average number of FTEs	19	17

Note 4 Executive remuneration

Board of Directors remuneration

The following remuneration has been made to the members of the Board of Directors during the year. Remuneration presented includes remuneration for participation in Board committees.

EUR thousand	2022	2021
Kristian Melhuus ¹	80	10
Terje Mjøs	55	45
Brita Eilertsen	57	47
Lars Erich Nilsen	46	41
Kathrine Astrup Fredriksen	41	41
Merete Haugli ^{2,3}	9	54
Hans Harén ³	10	41
Glen Ole Rødland ⁴	-	27
Total remuneration	298	306

¹ Chair of the Board from February 2022

² Interim chair of the Board from May 2021 to February 2022

³ Member of the Board until April 2022

⁴ Chair of the Board until May 2021

Nomination committee

The following remuneration has been made to the members of the nomination committee during the year:

EUR thousand	2022	2021
Anne Lise Ellingsen Gryte	6	-
Magnus Tvenge	4	-
Total remuneration	10	-

Executive management remuneration

EUR thousand	Salary	Bonus ⁷	Pension	Share options ¹	Other	2022
Johnny Tsolis, CEO	407	260	34	34	1	734
Nina Mortensen, CFO	204	106	17	16	1	343
Arnt Andre Dullum, COO	198	88	14	12	1	312
Vibeke Ly, Chief of Staff	197	89	14	12	1	312
Kyrre Svae, Chief of Strategy and IR	194	88	14	11	1	307
Robin Knowles, Chief Investment Officer	236	95	1	8	-	340
Total remuneration	1,435	726	95	91	6	2,349

EUR thousand	Salary	Bonus ⁷	Pension	Share options ¹	Other	2021
Johnny Tsolis, CEO	410	87	35	39	1	573
Endre Ragnes, CEO ²	-	44	-	-	-	44
Nina Mortensen, CFO ³	92	20	7	-	1	120
Teemu Alaviitala, CFO ⁴	44	16	2	-	-	61
Arnt Andre Dullum, COO	178	18	16	17	2	230
Oddgeir Hansen, COO ⁵	46	133	-	-	-	179
Vibeke Ly, Chief of Staff	199	29	14	17	1	261
Kyrre Svae, Chief of Strategy and IR ⁶	185	49	14	8	2	257
Robin Knowles, Chief Investment Officer	297	25	3	19	-	344
Total remuneration	1,451	420	91	100	7	2,069

¹ Cost in relation to share option program, not exercised

² CEO until 3 April 2020

³ CFO from 1 August 2021

⁴ CFO until 31 January 2021

⁵ COO until 1 July 2020

⁶ Interim CFO from 1 February to 31 July 2021

⁷ Bonus for 2022 represents accrued bonus for the financial year, whereas bonus for 2021 represents paid bonus in the financial year

The CEO, Johnny Tsolis, has a six-month notice period and is entitled to a severance pay of six months in case of termination by the company. In addition, there is a non-compete and non-solicitation clause in the employment agreement.

The share-based option program is presented in Group [note 24](#). Bonus stated in tables above reflects the paid amounts during the year. At the end of 2022 no loan or prepayments were granted to members of the Board or executive management.

Members of the executive management employed in Axactor ASA has an additional contribution pension entitling them to pension rights for salary over 12G (Norwegian Grunnbeløp).

Note 5 Other operating expenses and remuneration to auditors

Other operating expenses

EUR thousand	2022	2021
Direct operating expenses	1,217	972
External services	1,769	2,651
IT expenses	4,366	3,590
Other expenses	313	181
Total other operating expenses	7,665	7,394

Auditor's remuneration

PricewaterhouseCoopers AS (PwC) is the auditor of Axactor ASA. The following table shows fees to the appointed auditor. The reported fee is the recognized expense for the year.

EUR thousand	2022	2021
Auditing	242	242
Other services	24	15
Total auditor's remuneration	266	297

The audit fees and other operating expenses presented in the financial statements are exclusive of VAT.

Note 6 Leases

The company leases premises only. The Facility contract was entered into on 1 April 2020 and is being recognized as a right of use asset and lease liability from this date.

Leasing contracts are classified as lease liabilities and right of use assets under IFRS 16. See Axactor Group [note 2.11](#).

Right of use assets

EUR thousand	Buildings	Total
Right of use assets at 31 Dec 2020	681	681
Depreciation	-160	-160
Right of use assets at 31 Dec 2021	521	521
Depreciation	-160	-160
Right of use assets at 31 Dec 2022	361	361

Lease liabilities

EUR thousand	2022	2021
Lease liabilities at 1 Jan	558	701
Lease payments, principal amount	-156	-144
Lease liabilities at 31 Dec	401	558
Current	156	156
Non-current	245	401

The future aggregated minimum lease payments under lease liabilities are as follows:

EUR thousand	2022	2021
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	188	185
1–2 years	192	188
2–3 years	49	192
3–4 years	-	49
Total undiscounted lease liabilities	429	614
Discounting element	-28	-57
Total lease liabilities	401	558

Note 7 Financial items

EUR thousand	2022	2021
Financial revenue		
Interest on bank deposits	15	1
Interest on loans to group companies	19,158	12,778
Group contribution	20,806	4,323
Net foreign exchange gain ¹	-	5,796
Gain on purchase of bonds in own bond loans (note 16)	2,349	-
Total financial revenue	42,328	22,898
Financial expenses		
Interest expense on borrowings ²	-33,612	-27,041
Net foreign exchange loss ¹	-6,870	-
Impairment of investment in subsidiaries	-	-6,760
Impairment of loans to group companies	-7,400	-1,600
Other financial expenses	-181	-123
Total financial expenses	-48,062	-35,525
Net financial items	-5,734	-12,626

¹ Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position

² In 2022, EUR 0.3 million are reclassified from the cash flow hedge reserve (OCI) into interest expense on borrowings, see [note 18](#)

Note 8 Income tax

Income tax calculation

EUR thousand	2022	2021
Profit/(loss) before tax	-10,288	-16,427
Adjustment prior year	-	-297
Non deductible expenses	-	2
Other permanent differences	-	3,547
Interest expense limitation	4,539	8,118
Group contribution with tax effect	-	15,942
Change in temporary differences	10,582	-640
Adjustment for currency differences due to tax calculation in NOK	5,563	-119
Basis for income tax	10,396	10,126
Taxes payable before tax deduction scheme	2,287	2,227
Tax deduction scheme ¹	-270	-265
Taxes payable	2,017	1,962
Tax expense in profit or loss		
Change in deferred taxes	-1,137	1,460
Adjustment for previous years	-1,238	-158
Tax effect on permanent differences	-2,287	-
Adjustment for currency differences due to tax calculation in NOK	-	-1,279
Income tax expense	-4,662	23

¹ Skattefunn – Tax deduction scheme in Norway for companies with research and development projects

Tax included in other comprehensive income

EUR thousand	2022	2021
Fair value net gain/(loss) on cash flow hedges	2,720	-
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss	-69	-
Deferred tax charged to OCI	2,651	-

Temporary differences

EUR thousand	2022	2021
Non-current assets/liabilities	882	-
Current assets	16	214
Limitation interest carried forward	6,037	3,202
Differences not included in the calculation of deferred tax	-8,239	-3,583
Hedges over OCI	-2,652	-
Net income tax reduction temporary differences	-3,956	-167
Net deferred tax asset	-	-
Net deferred tax liability	-3,956	-167
Net deferred tax	-3,956	-167

Note 9 Intangible assets

EUR thousand	Software	Other intangibles	Total
Cost price			
Cost price at 31 Dec 2020	10,871	2,745	13,616
Acquisitions	1,227	412	1,639
Cost price at 31 Dec 2021	12,098	3,157	15,255
Acquisitions	904	552	1,456
Cost price at 31 Dec 2022	13,002	3,709	16,711
Amortization			
Accumulated amortizations at 31 Dec 2020	-2,445	-720	-3,165
Amortization	-1,447	-352	-1,799
Accumulated amortizations at 31 Dec 2021	-3,892	-1,072	-4,965
Amortization	-1,652	-483	-2,135
Accumulated amortizations at 31 Dec 2022	-5,544	-1,556	-7,100
Carrying amount at 31 Dec 2022	7,458	2,153	9,612
Useful life	5–10 yr	5–10 yr	

Note 10 Property, plant and equipment

EUR thousand	Fixtures	Office equipment	Total
Cost price			
Cost price at 31 Dec 2020	145	95	241
Acquisitions	6	7	13
Cost price at 31 Dec 2021	152	102	253
Acquisitions	2	21	23
Cost price at 31 Dec 2022	154	123	276
Depreciation			
Accumulated depreciations at 31 Dec 2020	-88	-50	-138
Depreciation	-25	-19	-44
Accumulated depreciations at 31 Dec 2021	-59	-69	-182
Depreciation	-13	-26	-39
Accumulated depreciations at 31 Dec 2022	-126	-95	-221
Carrying amount at 31 Dec 2022	28	27	55
Useful life	5 yr	3 yr	

Note 11 Issued shares and share capital

On 21 April 2022, the company converted form from a Societas Europaea company (SE) to a Norwegian public limited liability company (ASA) and converted the share capital from EUR to NOK. A bonus issue was carried out the same day, whereby NOK 2,126,326 (EUR 218,961) was transferred from unrestricted equity to share capital. The share capital of Axactor ASA as of 31 December 2022 was NOK 1,537,920,412 (EUR 158,368,902) consisting of 302,145,464 ordinary shares at NOK 5.09 per share. Each share has the same rights, and all issued shares are fully paid.

Issued shares and share capital

	Number of shares	Share capital (EUR)
At 31 Dec 2020	185,395,464	97,040,286
New share issues	116,750,000	61,109,656
At 31 Dec 2021	302,145,464	158,149,942
Bonus issue	-	218,961
At 31 Dec 2022	302,145,464	158,368,902

20 largest shareholders at 31 December 2022

Name	Shareholding	Share %
Geveran Trading Co Ltd	140,784,692	46.6%
Torstein Ingvald Tvenge	10,000,000	3.3%
Ferd AS	7,864,139	2.6%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.8%
Skandinaviska Enskilda Banken AB	4,500,000	1.5%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,443,779	0.8%
Endre Rangnes	2,017,000	0.7%
Gvæpseborg AS	2,009,694	0.7%
Stavern Helse og Forvaltning AS	2,000,000	0.7%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Velde Holding AS	1,500,000	0.5%
Masani AS	1,400,000	0.5%
David Martin Ibeas	1,177,525	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Titas Eiendom AS	1,000,000	0.3%
Kistefos Investment AS	1,000,000	0.3%
Total 20 largest shareholders	193,878,039	64.2%
Other shareholders	108,267,425	35.8%
Total number of shares	302,145,464	100%
Total number of shareholders	9,825	

Shares owned by the Board and Group executive management per 31 December 2022

Name	Shareholding	Share %
Latino Invest AS ¹	1,040,000	0.3%
Johnny Tsohis Vasili ^{1 4}	670,000	0.2%
Terje Mjøs Holding AS ³	500,000	0.2%
Robin Knowles ²	352,921	0.1%
Vibeke Ly ²	203,750	0.1%
Arnt Andre Dullum ²	162,000	0.1%
Nina Mortensen ²	160,000	0.1%
Kyrre Svae ²	150,000	0.0%
Brita Eilertsen ³	19,892	0.0%

¹ CEO/related to the CEO of Axactor ASA

² Member of the Group executive management

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

⁴ Holds 300,000 call options that will be settled in cash on 22 June 2023

Note 12 Shares in subsidiaries

Subsidiary company

EUR thousand	Ownership	Head office	Country	Book value in parent company
Axactor Portfolio Holding AB	100.0%	Gothenburg	Sweden	169,234
Axactor Platform Holding AB	100.0%	Gothenburg	Sweden	162,874
Reolux Holding SARL	50.0%	Luxembourg	Luxembourg	-

Note 13 Other current assets

Other current assets

EUR thousand	2022	2021
Prepaid expenses	809	664
Cash flow hedge derivatives (note 18)	12,367	-
Total other current assets	13,175	664

Note 14 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents including restricted cash as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

EUR thousand	2022	2021
Cash and cash equivalents	4,046	4,182
Restricted cash	422	402
Total cash and cash equivalents, incl. restricted cash	4,468	4,584

Composition of the cash per currency

EUR thousand	2022	2021
EUR	2,374	3,171
GBP	2	6
NOK	1,840	1,058
SEK	253	349
Total cash and cash equivalents, incl. restricted cash	4,468	4,584

Note 15 Loans and receivables to group companies

EUR thousand	2022			2021		
	Loans to group companies ¹	Receivables group companies	Liabilities group companies	Loans to group companies ¹	Receivables group companies	Liabilities group companies
Axactor Portfolio Holding AB	210,835	-	-	6,417	218	-
Axactor Platform Holding AB	195,627	-	-	243,336	313	-
Axactor Norway Holding AS	-	-	-	-	4,322	-
Axactor Norway AS	-	2	-3	-	718	-1,607
Axactor Capital AS	4,217	20,806	-9	4,452	17,947	-13,761
Axactor Sweden AB	-	379	-57	-	435	-120
Axactor Germany Holding GmbH	-	-	-	-	2,157	-
Axactor Germany GmbH	-	1,419	-	-	-	-17
Axactor Espana SLU	-	236	-	-	-32	-5
Axactor Platform España SA	-	2,184	-110	-	1,075	-45
Axactor Capital Luxembourg SARL	-	-	-	-	172	-
Axactor Holding Srl	168	-	-	156	-	-
Axactor Italy SpA	-	326	-28	210	-	-24
Axactor Capital Italy Srl	-	-	-	-	314	-
Axactor Invest 1 SARL	-	-	-	-	9,352	-
Reolux Holding SARL	17,881	-	-	35,936	50	-
Axactor Finland Holding OY	-	-	-	-	270	-
Axactor Finland OY	-	48	-53	-	-	-30
Closing balance at 31 Dec	428,728	25,400	-260	290,507	37,309	-15,607

¹ Loans to subsidiaries carries an interest rate of 6.3–7.38%, to be paid at year end

An ECL (Expected Credit Loss) assessment according to IFRS 9 has been carried out. The company has impaired a receivable towards Reolux Holding SARL with 7.4 million in 2022, included in the line item 'Financial expenses' in the statement of profit or loss. The same receivable was impaired with 1.6 million in 2021. There are no other expected credit losses on receivables to group companies.

Note 16 Interest-bearing loans and borrowings

EUR thousand	Currency	Nominal value	Treasury bonds	Capitalized loan fees	Accrued interest	Carrying amount, EUR	Interest coupon	Maturity
Facility								
Bond ACR02 (ISIN: N00010914666)	EUR	200,000	-30,550	-2,009	3,133	170,574	3m EURIBOR+700pbs	12.01.2024
Bond ACR03 (ISIN: N00011093718)	EUR	300,000	-18,950	-2,901	925	279,074	3m EURIBOR+535bps	15.09.2026
Total bond loan		500,000	-49,500	-4,910	4,057	449,648		
Total loans and borrowings at 31 Dec 2022		500,000	-49,500	-4,910	4,057	449,648		
whereof								
Non-current borrowings						445,590		
Current borrowings						4,057		

Maturity	Currency	Carrying amount	Total future cash flow	Estimated future cash flow within			
				6 months or less	6–12 months	1–2 years	2–5 years
Bond ACR02 (ISIN: N00010914666)	EUR	170,574	186,235	8,224	7,794	170,218	-
Bond ACR03 (ISIN: N00011093718)	EUR	279,074	371,985	11,308	10,840	25,013	324,824
Total bond loan		449,648	558,220	19,531	18,633	195,231	324,824
Total loans and borrowings at 31 Dec 2022		449,648	558,220	19,531	18,633	195,231	324,824

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Total borrowings
Total loans and borrowings at 31 Dec 2020	200,283	200,283
Proceeds from loans and borrowings	500,000	500,000
Repayment of loans and borrowings	-200,283	-200,283
Loan fees	-10,976	-10,976
Total changes in financial cash flow	288,741	288,741
Change in accrued interest	3,824	3,824
Amortization capitalized loan fees ¹	2,345	2,345
Total loans and borrowings at 31 Dec 2021	495,193	495,193
Repayment of loans and borrowings	-49,500	-49,500
Total changes in financial cash flow	-49,500	-49,500
Change in accrued interest	232	232
Amortization capitalized loan fees ²	3,721	3,721
Total loans and borrowings at 31 Dec 2022	449,648	449,648

¹ Includes expensed capitalized loan fees of EUR 0.4 million related to the refinancing of the bond

² Includes expensed capitalized loan fees of EUR 0.2 million related to repurchasing of bonds

Bond ACR02

The bond was placed at 3m EURIBOR + 7% interest, with maturity date 12 January 2024. The bond is listed on Oslo Børs (ISIN: NO0010914666).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

Bond ACR03

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs (ISIN: NO0011093718).

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 loan portfolios and REOs)
- Net secured loan to value: <65% (secured loans less cash to total book value all loan portfolios and REOs)

Trustee: Nordic Trustee

During 2022, the company has repurchased part of the outstanding bonds. On 31 December 2022, the company holds treasury bonds with a nominal value of EUR 49.5 million, split between EUR 30.6 million in ACR02 (ISIN NO 0010914666) and EUR 19.0 million in ACR03 (ISIN NO 0011093718).

Note 17 Other current liabilities

EUR thousand	2022	2021
Public duties	158	359
Personnel related liabilities	1,541	807
Other accruals	103	467
Total other current liabilities	1,802	1,632

Note 18 Hedge accounting

The Group's risk management objective is to mitigate the effect of interest rate changes related to its floating rate instruments. In order to achieve the objective, the Group's strategy is to use derivatives to limit the impact of changes in interest rates on the Group's interest expenses. The Group has applied cash flow hedge accounting to ensure that the Group's risk management strategy is reflected in its financial statements.

Cash flow hedges

Interest rate risk in floating rate instruments

The Group has applied cash flow hedge accounting for interest rate risk in order to mitigate the effect of increasing interest rates on issued loans and therefore limit the impact on the Group's interest expenses. The hedged items consist of a proportion of issued floating-rate loans. The hedging instruments consist of interest rate caps. The hedge ratio for the relationships is defined by the ratio of the principal of the interest rate cap to the designated proportion of the hedged item, resulting in 100% hedge ratio. The cash flow hedges of interest rate risk on loans are expected to be highly effective. Potential sources of ineffectiveness have been identified as differences in timing of cash flows of hedged items and hedging instruments, derivatives used as hedging instruments having a non-nil fair value at the time of designation and the effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged items.

The Group's strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. Per 31 December 2022, the strategy is under implementation and the Group is still committed to the strategy which it expects to fully implement. On 31 December 2022, the Group holds two interest rate caps with a strike of 0.5% EURIBOR and maturity 15 December 2023. The two contracts hedge the interest risk of EUR 573 million in borrowings, equaling a hedging ratio of 60%. The hedged items are included as part of current and non-current interest-bearing debt in the consolidated statement of financial position. Per 31 December 2022, the fair value of the interest rate hedging derivatives was positive EUR 12.4 million (2021: -0.2 million), reported as part of other current receivables (2021: other non-current liabilities) in the consolidated statement of financial position.

The financial instruments designated as hedged items in existing cash flow hedge relationships are:

Hedged items

EUR thousand	2022			2021		
	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve
Interest rate risk						
Floating rate issued loans	573,000	573,000	9,630	200,000	200,000	-230
Total	573,000	573,000	9,630	200,000	200,000	-230

The table below sets out the derivatives designated as hedging instruments in existing cash flow hedge relationships, and the outcome of the Group's hedging strategy.

Hedging instruments

EUR thousand	2022			2021		
	Up to 1 year	1–5 years	Total	Up to 1 year	1–5 years	Total
Interest rate caps						
Nominal amount	573,000		573,000	2,778	197,222	200,000
Average strike	0.5%		0.5%	0.5%	0.5%	0.5%

The effective portion of changes in the fair value on the hedging instrument that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Hedge ineffectiveness is, if applicable, recorded as part of financial expenses or financial revenue. There was no material ineffectiveness in 2022 or 2021. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. In 2022, EUR 0.2 million (net of tax) has been reclassified from the cash flows hedge reserve (OCI) into profit or loss, reducing the interest rate expenses on borrowings reported in [note 7](#) with EUR 0.3 million (pre-tax).

Note 19 Events after the reporting period

There has been no material events after the reporting period for 2022.

/ Responsibility statement from the Board and the CEO

We confirm to the best of our knowledge that the consolidated financial statements for 2022 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2022 have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Axactor ASA and the Axactor Group for the period.

We also confirm to the best of our knowledge that the Annual Report gives a true and fair view of the development, performance and financial position of Axactor ASA and the Axactor Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 30 March 2023

Kristian Melhuus
Chair

Brita Eilertsen
Board member

Terje Mjøs
Board member

Lars Erich Nilsen
Board member

Kathrine Astrup
Fredriksen
Board member

Johnny Tsolis
CEO



To the General Meeting of Axactor ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Axactor ASA, which comprise:

- the financial statements of the parent company Axactor ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Axactor ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and

regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 17 October 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key audit matters for our audit of the 2022 financial statements. Valuation of debt portfolios continues to be an important focus area in our audit.

Key Audit Matters

Valuation of debt portfolios

Debt portfolios represent a considerable part of the Group's total assets. The valuation of the portfolios includes substantial elements of management judgement. The book value of debt portfolios is determined by projecting expected future cash flows and discounting them to present value using the effective interest rate as of the date the portfolios were acquired.

Some of the key assumptions related to the valuation includes the size of expected future cash flows, and timing of future payments. The estimated timing and size of payments of cash flows require both judgement and experience to assess, and actual timing and size of payments may differ from the estimates.

Management performed a review every quarter in which they assessed the performance of the Group's portfolios, with particular focus directed towards whether portfolios met certain performance criteria. The quarterly procedure was designed to identify portfolios where adjustments of book value was necessary.

In accordance with IFRS 9, expected credit losses shall be based on forward-looking assessments, so that any impairment reflects expected losses. The use of models to determine expected credit losses also entails judgment, specifically related to determination of significant parameters in the model.

During 2022 Axactor, with assistance from external experts, performed extensive work to expand the portfolio revaluation model. The work included testing of correlation between macroeconomic factors and cash collection. The purpose of the testing was to identify macroeconomic factors with prediction value on cash collection and apply current and future macroeconomic factors as input with usage of more than one scenario in subsequent measurement of expected credit losses. A new expanded revaluation model (macroeconomic overlay model) was implemented in Q4 2022.

We focused on this area because valuation of debt portfolios carries an inherent risk of both errors due to the large data materials and complex models necessary to arrive at an estimate, and bias in judgmental assumptions. Both factors may have a material effect on the Group's net profit and net book value of total assets.

Notes 2.12.1, 3, 4 and 18 to the consolidated financial statements are relevant for the description of the Group's debt portfolios.

How our audit addressed the Key Audit Matter

We tested the accuracy of initial recognition of portfolios by tracing purchase prices in the contracts back to registration in the system on a sample basis. We also tested completeness, by reconciling the value per 31 December 2022 of the debt portfolios from the database, which is used as a source for the performance review, to the booked value. To verify accuracy of portfolio performance, we sampled and matched reported cash collection to underlying bank statements. Correspondingly, we obtained cash collection reports and traced the amounts to the database.

We obtained a detailed understanding of management's review controls, specifically as it relates to the review management performed quarterly on the performance of the portfolio, and tested its operational effectiveness.

We sampled all portfolios not meeting management's defined performance criteria at year end. Based on obtained documentation for these portfolios, including inspection of the underlying figures in the database, we challenged management's assumptions and conclusions noted in their review. We discussed with them their assessments and tested assumptions, and were deemed necessary, obtained and evaluated additional documentation that substantiated management's conclusions. We performed recalculation based on our own models to test the completeness and accuracy of the Group's, portfolio database.

In connection with Axactor's testing of macroeconomic relationships, scenarios, and implementation of the macroeconomic overlay model, we used our own experts and carried out an assessment of Axactor's methodology for applying macroeconomic stress testing to their cash flow forecasts. The assessment consisted of a qualitative analysis of the model and a test of the model build to ensure that it had been implemented in line with their model documentation. Additionally, as part of our audit procedures, our experts also reviewed the adjustments implemented at the balance-sheet date related to macroeconomic adjustments and comparing Axactors documentation to their own experience and knowledge.

Additionally, we assessed qualifications, competence and objectivity of management's external experts by among other, reviewing their terms of engagement to determine whether there were unusual terms that might have affected their objectivity or imposed scope limitations upon their work. Based on this work, we were satisfied that the experts remained objective and competent, and that the scope of their work was appropriate.

We read the notes and found them to be adequate and give a balanced overview of the different parameters and judgmental assumptions used.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies

correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the

audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Axactor ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name AxactorASA-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 30 March 2023

PricewaterhouseCoopers AS

Anne Lene Stensholdt
State Authorised Public Accountant
(This document is signed electronically)



Alternative performance measures

Alternative performance measures (APMs) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortizations and revaluations, and change in fair value of forward flow commitments	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 fair value of forward flow commitments
Cash EBITDA from continuing operations	EBITDA adjusted for change in fair value of forward flow commitments, portfolio amortizations and revaluations, repossessed assets cost of sale and impairment, and calculated cost of share option program	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 32 , 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 purchased loan portfolios in nominal values, over the next 180 months. The ERC does not include sale of repossessed assets if the assets are already repossessed	ERC is a standard APM within the industry with the purpose to illustrate the future cash collection including estimated interest income and opex	Purchased loan 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 attributable 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 and current portion of interest-bearing debt and cash and cash equivalents from the consolidated statement of financial position and as attributable to discontinued operations according to note 32 , adjusted for capitalized loan fees and accrued interest according to note 25
Return on equity to shareholders	Net profit/(loss) after tax from continuing and discontinued operations attributable to shareholders divided by average equity for the period attributable to shareholders	Measures the profitability in relation to shareholders' equity	Net profit/(loss) after tax attributable to shareholders of the parent company 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	Net profit/(loss) after tax from continuing operations divided by average total equity for the period	Measures the profitability in relation to total equity. This APM has replaced 'Return on equity, including non- controlling interests' 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 total equity from the consolidated statement of changes in equity

Gross revenue

EUR thousand	2022	2021 ¹
Total income	239,692	158,298
Portfolio amortizations and revaluations	97,218	148,542
Change in fair value of forward flow commitments	-	782
Gross revenue	336,911	307,622

¹ Comparative figures have been re-presented due to a discontinued operation, see [note 32](#)

EBITDA and Cash EBITDA

EUR thousand	2022	2021 ¹
Total income	239,692	158,298
Total operating expenses	-120,738	-117,800
EBITDA from continuing operations	118,955	40,498
Change in working capital related to forward flow commitments	-	782
Calculated cost of share option program	462	180
Portfolio amortizations and revaluations	97,218	148,542
Cost of repossessed assets sold, incl. impairment	1,496	2,136
Cash EBITDA from continuing operations	218,130	192,138
EBITDA from discontinued operations	-7,008	-16,765
Cost of REOs sold, incl. impairment	18,318	48,379
Cash EBITDA	229,440	223,752
Taxes paid	-10,713	-3,261
Change in working capital, excl. forward flow commitments	1,291	4,209
Cash flow from operating activities before NPL and REO investments	220,019	224,700

¹ Comparative figures have been re-presented due to a discontinued operation, see [note 32](#)

Estimated remaining collection (ERC)

EUR thousand	2022	2021
Purchased loan portfolios	1,252,642	1,095,789
Estimated opex for future collection at time of acquisition	363,858	296,290
Estimated discounted gain	928,920	748,464
Estimated remaining collection (ERC)	2,545,419	2,140,543

Net interest-bearing debt (NIBD)

EUR thousand	2022	2021
Non-current portion of interest-bearing debt from financial position	445,590	834,411
Current portion of interest-bearing debt from financial position	499,709	3,845
Interest-bearing debt, discontinued operations	10,247	
Total interest-bearing debt	955,546	838,256
Capitalized loan fees	-9,144	-17,566
Accrued interest	4,172	3,845
Cash and cash equivalents from financial position	29,045	38,155
Cash and cash equivalents, discontinued operations	3,607	
Net interest-bearing debt (NIBD)	927,865	813,821

Return on equity to shareholders

EUR thousand	2022	2021
Net profit/(loss) after tax attributable to shareholders of the parent company	36,757	-32,797
Average equity for the period related to shareholders of the parent company	399,433	384,751
Return on equity to shareholders	9.2%	-8.5%

Return on equity, continuing operations

EUR thousand	2022	2021
Net profit/(loss) after tax from continuing operations	40,644	-25,393
Average total equity for the period	397,163	407,454
Return on equity, continuing operations	10.2%	-6.2%

/ Glossary

Terms

Active forecast	Forecast of estimated remaining collection on purchased loan 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 purchased loan 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 loan portfolios at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to the book value of purchased loan portfolios, calculated using monthly cash flows over a 180-months period

Group	Axactor ASA and all its subsidiaries
NPL amortization rate	Portfolio amortization divided by collection on own portfolios for the NPL segment
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 loan portfolio
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Amount of acquisitions of new loan portfolios needed to keep the book value of purchased loan portfolios constant compared to last period
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured loan portfolios
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
HQ	Headquarters
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

/ GRI content index

Axactor has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. This table shows Axactor's reporting for 2022 with reference to the GRI Universal Standards 2021.

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
General information				
Organization profile				
2-1	Organizational details	Name of the organization	Axactor ASA	
2-6	Activities and workers	Activities, products and services provided by the organization	This is Axactor -Axactor at a glance	
2-1	Organizational details	Location of the organization's headquarters	Drammensveien 167, 0277 Oslo, Norway	
2-1	Organizational details	The organization's countries of operations	Norway, Sweden, Finland, Germany, Spain and Italy	
2-1	Organizational details	Ownership and legal form	Publicly listed limited liability company (Norwegian allmennaksjeselskap)	https://www.axactor.com/investor-relations/share-and-debt-information/main-shareholders
2-6	Activities and workers	Sector(s) in which the organization is active	This is Axactor -Axactor at a glance and Strategy and financial targets	
2-6	Activities and workers	Scope and size of the organization	This is Axactor -Axactor at a glance and Key figures	
2-6	Activities and workers	Supply chain	Sustainability report – Sustainable value chains	
2-6	Activities and workers	Significant changes in sector(s) which the organization is active and other relevant business relationships compared to the previous reporting period	This is Axactor – Key events 2022 and Highlights of the year	
2-7	Employees	Total number of employees (permanent and temporary) and a breakdown by gender and region	Sustainability report - People	
2-23	Policy commitments	Policy commitments for responsible business conduct and respect of human rights	Corporate governance report – Section 10	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-28	Membership associations	Industry associations, other memberships associations, and national or international advocacy organization in which it participates in a significant role	Sustainability report - Ethical debt collection is an essential part of a well-functioning credit market	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development and its strategy for contributing to this	This is Axactor – Letter from the CEO Board of Director’s report – Section 4	
2-23	Policy commitments	Describe the organization's values, principals, standards and norms of behavior	Sustainability report – Building a viable financial system for people and society	
2-24	Embedding policy commitments	Describe how policies for responsible business conduct are embedded in the organization's activities and business relationships	Sustainability report	
2-25	Processes to remediate negative impacts	Describe the organization's commitments and approach has for remediation of negative impacts it has directly or indirectly caused or contributed to	Sustainability report – Sustainable value chains	
2-26	Mechanisms for seeking advice and raising concerns	Mechanisms for individuals to seek advice on implementing the organization's policies and practices for responsible business conduct, and raise concerns about the organization's business conduct	Sustainability report – Sustainable value chains People – Health and work environment	
2-27	Compliance with laws and regulation	Total number of significant instances of non-compliance with laws and regulations during the reporting period, and instance where fines or non-monetary fines were incurred	Board of Director’s report – Section 4	No violations and no fines
Governance				
2-9	Governance structure and composition	Governance structure, including committees of the highest governance body that are responsible for decision making on and overseeing the management of the organization's impacts on the economy, environment, and people	Corporate governance report – Section 9	
2-10	Nomination and selection of the highest governance body	Criteria used for nominating and selecting highest governances body members, including whether and how views of stakeholders, diversity, independence and competencies relevant to the impacts of the organization are considered	Corporate governance report – Section 7	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-11	Chair of the highest governance body	Describe whether the chair of the highest governance body is also a senior executive of the organization, and if so, explain their function, the reasons of such an arrangement and how conflicts of interested are prevented and mitigated	Corporate governance report – Section 8	
2-12	Role of the highest governance body in overseeing the management of impacts	Describe the role of the highest governance body and its senior executives in developing, approving and updating the organization's purpose, values, mission statement, strategies, policies and goals related to sustainable development	Corporate governance report – Section 2	
2-12	Role of the highest governance body in overseeing the management of impacts	Describe the role of the highest governance body in overseeing the organizations' due diligence and other processes to identify and manage the organization's impact of the economy, environment, and people	Corporate governance report – Section 10	
2-13	Delegation of responsibility for managing impacts	Describe how the highest governance body delegates responsibilities for managing the organization's impacts on economy, environment and people	Sustainability report	
2-14	Role of the highest governance body in sustainability reporting	If the highest governance body is responsible reviewing and approving the reported information, describe the process	Corporate governance report – Section 4 Sustainability report	
2-15	Conflict of interest	Processes meant to prevent and mitigate conflicts of interest in the highest governance body	Corporate governance report – Section 9	
2-16	Communcation of critical concerns	Whether and how critical concerns are communicated to the highest governance body, and the nature and number of critical concerns reported during the reporting period	Corporate governance report – Section 10	No critical concerns reported during the year
2-17	Collective knowledge of the highest governance body	Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	Corporate governance report	
2-18	Evaluation of the performance of the highest governance body	Independent and internal processes to evaluate the performance of the highest governance body in overseeing the management of the organization's impact on the economy, environment and people. Describe actions taken in response to the evaluations	Corporate governance report – Section 7 and 8	https://www.axactor.com/corporate-governance/nomination-committee
2-19	Remuneration policies	Remuneration policies for members of the highest governance body and senior executives, and how the remuneration policies for relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment and people	Corporate governance report – Section 11 and 12	https://www.axactor.com/corporate-governance/remuneration

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-20	Process to determine remuneration	Process for designing its remuneration policies and for determining remuneration	Corporate governance report – Section 11 and 12	https://www.axactor.com/corporate-governance/remuneration
2-21	Annual total compensation ratio	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual), represented as amount and percentage	People – Remuneration and benefits	
Stakeholder engagement				
2-21	Approach to stakeholder engagement	The categories of stakeholders the organization engages with	Sustainability report – Material issues and stakeholder engagement	
2-29	Approach to stakeholder engagement	Description of how the organization identifies stakeholders	Sustainability report – Material issues and stakeholder engagement	
2-29	Approach to stakeholder engagement	Approach to engaging with stakeholders, and how often the organization includes different stakeholders	Sustainability report – Material issues and stakeholder engagement	
2-30	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements	People – Remuneration and benefits	
Reporting practices				
2-2a	Entities included in the organization's sustainability reporting	Entities included in its sustainability reporting	Financials – Note 20	
2-2b	Entities included in the organization's sustainability reporting	Specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting	No differences	
2-2c	Entities included in the organization's sustainability reporting	Explain the approach used for consolidating information	Same as for financial reporting. See Financials – Note 2	
3-1a	Process to determine material topics	Describe the process the organization has followed to determine its material topics	Global Reporting Initiative 2016 and 2021	
3-1b	Stakeholders whose views have informed the process of determining material topics	Specify the stakeholders and experts whose views have informed the process of determining its material topics	Sustainability report – Material issues and stakeholder engagement	
3-2	List of materials topics	List the organization's material topics	(i) Sustainable value creation Ethical debt collection Environment	
2-4	Restatements of information	Report restatements of information from previous reporting periods	N/A	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
3-2	List of materials topics	Report changes to the list of material topics compared to the previous reporting period	N/A	
2-3	Reporting period, frequency and contact point	Reporting period for, and the frequency of, the organization's sustainability reporting, publication date and contact point for questions about the report	Date of publishing: 30.03.2023 Reporting period: 2022 Reporting frequency: Yearly Contact point: Vibeke Ly	Vibeke.ly@axactor.com
2-5	External assurance	External assurance of the organization's sustainability report	The organization's sustainability report has not been externally assured.	

Specific information

1. Sustainable value creation

1.1. Preventing financial crime and corruption

3-3	Management of material topics	Description and definition of material topics	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
205-1	GRI 205: Anti-corruption 2016	Operations assessed for risks related to corruption	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
205-2	GRI 205: Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	Sustainability report – Preventing financial crime and corruption	
205-3	GRI 205: Anti-corruption 2016	Confirmed incidents of corruption and actions taken	Sustainability report – Preventing financial crime and corruption	No violations and no fines
207-1	GRI 207: Tax 2019	Approach to tax	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
207-2	GRI 207: Tax 2019	Tax governance, control, and risk management	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2. Ethical debt collection				
2.1. Customer privacy				
3-3	Management of material topics	Description and definition of material topics	Sustainability report – Data privacy and Information security	
418-1	GRI 418: Customer privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report – Data privacy and Information security	None
2.2. Training and education				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
404-1	GRI 404: Training and education 2016	Average hours of training per year per employee	Sustainability report – People	
404-2	GRI 404: Training and education 2016	Programs for upgrading employee skills and transition assistance programs	Sustainability report – People	
404-3	GRI 404: Training and education 2016	Percentage of employees receiving regular performance and career development reviews	Sustainability report – People	Close to 100%
2.3. Employment				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
401-1	GRI 401: Employment 2016	New employee hires and employee turnover	Sustainability report – People	
401-3	GRI 401: Employment 2016	Parental leave	Sustainability report – People	
2.4. Diversity and equal opportunity				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
405-1	GRI 405: Diversity and equal opportunity 2016	Diversity of governance bodies and employees	Sustainability report – People	
405-2	GRI 405: Diversity and equal opportunity 2016	Ratio of basic salary and remuneration of women to men	Sustainability report – People	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
3. Environment				
3.1. Emissions				
3-3	Management of material topics	Description and definition of material topics	Sustainability report – Environment	
305-1	GRI 305: Emissions 2016	Direct (Scope 1) GHG emissions	Sustainability report – Environment	
305-2	GRI 305: Emissions 2016	Energy indirect (Scope 2) GHG emissions	Sustainability report – Environment	
305-3	GRI 305: Emissions 2016	Other indirect (Scope 3) GHG emissions	Sustainability report – Environment	
305-5	GRI 305: Emissions 2016	Reduction of GHG emissions	Sustainability report – Environment	

General ESEF data

Name of reporting entity or other means of identification	Axactor ASA
Domicile of entity	Norway
Legal form of entity	Public limited liability
Country of incorporation	Norway
Address of entity's registered office	Drammensveien 167, 0277 Oslo
Principal place of business	Oslo, Norway (head office)
Description of nature of entity's operations and principal activities	Debt collection
Name of parent entity	Axactor ASA
Name of ultimate parent of group	Axactor ASA
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	Change of legal form from SE to ASA

