

Research Update:

Axactor ASA Outlook Revised To Stable From Negative As Short-term Refinancing Risk Decreases; 'B-' Ratings Affirmed

November 27, 2025

Rating Action Overview

- Recent refinancing efforts from Norway-based distressed debt collector Axactor ASA (Axactor) have improved its capital structure and diversified its maturity profile.
- However, revenue will remain depressed, coming from a smaller investment portfolio and the phasing out of positive effects from last year's portfolio sales, and could therefore put some pressure on debt covenants.
- Therefore, we revised the outlook on our ratings on Axactor to stable from negative and affirmed our 'B-' long-term issuer credit rating on Axactor and our 'B-' rating on its senior unsecured debt, including its debt recovery ratings of '3' (60%).
- The stable outlook reflects the absence of major debt maturities within the next 12 months and our expectations that the company will maintain collection levels more in line with its active recovery forecast.

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Rating Action Rationale

We revised the outlook on our ratings on Axactor to stable from negative following the company's capital structure improving, which 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 roughly €230 million) 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.

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 to other rated peers within the distressed debt purchasers 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.

Reduced top line and the lack of accretive investments during 2025 will result in lower adjusted EBITDA and could renew pressure on its debt covenants. Axactor has managed to maintain relatively stable EBITDA margins, despite the decrease in its top line by implementing efficient cost reductions. However, Axactor's investments during 2025 decreased by nearly 48% if we compare third quarter figures with the same period in 2024, resulting in lower cash EBITDA while maintaining roughly the same debt stack. Therefore, we forecast Axactor's financial leverage, measured by S&P Global Ratings-adjusted debt to EBITDA, to increase between 5.3x and 5.5x for the year, from 5.1x in 2024. We expect a spike in reported leverage during the fourth quarter as the positive effect coming from the portfolio sale in 2024 phases out of pro forma metrics; however, in our adjusted metrics this is already considered, so we are not expecting any major change in our adjusted leverage. We assume Axactor will be able to manage that increase and remain compliant with its debt covenants but under significant pressure. This is 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 already high loan-to-value (LTV) levels.

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 revenues.
- Nonperforming loan investments slightly above the replacement rate, at about €70 million in 2025, and increased levels closer to €100 million in 2026.
- No dividend payouts.

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 to 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 next 12 months starting in September 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.

Covenants

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 LTV levels.

When we monitor these covenants, we consider the company's reported metrics. As of September 2025, the covenants 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%).

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

Rating Component Scores

Component	To	From
Foreign currency issuer credit rating	B-/Stable/--	B-/Negative/--
Local currency issuer credit rating	B-/Stable/--	B-/Negative/--
Business risk	Fair	Fair
Country risk	Low risk	Low risk
Industry risk	Moderately high risk	Moderately high risk
Competitive position	Fair	Fair
Financial risk	Highly leveraged	Highly leveraged
Cash flow/leverage	Highly leveraged	Highly leveraged
Anchor	b	b

Modifiers

Diversification/portfolio effect	Neutral/Undiversified	Neutral/Undiversified
Capital structure	Neutral	Neutral
Financial policy	Neutral	Neutral
Liquidity	Adequate	Adequate
Management and governance	Neutral	Neutral
Comparable rating analysis	Negative	Negative
Stand-alone credit profile	b-	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 UCQ](#), April 26, 2024

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	From
Axactor ASA		
Issuer Credit Rating	B-/Stable/--	B-/Negative/--
Ratings Affirmed; Recovery Ratings Unchanged		
Axactor ASA		
Senior Unsecured	B-	
Recovery Rating	3(60%)	

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