S&P Global Ratings

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Axactor ASA

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This report does not constitute a rating action.

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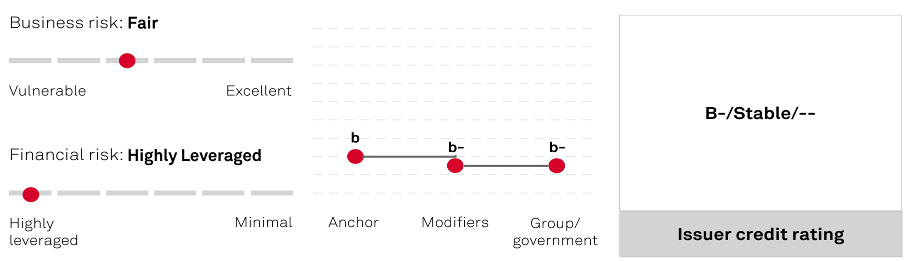
Ratings Score Snapshot



Credit Highlights

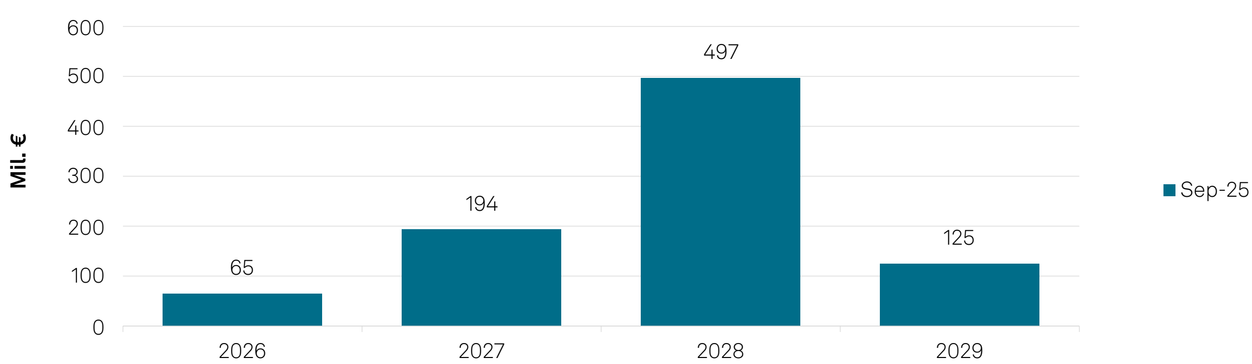
Overview

Key strengths	Key risks
Revenue diversification, including third-party servicing, provides some revenue resilience during industry downturns.	Revenue could remain depressed, coming from a smaller investment portfolio and the phasing out of positive effects from last year's portfolio sales.
Robust adjusted EBITDA margins at about 60% with solid operating expense controls.	Pressure on debt covenants stemming from lower collection levels and higher interest expenses.
	Historically negative revaluations on receivables portfolios

In our opinion Axactor's capital structure has improved which has decreased its refinancing risk. Following a complicated year, marked by lower collections and constant pressures on debt covenants that led to negative revaluations and portfolio sales, the company decreased its investment targets for 2025 and shifted its focus toward actively managing its increasing refinancing risk as roughly 78% of its interest-bearing liabilities were due in 2026. In April 2025, the company announced the renewal of its revolving credit facility (RCF) under the same terms until 2028 and bought back approximately €40 million of its 2026 bonds, which marked the first point of their refinancing plan and an increase in investor confidence for the company. In June 2025, Axactor successfully tapped into the market issuing a new series of unsecured bonds for €125 million, which was used to reduce the outstanding amount of its ACR03 bonds. In September 2025, it reached an agreement with its RCF lenders to be able to use the facility to repay the residual outstanding balance of €65 million. After these refinancing efforts, Axactor's maturity profile is now longer dated and more diversified. The company no longer has any major maturities within the next 12 to 18 months and has enough time to prepare for its notes due 2027, although it only represents 22% of its debt stack, which we consider manageable.

Chart 1

Axactor's maturity profile improved after refinancing efforts of 2025

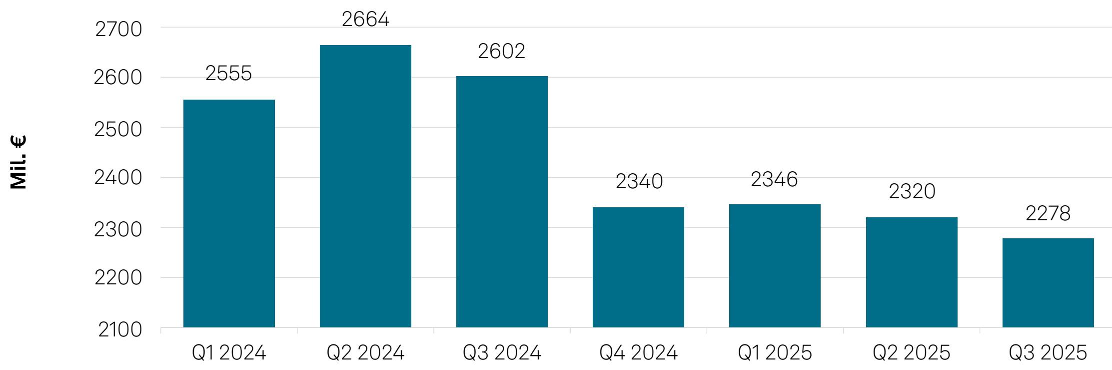


2028 is Axactor's revolving credit facility. Source: S&P Global Ratings.

Axactor's revenue will remain depressed during the next 12 months. A smaller loan portfolio following last year's sale and collection slightly below its revised forecast during the third quarter resulted in a contraction of 9% year on year on Axactor's gross revenue. Although overall collection during 2025 was 100% and in line with the expected performance, it still falls short of initial recovery values at the time of investment prior to Axactor recognizing material negative revaluations in late 2024. We consider some of the factors affecting Axactor's collection as industry- and macro-related. However, we consider the impact on the company to be greater compared with other rated peers within the distressed debt purchaser industry that sustained collection levels consistently above 100% with limited revaluations. Axactor's 3PC business has been growing and increasing its contribution to the group's revenue, partially compensating these negative effects, but still lacks materiality as it only represents around 20% of the company's total revenue. We do not expect a major shift in revenue contribution in the coming years, despite headwinds in the investment side of their business.

Chart 2

Sales and revaluations, and limited investments, result in a decline in total ERC



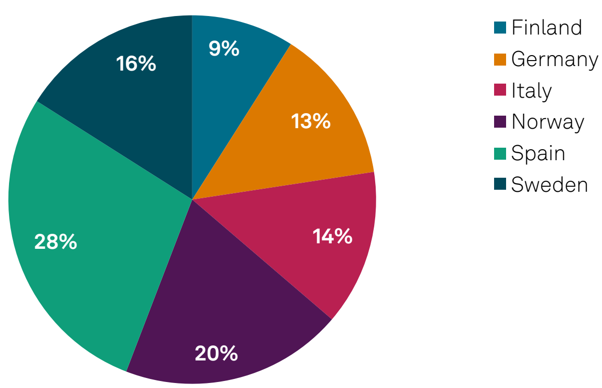
ERC--Estimated remaining collections. Source: S&P Global Ratings.

Axactor maintains reasonable geographic and revenue diversification, despite being a niche player. Its business is concentrated in the unsecured nonperforming loan (NPL) industry, unlike larger players that have wider portfolio diversity. This narrow focus means Axactor is inherently dependent on market pricing and dynamics. That said, it has some diversification in terms of geographic footprint in its investment portfolio, covering six European countries. It also has an additional business line that manages third-party collections, but its impact on gross revenue remains limited, at just under 20%, and 25% of total income as of third-quarter 2025. While we consider third-party collection revenue more stable, it is a fairly concentrated business segment in which Spain accounts for nearly 51% of its income.

Chart 3

Balanced geographic diversification in Europe

Book value of purchased debt portflios as of Sept. 30, 2025



Source: S&P Global Ratings.

Outlook

The stable outlook on our ratings on Axactor reflect the absence of major debt maturities within the next 12 months and our expectations that the company will maintain stable adjusted EBITDA levels from improving collection levels more in line with its active recovery forecast.

Downside scenario

We could lower the ratings within the next 12 months if collections are substantially weaker than the company's revised forecast and have a negative effect on its adjusted EBITDA levels, making it more complex for Axactor to refinance any upcoming maturities. We could also lower the ratings if we see increased risk of the company breaching its debt covenants once the cash effects from 2024 portfolio sales wear off.

Upside scenario

Although unlikely within the next 12 months, we could raise the ratings if we see enough evidence that collections improved, and the company stabilized its revenue sources at a sustainable level allowing the company to resume its business growth and gradually improve its leverage profile sustainably below 5.0x. Any positive rating action would also be dependent on Axactor's refinancing risk and financial flexibility, including its ability to fully pay down or roll over upcoming debt maturities in 2026 and 2027.

Our Base-Case Scenario

Assumptions

- Adjusted revenue growth of 95% for 2025, following a year marked by one-off amortizations and revaluations. For 2026, we expect a contraction close to 5% as the company's investment portfolio continued decreasing during 2025.
- Improving interest expenses, closer to €80 million, for the next couple of years.
- Improving costs due to enhancements in the servicing business and lower IT expenses, offset by lower revenue.
- NPL investments slightly above the replacement rate, at about €70 million in 2025, and increased levels closer to €100 million in 2026.
- No dividend payouts.

Key metrics

Axactor ASA--Key metrics*

	Fiscal year ended Dec. 31		
Mil. €	**2024a**	**2025e**	**2026f**
Debt to cash adjusted EBITDA (x)	5.2	5.4	5.1-5.3
Cash adjusted EBITDA cash interest coverage (x)	1.9	2	2.0-2.3
Debt-to-tangible equity (x)	3.2	2.9	2.6-2.9

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast

Company Description

Axactor ASA is a Norway-based debt purchaser and servicer founded in 2015. Its core business is the purchasing of nonperforming debt in the Nordics, Spain, Germany, and Italy. It specializes in unsecured consumer debt from banks and other consumer lenders. Approximately 25%-30% of the group's revenue comes from consumer debt collections on behalf of third parties and ancillary services. The group is publicly traded on the Oslo Stock Exchange, but investment company Geveran Trading Co. Ltd., which is indirectly owned by John Fredriksen, owns about 47% of share capital.

Peer Comparison

Other distressed debt purchasers we rate include PRA Group (BB/Negative/--), B2 Impact (BB-/Positive/--), Garfunkelux Holdco 2 S.A. (the holding company of Lowell group; CCC+/Stable/C), Intrum AB (CCC+/Stable/C), and Sherwood Parentco Ltd. (B/Negative/--, the holding company of Arrow Global). We also compare Axactor with relatively smaller entity in the peer group, namely iQera Group SAS (CCC+/Stable/--).

Axactor ASA -- Peer comparison

Industry Sector: Finance Company

	Axactor ASA	Intrum AB (publ)	B2 Impact ASA	PRA Group Inc
Ratings as of May 2025	B-/Stable/--	CCC+/Stable/C	BB-/Stable/--	BB/Negative/--
	--Fiscal year ended Dec. 31, 2024--			
(Mil. €)				
Revenue	290.6	1728.4	382.5	1340.3
EBITDA	173.5	421.8	233.8	627.4
Debt	895.2	4499.2	833.3	3416.7
Equity	331.7	1349.8	477.7	1152.9
Adjusted ratios				
EBITDA interest coverage (x)	1.9	1.3	2.7	2.7
Debt/EBITDA (x)	5.2	10.7	3.6	5.4
FFO/debt (%)	7.0	1.1	18.0	11.8

N.M.--Not meaningful

Axactor ASA -- Financial summary

Industry Sector: Finance Company

	--Fiscal year ended Dec. 31--				
	2024	2023	2022	2021	2020
(Mil. €)					
Revenue	290.6	305.5	289.6	291.5	281.2
EBITDA	173.5	182.5	170.4	126.0	128.2
Funds from operations (FFO)	62.3	87.7	108.5	57.0	70.1
Interest expense	89.1	81.6	57.9	52.9	63.6
Cash interest paid	87.6	83.1	51.2	65.7	52.6
Cash flow from operations	266.0	204.2	218.6	222.3	205.3
Capital expenditure	131.6	123.9	295.7	120.1	219.1
Free operating cash flow (FOCF)	134.5	80.3	(77.1)	102.2	(13.8)

Axactor ASA -- Financial summary

Discretionary cash flow (DCF)	134.5	80.3	(77.1)	102.2	(13.8)
Cash and short-term investments	33.0	31.8	29.0	41.6	47.8
Gross available cash	33.0	31.8	29.0	41.6	47.8
Debt	895.2	951.3	957.5	849.3	941.3
Equity	331.7	423.5	410.6	381.3	375.7
Adjusted ratios					
EBITDA margin (%)	59.7	59.7	58.8	43.2	45.6
Return on capital (%)	12.9	12.7	12.4	9.1	8.9
EBITDA interest coverage (x)	1.9	2.2	2.9	2.4	2.0
FFO cash interest coverage (x)	1.7	2.1	3.1	1.9	2.3
Debt/EBITDA (x)	5.2	5.2	5.6	6.7	7.3
FFO/debt (%)	7.0	9.2	11.3	6.7	7.4
Cash flow from operations/debt (%)	29.7	21.5	22.8	26.2	21.8
FOCF/debt (%)	15.0	8.4	(8.0)	12.0	(1.5)
DCF/debt (%)	15.0	8.4	(8.0)	12.0	(1.5)

N.M.--Not meaningful

Axactor ASA--Reconciliation of reported amounts with S&P Global Ratings' adjusted amounts

Axactor ASA reported amounts (mil. €)

	--Fiscal year ended Dec. 31, 2024--						
	Debt	**Shareholders' equity**	**Revenue**	**EBITDA**	**Operating income**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**
	884.7	340.9	127.9	9.3	-2.3	173.5	270.3
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	--	-23.6	--
Cash interest paid	--	--	--	--	--	-87.6	--
Reported lease liabilities	10.4	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	--	5.5	--	--
Foreign exchange movements (reported below CFO)	--	--	--	--	--	--	-1.8
Noncontrolling interest/minority interest	--	-9.2	--	--	--	--	--
Revenue: Other (situational)	--	--	162.6	162.6	162.6	--	--
EBITDA: Other (situational)	--	--	--	1.6	1.6	--	--
Total adjustments	10.4	-9.2	162.6	164.2	169.7	-111.2	-1.8
S&P Global Ratings' adjusted amounts							
	Debt	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Funds from operations**	**Cash flow from operations**
	895.2	331.7	290.6	173.5	167.4	62.3	268.5

Liquidity

After recent refinancing efforts, we expect liquidity to remain sound for the next 12-18 months. Axactor's liquidity position improved during 2025 as its investments in portfolios decreased and it piled up cash as they focused on its refinancing needs. In this sense, the company's cash position increased by nearly 35% when compared with the end of 2024. After its latest efforts, Axactor does not have any substantial liquidity needs within the next 12-18 months as it leverages its remaining RCF to repay the residual outstanding balance of ACR05 for €65 million in September 2026. We expect the company's liquidity levels to gradually decrease toward historical levels as it resumes its portfolio growth and that its sources will continue to cover more than 1.2x its uses. Our base case for the 12 months starting Sept. 30, 2025, is as following:

Principal liquidity sources	Principal liquidity uses
• A cash and cash equivalent balance of €44.8 million; • Undrawn capacity of €80 million under its RCF; and • Cash funds from operations of €110.5 million.	• Maintenance portfolio purchases of about €50 million-€100 million to replenish Axactor's asset base (base case: €92.5 million); • Debt maturities of €65 million; and • No dividends.

Covenant Analysis

Requirements

Despite the expected spike in leverage and the phasing out in the fourth quarter of the positive effect on its pro forma metrics coming from the portfolio sale in 2024, we expect Axactor to remain compliant with its debt covenants but under significant pressure regardless of the potential smaller sized back book sale the company announced in the third quarter, which could provide some headroom if EBITDA metrics remain depressed but are limited to its already high loan-to-value (LTV) levels.

Compliance expectations

When we monitor these covenants, we consider the company's reported metrics. As of September 2025, the covenant levels and breaching thresholds were:

- **Leverage ratio:** Net interest-bearing debt to pro forma adjusted cash EBITDA: 2.9x. Our forecast for year-end 2025 is 3.9x (covenant limit is 4.0x);
- **Coverage ratio:** Pro forma adjusted cash EBITDA to net interest expense: 4.0x. Our forecast for year-end 2025 is 3.2x (covenant limit is 3.0x except for ACR05 which is 2.75x);
- **LTV:** Net-interest-bearing debt to total portfolio book value: 77%; and

Secured LTV: Secured net interest-bearing debt to total portfolio book value: 42% (covenant limit is 60%).

Environmental, Social, And Governance

ESG factors have no material influence on our credit rating analysis of Axactor.

Issue Ratings--Recovery Analysis

Key analytical factors

- The issue rating on Axactor's senior unsecured note is 'B-', in line with the issuer credit rating. This is based on a recovery rating of '3', indicating our expectation of meaningful recovery (50%-70%; rounded estimate: 60%) in an event of default. The recovery rating is constrained by Axactor's sizable multicurrency senior secured RCF (€545 million), which is structurally superior to Axactor's senior unsecured bonds.
- In our simulated default scenario, we envisage a default in 2027, reflecting a significant decline in cash flow because of lost clients, difficult collection conditions, or greater competitive pressures, leading to the mispricing of portfolio purchases.
- We calculate a combined enterprise value, taking into consideration the different business segments and assuming Axactor finds a potential acquirer for its portfolio of debt receivables. We apply a haircut of 35% to the book value of the debt portfolios and latest available figures.
- In addition, we assume earnings from its third-party servicing business will decline under the stress scenario and apply a valuation using a 4.0x EBITDA multiple. We assess Axactor on a going-concern basis, given its established relationships with customers.

Simulated default assumptions

- Simulated year of default: 2027
- EBITDA multiple: 4.0x
- Jurisdiction: Norway
- RCF is 85% drawn at default. We do not add Axactor's accordion option to prior-ranking claims because it is not committed, and we do not anticipate it will be used as a funding vehicle within the regular course of business.

Simplified waterfall

- Gross enterprise value at default: €789 million
- Net enterprise after 5% administrative costs: €750 million
- Prior ranking claims: €481 million under the RCF
- Collateral value available to unsecured debt: €269 million
- Senior unsecured debt claims: About €423 million
- --Recovery expectation: 50%-70% (rounded estimate: 60%)

Note: Debt amounts include six months of accrued interest that we assume will be owed at default. Collateral value includes asset pledges from obligors (after priority claims) plus equity pledges in non-obligors. We generally assume usage of 85% for cash flow and 60% for asset-based lending revolving facilities at default.

Rating Component Scores	
Foreign currency issuer credit rating	**B-/Stable/--**
Local currency issuer credit rating	**B-/Stable/--**
Business risk	**Fair**
Country risk	Low
Industry risk	Moderately High
Competitive position	Fair
Financial risk	**Highly Leveraged**
Cash flow/leverage	Highly Leveraged
Anchor	**b**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**b-**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Distressed Debt Purchasers Get Ready For A Bumpy Recovery, Nov. 5, 2024

- Axactor ASA, Sept. 26, 2024
- Various Rating Actions Taken On Distressed Debt Purchasers On New Criteria And Sector Review; Ratings Removed From UCO, April 26, 2024

Ratings Detail (as of December 18, 2025)*	
Axactor ASA	
Issuer Credit Rating	B-/Stable/--
Senior Unsecured	B-
Issuer Credit Ratings History	
27-Nov-2025	B-/Stable/--
25-Nov-2024	B-/Negative/--
17-Aug-2021	B/Stable/--
Sovereign Rating	
Norway	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.