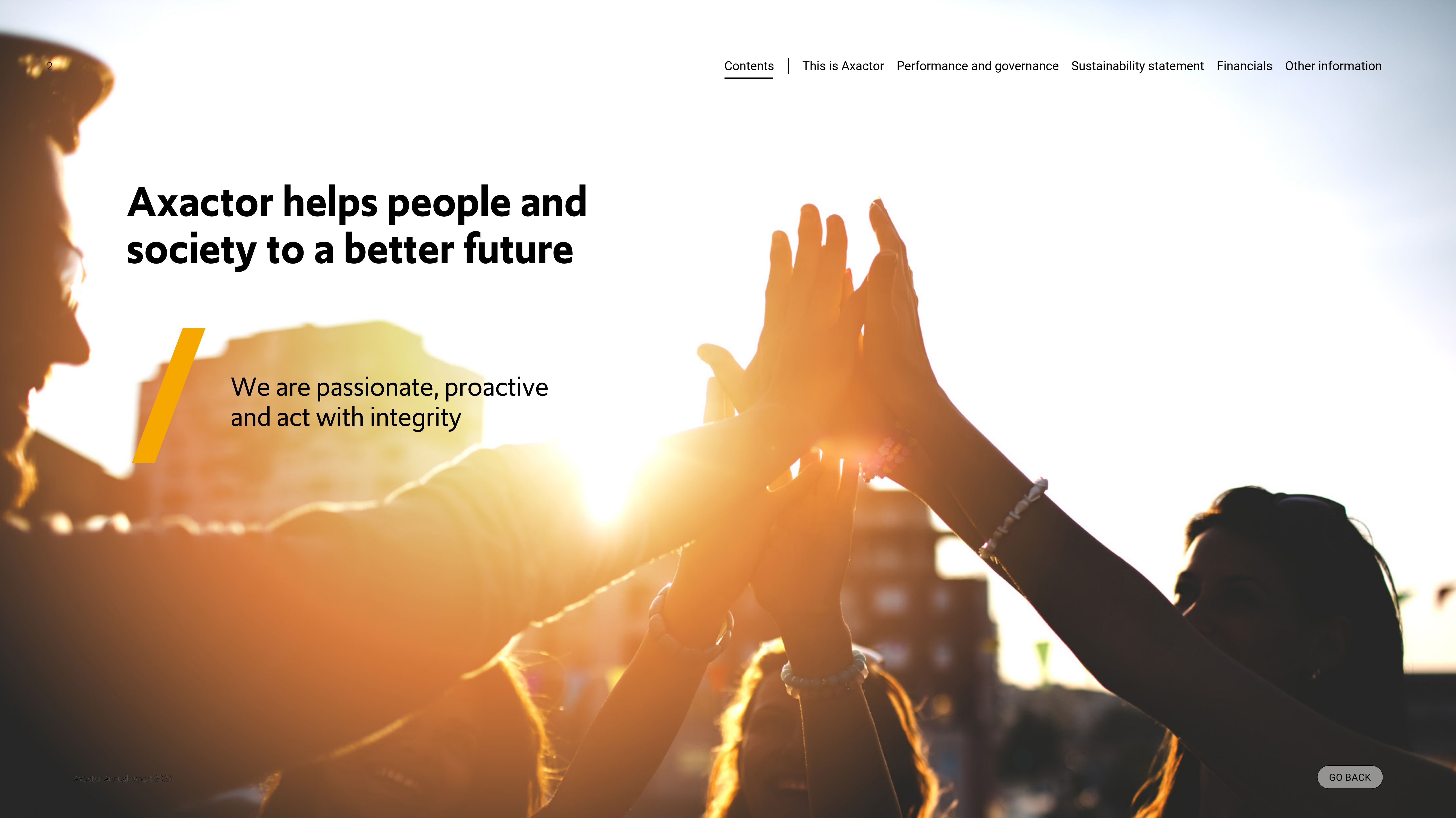
AXACTOR

Annual report 2024



Axactor helps people and society to a better future

We are passionate, proactive and act with integrity

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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 society 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

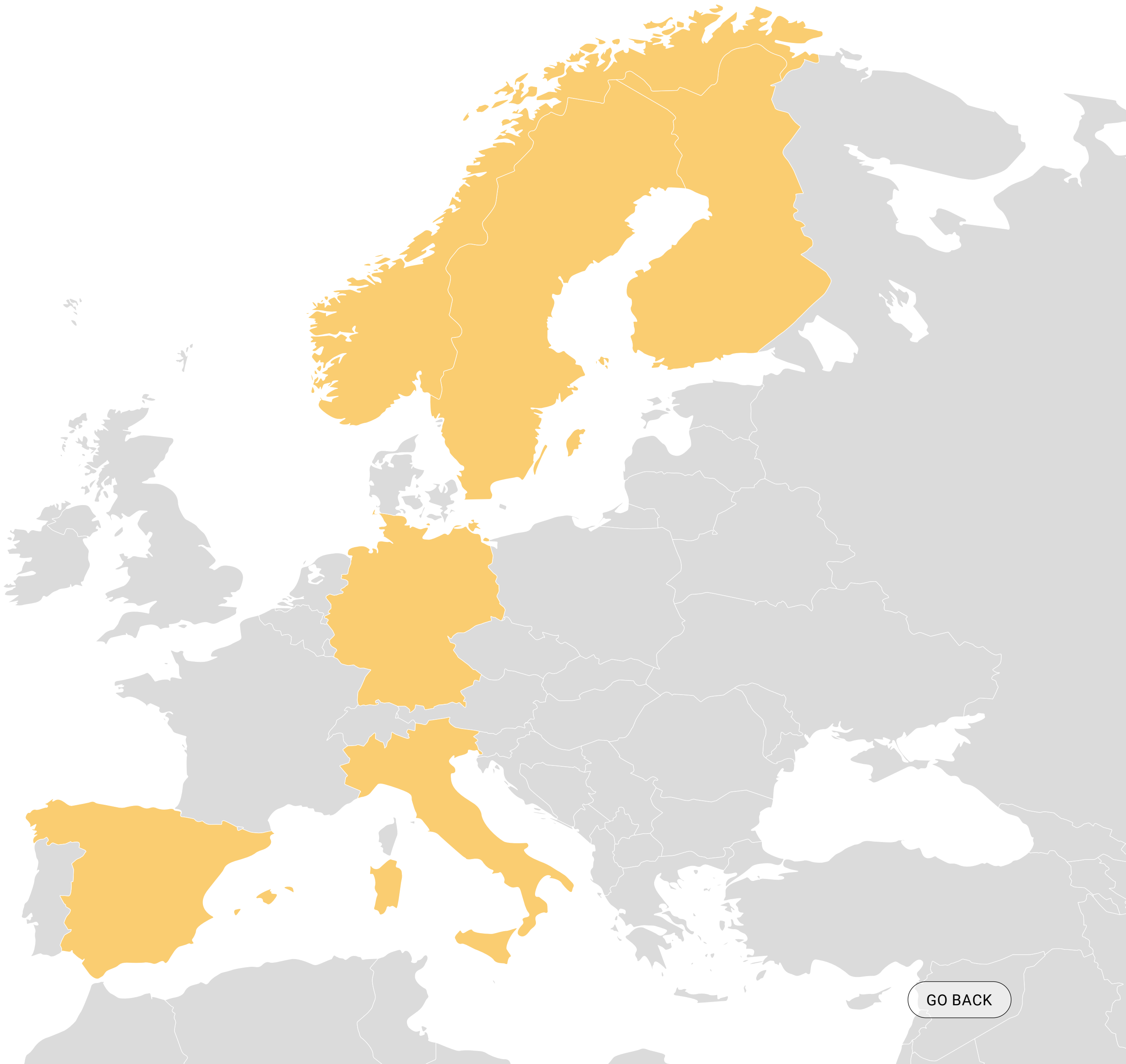
We are passionate about everything we do

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

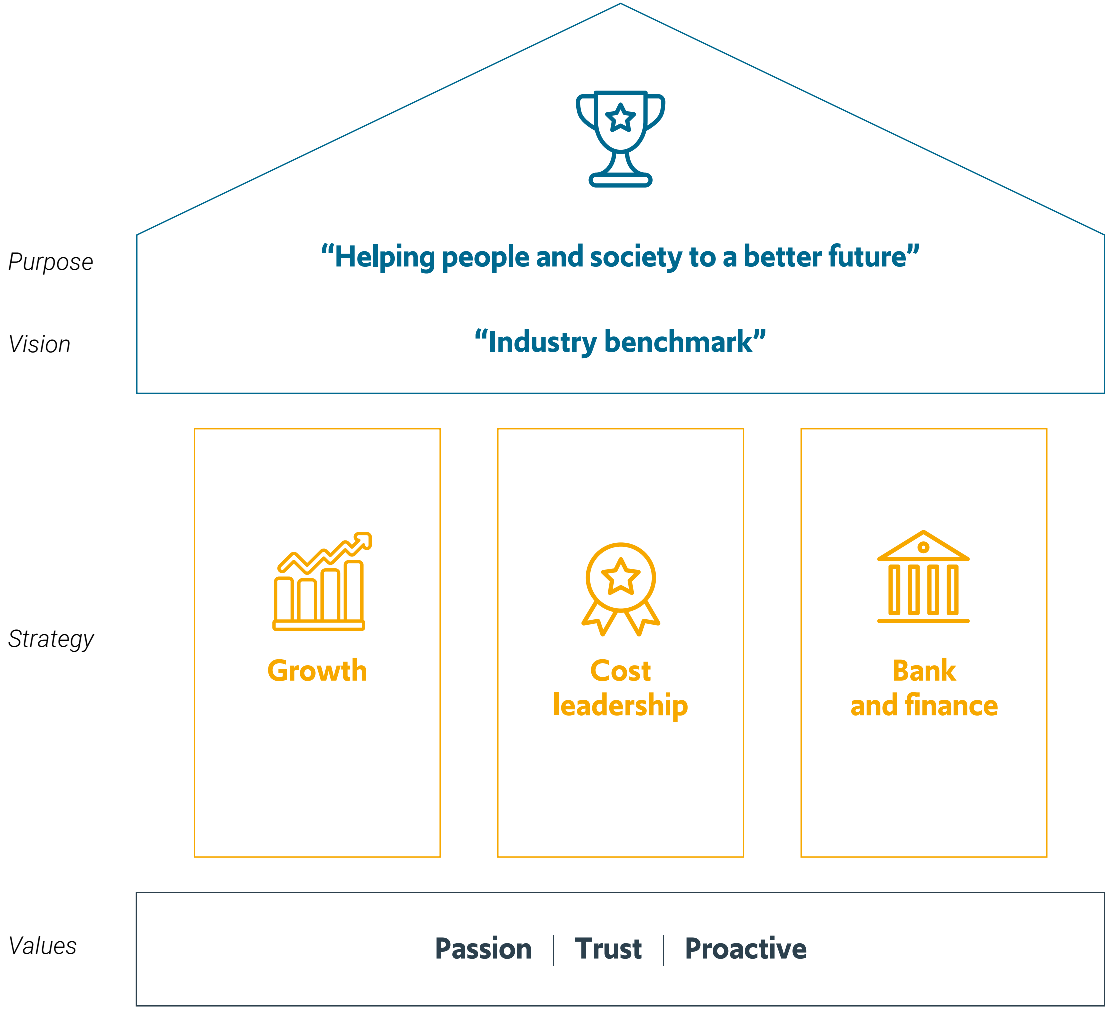
Axactor has a narrow focus on handling own and third-parties' non-performing loans originated within the bank and finance industry. With digital operations and streamlined systems and organizations, Axactor's main competitive advantage is its industry-leading cost position.

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 accretive. 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 satisfaction

Bank and 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 and finance industry. To monitor the development the Group is closely monitoring three KPIs: 1) Benchmark performance, 2) ESG rating and 3) Customer survey score



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

Dimension	Targets 2026	Performance 2024
Growth	Annual NPL investments of EUR 100–200 million (for the years 2024 to 2026)	EUR 128 million
Profit	Minimum 12% ROE[1] (in 2026)	-19%[3]
Returns	Annual 20–50% dividend pay-out ratio (for the years 2024 to 2026)	n.a.
Leverage[2]	Maximum leverage of 3.5x (in 2026)	2.7x

1 Assuming EURIBOR and STIBOR of 2.0% and NIBOR of 2.9% in 2026. The target is excluding any possible one-time financial cost related to refinancing
2 Leverage = (net interest-bearing debt / pro-forma adjusted cash EBITDA). As defined in the bond covenants
3 Return on equity to shareholders

Letter from the CEO

A year of hard priorities

As we expressed in 2023, we have continued to build on the positives amid a challenging macroeconomic environment in 2024. Although the challenges have again required some tough decisions, we have managed to uphold our industry leading cost position. With successful transformative projects implemented throughout the year, we have positioned ourselves well for an expected improvement in market conditions in 2025.

Focus on deleveraging

As we prepare to handle our two 2026 loan maturities, we have taken actions to reduce our leverage during 2024. Most notably is the completion of a major portfolio sale in the fourth quarter. The sale perimeter consisted of older Spanish portfolios, and the sales price was 2% above our book value. The fact that we are able to realize these assets at a premium is a strong affirmation of our liquid balance sheet. The proceeds were mainly used to buy back bond loans at sub-par values, and we are prepared to further utilize our balance sheet in 2025 to take down the refinancing risk.

A Norwegian success story

Through a successful reorganization across the Nordic countries at the end of 2023, we have been able to dedicate some of our most prominent resources towards the Norwegian 3PC market. After several years of hard work, it seems this reorganization was the move that finally enabled us to crack the Norwegian 3PC market for banks and financial institutions. I would especially like to highlight how we have positioned ourselves as the leading provider within the auto financing sub-segment. The results are a staggering 21% revenue growth from 2023 and a solid pipeline of new customers going into the new year. We will continue to push for increased market share in this segment and I am confident we will see continued double-digit growth in 2025.

Rightsizing and site consolidation

Since the acquisition of Credit Recovery Service (CRS) back in 2022 we have been running four sites in Italy. It goes without saying this is sub-optimal from an efficiency viewpoint. To improve our position, we closed the former main office in Cuneo in 2024 and gathered all functions in the three remaining locations. The front office functions were moved to our modern and highly efficient call center in Milazzo, while administrative functions were gathered in our Grosseto office, and the sales office in Milan is retained. The move will obviously give us increased scale benefits and we also see instant improvements in operational KPIs, boding well for future efficiency enhancements.

In Germany, we have run a significant cost improvement project aimed at modernizing the operations. Through new and more efficient workflows and team structures, the German operations are now delivering the same output with fewer resources, with further improvement potential expected from process improvements during 2025-2026.

Our greatest asset

We firmly believe that our 1,285 employees are our most important asset to realize the Group’s potential. Throughout the year we have involved a large portion of them in our analysis for the updated sustainability reporting enclosed within this report. Although we have faced a few challenging years with large restructuring programs, we are proud to state that our employees remain highly dedicated and motivated. We see this across our KPIs, and the voluntary turnover was reduced by more than 35% compared to 2023. We do not plan on any further large restructuring projects in 2025, and will continue to develop our greatest asset and take care of our hard-working employees.

Looking forward, our employees will continue to manifest Axactor's position as a great company. In 2024 we have simplified our legal structure, made major revisions to our future collection estimates, implemented significant restructuring initiatives and further streamlined and digitized our operations. After cleaning up our structure in 2024, I look forward to an exciting 2025.

> **"Looking forward, our employees will continue to manifest Axactor's position as a great company**

Johnny Tsolis,
CEO

I would like to take this opportunity to reiterate our continued commitment to the UN Global Compact initiative. We present our third "Communication of progress" incorporated into our Sustainability statement.

Key events 2024

2024

- New financial targets for 2026
- Launched cost efficiency program in Germany
- Obtained new NPL license in Sweden (re. EU NPL directive)
- Announced site consolidation in Italy
- Selected new IT infrastructure vendor
- Significant portfolio sale in Spain
- Re-purchase of EUR 51m bond loans
- Major revision of future collection estimates
- NPS score of 78 Customer satisfaction survey

2025

- Yvonne Wagner New Country Manager Germany

Highlights of the year

- Achieved gross revenue growth of 21% to EUR 415.0 million (343.7), driven by a significant portfolio sale in Spain. Excluding the impact from the sale, the gross revenue was EUR 336.3 million
- Cash EBITDA ended at EUR 298.3 million, also positively affected by the Spanish portfolio sale (221.1)
- Total revenue for the year was EUR 127.9 million, down from EUR 256.6 million in 2023. The reason for the decline is collection headwinds throughout the year, leading to a total of EUR 120.3 million in net negative NPL revaluations from changes in collection forecasts (-7.1)
- EBITDA was also affected by negative NPL revaluations, ending at EUR 9.3 million for the year (131.8)
- NPL investments ended at EUR 127.8 million (116.1) compared to an estimated replacement capex of EUR 106 million. Average gross IRR for the total NPL back book was lifted from 18% in 2023, to 19%
- Organic 3PC revenue growth of 6%, with strong momentum into 2025 from contracts signed during second half of 2024, good results on benchmarking contracts and a customer satisfaction of 8.9 out of 10 (8.8). Improved contribution margin over revenue by 2 percentage points
- Repurchase of bond loans with nominal value of EUR 50.9 million in preparation of 2026 loan maturities. Net gain of EUR 2.6 million from acquisitions at sub-par prices recognized
- Transformational projects conducted in Germany and Italy and a continuous cost focus led to improvement in the total opex over gross revenue ratio to 35%, excluding the impact from the Spanish portfolio sale (36%)
- Landed new partner for IT infrastructure services after an extensive RFP process, with an outlook to strong support at lower prices. Migration is on track and planned to be finalized during the first half of 2025
- Reduced voluntary turnover by more than 35%, indicating that employees remain motivated and dedicated despite seeing significant restructuring processes throughout the year
- Continued innovation with artificial intelligence assisted tools to drive operational efficiency

Key figures

Key figures that cannot be directly found in the Group's consolidated statements are reconciled in the APM tables. All prior year figures presented are for continuing operations unless otherwise stated.

EUR million	2024	2023
Gross revenue	415	344
Total revenue	128	257
EBITDA	9	132
Cash EBITDA	298	221
Net profit/(loss) after tax	-79	34
EBITDA margin	7%	51%
Return on equity to shareholders[1]	-19%	7%
Return on equity	-20%	8%
Equity ratio	26%	29%
Acquired NPL portfolios	128	116
Book value of NPL portfolios	1,087	1,265
Estimated remaining collections (ERC)	2,340	2,620
Number of employees (FTEs)	1,174	1,255
Price per share, last day of period (NOK)	3.69	5.08
Market capitalization (NOK million)	1,115	1,535

[1] Prior year figures for return on equity to shareholders include continuing and discontinued operations

Gross revenue
EUR million
415
21% y/y

ERC, NPL
EUR million
2,340
-11% y/y

Return on equity
-19%
to shareholders

EBITDA
EUR million
9
7% margin

Cash EBITDA
EUR million
298
35% y/y

Equity ratio
26%

Report of the Board of Directors

The following parts of this report constitute the Report of the Board of Directors

Performance and governance

Operational performance

2024 concluded a challenging year for Axactor, with macroeconomic headwinds and adverse regulatory changes hampering collections. As a result, the NPL collection performance ended at 93% for the full year 2024. Axactor continues to focus on efficiency initiatives to compensate for the macro induced delays in collection, especially within personnel expenses and costs related to legal activities. The efficiency projects that have been executed during 2022-2024 have successfully reduced the total number of employees in the Axactor Group without compromising on deliveries. The goal is to further increase the efficiency going forward, through further automation and increased use of artificial intelligence.

Data driven operations

Axactor implemented a new operational framework in 2024, focusing on optimization of the amount and type of legal actions to be initiated, and the timing of such actions. The aim of the new framework is to ensure continuous operational improvement and facilitate for innovation.

Continuous investments are made into data driven operations, and further development of machine learning capabilities will remain a key focus area going forward. Through advanced analytics and business intelligence, Axactor's 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 reduces the burden on the debtors.

Axactor also uses generative pre-trained transformer (GPT) services, contained within a safe and controlled environment provided by the Group's infrastructure provider. This has increased the areas of application substantially, and especially IT development and the advanced analytics area are identified as having large potential benefits from artificial intelligence usage.

Operational efficiency projects

The Group initiated several projects during 2024 to increase the efficiency within operations and to reduce cost. The two most notable were:

An Italian site consolidation project was finalized in a successful manner during 2024. The former Italian headquarter in Cuneo was closed down at the end of the year and all activities were moved to Milazzo, Milan and Grosseto. The site consolidation has represented a substantial transformation for the Italian business, but operational KPIs already demonstrate improvements. As part of the project the Italian 3PC company acquired in 2022 has rebranded to Axactor Servicing, further strengthening Axactor's market position.

In Germany, a restructuring and site consolidation was announced in March. The operational contact center in Saarbrucken was closed, with the main office in Heidelberg set to handle all operations going forward. The employees in Heidelberg were affected as well, through both severances and a reorganization of tasks and responsibilities. The initiatives have increased the efficiency of the German operation, and improved the competitiveness.

Ethical debt collection

The focus on ethical debt collection is a strong commitment from Axactor to ensure high quality services to all stakeholders. Out of a wide range of operational KPIs, Axactor has identified three KPIs vital to ensure reliable services and helping debtors to find sustainable solutions to their financial difficulties:

- The inbound service level ended at an average of 97% for 2024 across all markets, illustrating Axactor's strong availability for debtors
- The outbound nuisance rate for 2024 was 0.55%, a testament to the strict control of the advanced dialer system in accordance with the operational capabilities at any given time

- NPL payer-to-payer ratio, demonstrating the sustainability of payment agreements. The payer-to-payer ratio for 2024 was 75%, showing that the vast majority of debtors are able to make consecutive payments, and that the payment agreements are at a sustainable level

The debtors are also given an opportunity to give feedback on how they perceive Axactor and the interactions between the debtors and the case handlers. In 2024, the debtors participating in the debtor satisfaction survey gave Axactor an average score of 4.2 out of 5 (4.3). This shows that the debtors receive the information they need from the case handlers, and that they feel they are treated fairly and with respect.

High quality 3PC delivieries

Great progress was made within the 3PC segment in 2024. In Norway, several large contracts were initiated during the year with some of the most prominent players in the consumer loan and auto financing sub-segments. The market share in Norway has historically been moderate for Axactor, but after several years of hard work this is now changing. The pipeline for further landmark contracts within the 3PC segment is strong going into 2025. Further, an important contract was renegotiated on improved terms in Germany, while the Italian business continues to grow in the wake of the acquisition of Credit Recovery Service in 2022. Spain is continuously evolving, coming up with new products to ensure Axactor's position as a market leader within the bank and finance segment is upheld.

The promising development within the 3PC segment is enabled by strong deliveries to the clients. Axactor achieved a total average of 8.9 out of 10 in the annual customer satisfaction survey for 2024, an increase from 8.8 last year. Customers show a high degree of satisfaction with Axactor services, and find Axactor to be professional, knowledgeable, and easily accessible. The customer survey also yielded an average net promoter score (NPS) of 78, which is considered excellent.

People

Axactor focuses on building a strong corporate culture. Key areas of attention have been performance management, career planning, leadership development, and fostering a positive and social work environment. Appraisal talks with focus on employee satisfaction and development have been conducted, and incentive targets have been set for all managers. The targets support Axactor's strategy and environmental, social and governance related topics.

Continuous improvements within IT Security

Axactor annually conducts an external penetration test. This is an important assessment to ensure the security and integrity of the Axactor IT systems and solutions by identifying potential vulnerabilities that need to be addressed. The external vendor has given confirmation that Axactor have made security investments that have reduced the critical and high-risk vulnerabilities compared to similar corporations, providing assurance that the IT security in Axactor is of a high standard. The formal feedback also stated that the audited systems and solutions have increased their level of security compared to previous penetration tests, showing Axactor is making progress.

Axactor also improved the internal phishing campaigns by developing more sophisticated phishing emails targeting employees within IT, finance, and sales departments in particular. The results are improving as very few employees are being tricked by the advanced phishing attempts, and an increasing number of employees are also reporting the e-mails to the security department. This demonstrates a strong employee engagement and a year-over-year improvement in the company's security culture.

New partner for IT infrastructure services

During the first half of 2024 an extensive request for proposal (RFP) process was conducted to determine the future partner for the Groups' IT infrastructure services. Several vendors were evaluated, and a 3-year agreement was signed with Advania. Axactor believes that Advania will be a strong partner for future growth supported by improved terms, flexible solutions and an impressive cybersecurity set-up. The project met all of its milestones in 2024, and aims to start the live migration of the first countries and systems during the first quarter of 2025. The migration is expected to be completed for all countries and systems by June 2025.

EU's Digital Operational Resilience Act (DORA)

On 16 January 2023, EU's digital operational resilience act (DORA) entered into force. DORA is part of the EU digital finance package and introduces uniform requirements for the security of network and information systems in the financial sector. The regulation applies from 17 January 2025 across all EU and EEA member states. During the year, Axactor has worked to confirm compliance with DORA's requirements, and started implementation of necessary updates to its vendor management routines, as well as focusing on resilience & recovery testing, and IT risk management. Axactor has a continuous improvement approach, aiming to consolidate and optimize effectiveness of controls and internal processes in these particular focus areas. The approach ensures a high standard in all countries, including local systems and third party vendors. With significant investments in information and data security over the last few years, Axactor welcomes the introduction of DORA, and believe that it is well equipped to handle the newly introduced requirements.

Implementation of EU's NPL directive

As of the end of 2024, EU's implementation of the Non-Performing Loans (NPL) Directive (EU) 2021/2167 continues to face implementation delays across the EU and EEA member states in which Axactor operates. The NPL directive regulates the sale, purchase and servicing of NPLs originated by EU banks. Still, only Germany and Sweden in Axactor's countries of operation have successfully implemented the directive. However, legislative proposals on implementation of the directive are being discussed in all remaining countries and are expected to enter into force during 2025 in all jurisdictions.

Financial performance

Axactor saw good results from its implemented actions to improve 3PC performance in 2024, with an organic growth of 6% and improved contribution margin. The total operating expenses as percent of gross revenue also improved in 2024, ending at 35% adjusted for a significant portfolio sale in Spain in the fourth quarter (36%). On the negative side, the challenging macroeconomic conditions seen in 2023 continued in 2024 and put pressure on collections throughout the year. Debtors faced reduced real income, with less money available to make payments on their debt. There were signs of improvements in the availability of refinancing options for debtors towards the end of the year, but the impact in 2024 from both a stagnating or falling housing market and more reluctant lenders was significantly negative. Finally, new legislation and increased reservation amounts for debtors across several of Axactor's countries of operation, meant lower monthly payments coming from the bailiff systems. All-in-all, this caused cash flow delays, while at the same time the unsolved claims continue to generate accrued interest and fees.

Axactor's operations are split into two business segments, acquisition and collection on own portfolios: NPL, and collection on behalf of third-party clients: 3PC. Unless explicitly stated otherwise, figures for prior periods are stated for continuing operations, i.e. excluding portfolios of purchased real estate (REO).

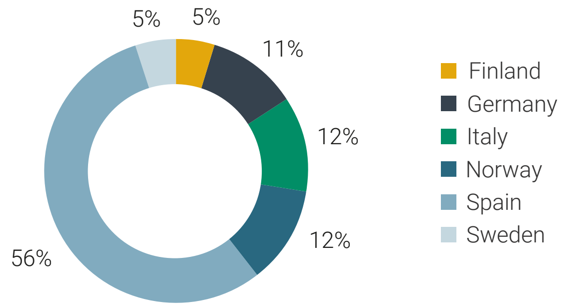
Axactor uses alternative performance measures (APM) such as gross revenue, EBITDA, cash EBITDA, estimated remaining collections, net interest-bearing debt and return on equity, to better reflect its operational business performance and to enhance comparability between financial periods. These alternative 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, please see the APM section.

Revenue

Total revenue for 2024 ended at EUR 127.9 million, down from EUR 256.6 million in 2023. The lower total revenue is mainly caused by net NPL revaluations from changes in collection forecasts of EUR -120.3 million for the year (-7.1). The revaluations came as a result of a continued challenging collection environment across all Axactor geographies. The collection performance for the year ended at 93% (99%) and was negatively impacted by macroeconomic headwinds and adverse regulatory changes.

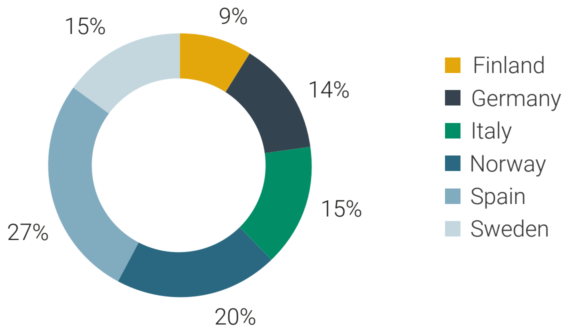
Gross revenue per country

%



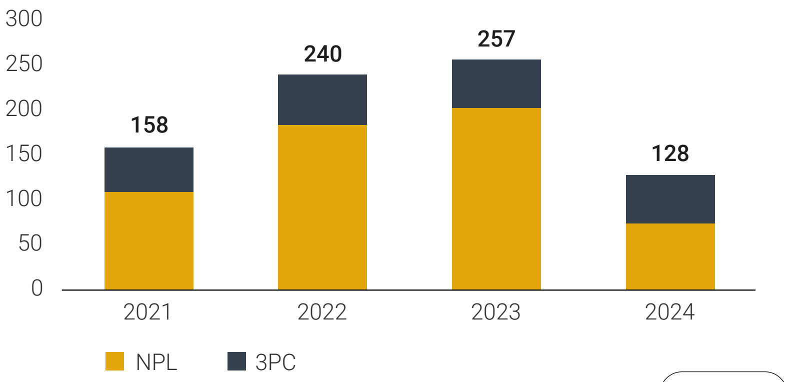
NPL book value per country

%



Total revenue by segment

EUR million



Gross revenue ended at EUR 415.0 million, up from EUR 343.7 million in 2023. The growth in gross revenue stems from the sale of Spanish portfolios in November 2024. Excluding the sales proceeds, gross revenue was EUR 336.3 million in 2024, a decline of 2% compared to 2023.

NPL segment

The NPL segment delivered a total revenue of EUR 73.6 million in 2024, down from EUR 202.6 million in 2023. The lower total revenue was mainly caused by net negative NPL revaluations from changes in collection forecasts of EUR 120.3 million (negative 7.1).

Gross revenue from the NPL segment increased to EUR 360.6 million in 2024 (289.6), including sales proceeds from the aforementioned Spanish portfolio sale. The segment gross revenue excluding the sales proceeds was EUR 281.9 million. The transaction was made at an average premium of 2% compared to book value, and the remaining book value was amortized upon sale. The effective amortization rate on the sale was thus significantly higher compared to the ordinary amortization rate, and the average effective amortization rate ended at 46% for the year, up from 28% last year.

Axactor invested EUR 127.8 million in new NPL portfolios in 2024 (116.1), well within the target range of EUR 100-200 million. The estimated replacement capex for 2024 was EUR 106 million. 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 unsecured non-performing consumer loans from known sellers. Reflecting increased funding costs for the industry, market prices for NPL portfolios have gradually adjusted, which has allowed Axactor to add new deals at higher Internal Rate of Return (IRR). The strategy is evidenced by a higher gross IRR with an average for the back book at the end of 2024 of 19% (18%).

With a moderate investment level in 2024, the Spanish portfolio sale, and the significant negative NPL revaluations, the estimated remaining collections declined by 11% from the end of 2023 to the end of 2024, ending at EUR 2,339.7 million (2,620.4). Estimated NPL investment commitments for 2025 stand at EUR 3.3 million per the end of 2024.

3PC Segment

The 3PC business reported total revenue of EUR 54.3 million for 2024, in line with 2023 (54.0). Excluding the 3PC businesses in Sweden and Finland that were closed during 2023 the growth was 6%. The Norwegian 3PC business is performing particularly well, with solid growth from new sales within the bank and finance segment, a key focus area of Axactor's strategy.

Operating expenses

Total operating expenses for 2024 amounted to EUR 118.7 million, excluding depreciation and amortization (124.8). Personnel expenses accounted for EUR 63.5 million in 2024 and is the single most important input factor in Axactor's operations (66.6). Cost of repossessed assets sold amounted to EUR 1.6 million (1.8). Other expenses amounted to EUR 53.5 million and is mainly related to IT/infrastructure costs and legal fees (56.5).

A priority throughout 2024 has been to continue to reduce cost where possible, especially within support functions. This continued focus has driven down the operating expenses as percent of gross revenues to 35% for the full year of 2024, adjusted for the sale of the Spanish portfolios (36%).

Operating results

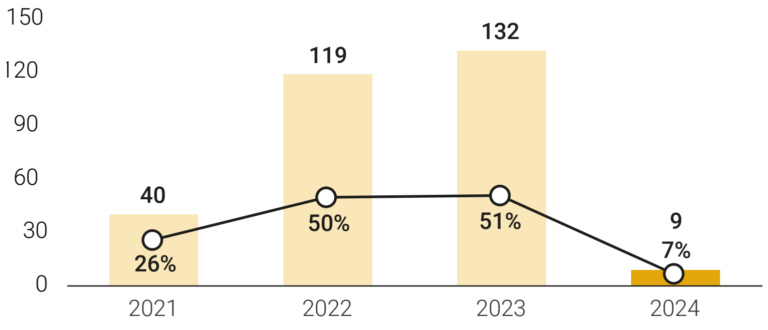
The total contribution margin amounted to EUR 51.4 million in 2024, down from EUR 174.2 million in 2023. The contribution margin reflects the segments' contribution to EBITDA, before local SG&A, IT and corporate cost. The main driver for the decrease was the reduced total revenue within the NPL segment caused by the net negative revaluations. The NPL segment delivered a contribution margin of EUR 30.9 million in 2024, down from EUR 154.7 million in 2023. The contribution margin from 3PC was EUR 20.5 million (19.5), corresponding to 38% of total revenue (36%).

Local SG&A, IT and corporate cost was reduced to EUR 42.1 million for 2024 (42.4).

EBITDA for 2024 ended at EUR 9.3 million, down from EUR 131.8 million in 2023.

EBITDA and EBITDA margin

EUR million and %



Amortizations and depreciations related to leases, intangible and tangible assets (excluding amortization of NPL portfolios) amounted to EUR 11.6 million for 2024 compared to EUR 9.1 million in 2023. The increase is mainly due to an impairment of EUR 1.5 million related to unused office spaces in Germany and Sweden and EUR 0.8 million related to an obsolete IT system. Amortization of intangible assets, which mainly relates to investments in the collection platforms, accounted for EUR 5.7 million in 2024 (4.9).

Operating profit (EBIT) was hence EUR -2.3 million for 2024, compared to EUR 122.8 million in 2023.

Net financial items

Net financial items were negative EUR 82.8 million in 2024 compared to negative EUR 81.4 million in 2023.

Financial expenses amounted to EUR 91.2 million in 2024 (84.7), whereof interest expenses on borrowings accounted for EUR 89.1 million in 2024, up from EUR 81.6 million in 2023. The increase is driven by increased base interest rates during 2024 and a higher margin on the ACR04 bond issued in the third quarter 2023, compared to the former ACR02 bond.

Financial revenue was EUR 8.4 million for 2024 (3.4), whereof EUR 2.6 million was related to a net gain on purchase of bond loans at sub-par values (0.1). Interest on bank deposits ended at EUR 5.5 million, up from EUR 0.4 million in 2023. The increase is related to recognition of interests received but not previously included in the reported accounts. Other financial revenue was EUR 0.1 million in 2024, while other financial revenue in 2023 included a EUR 1.9 million modification gain related to the renewal of the RCF agreement, and a EUR 0.9 million gain in market value of the Group's hedging instruments.

The net foreign exchange impact included in net financial items for 2024 was positive EUR 0.4 million, compared to a net negative impact in 2023 of EUR 0.8 million.

Net results and tax

The net result before tax was negative EUR 85.1 million in 2024 compared to a profit before tax of EUR 41.4 million in 2023. The net result after tax was EUR -79.1 million (33.6). Including discontinued operation, the net profit for 2023 was EUR 27.6 million.

Axactor recorded a tax income of EUR 6.0 million in 2024 (tax expense 7.9), resulting in an effective tax rate of 7% (19%). The effective tax rate for 2024 reflects that not all tax losses are recognized as deferred tax assets. Axactor expects to trend towards a normalized average effective tax rate of approximately 27% over time.

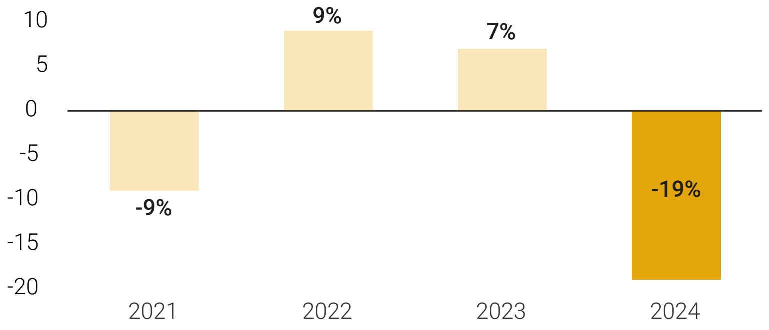
The net profit attributable to shareholders was negative EUR 79.5 million for 2024 (30.8), whereas the net profit to non-controlling interests was EUR 0.5 million (negative 3.2).

Total comprehensive income was negative EUR 92.1 million for 2024 (13.5), with the deviation from reported net profit/(loss) after tax mainly explained by foreign currency translation differences from foreign operations and fair value changes on cash flow hedges. EUR -92.5 million of the result was attributable to shareholders of the parent company (16.7) and EUR 0.5 million to non-controlling interests (-3.2).

Earnings per share totaled EUR -0.263 both on an ordinary and on a fully diluted basis (0.102).

Return on equity to shareholders

%



Financial position

Total assets amounted to EUR 1,265.7 million at the end of 2024, compared to EUR 1,435.8 million at the end of 2023.

Total non-current assets amounted to EUR 1,181.8 million at the end of 2024 (1,364.9), including purchased NPL portfolios of EUR 1,087.5 million (1,265.3). Intangible assets accounted for EUR 83.2 million (83.4) reflecting intangible assets and goodwill acquired since inception, as well as deferred tax assets of EUR 12.3 million (8.5).

Current assets amounted to EUR 83.9 million (70.9), including cash and cash equivalents of EUR 33.0 million (31.8) and EUR 1.9 million in restricted cash (2.6).

Total interest-bearing debt stood at EUR 884.7 million at the end of 2024, compared to EUR 939.1 million at the end of 2023.

Total equity amounted to EUR 331.7 million at the end of 2024 (423.5), including non-controlling interests of EUR -9.2 million (-9.7). The equity was reduced by the negative profit for the year. The Group still have a solid equity position with an equity ratio of 26% at the end of 2024 (29%).

Cash flow and financing

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

Including investments in NPL portfolios, cash flow from operating activities was EUR 139.2 million (89.3). The amount paid for NPL portfolios was EUR 128.5 million in 2024, up from EUR 120.0 million in 2023. The difference between the amount paid and total NPL investments for the year is related to deferred payments on certain contracts. Net cash flow from operating activities before NPL investments amounted to EUR 267.8 million in 2024 compared to EUR 209.4 million in 2023. The increase in cash flow was driven by the Spanish portfolio sale. Taxes paid was EUR 23.6 million in 2024, an increase from EUR 11.6 million last year. Net working capital increased by EUR 6.9 million during the year, compared to an increase in working capital of EUR 2.9 million in 2023.

Net cash outflow from investing activities was EUR 3.1 million in 2024 and is primarily related to investments in IT and infrastructure. In 2023 the net cash outflow from investing activities was EUR 3.9 million.

Net cash flow from financing activities was negative EUR 133.2 million in 2024 (negative 85.5). Net proceeds from borrowings were negative EUR 47.3 million after debt repayments in 2024 (positive 1.4). Net interest payments represented a cash outflow of EUR 82.0 million in 2024 (67.4). The increase is mainly related to increased interest rates on the Group's outstanding debt. In 2023 the Group paid EUR 15.4 million in loan fees related to the refinancing of a bond loan and the revolving credit facility, compared to loan fees of EUR 0.1 million paid in 2024.

Funding

Axactor has two sources of funding; bond loans and a multi-currency revolving credit facility (RCF) from DNB and Nordea. All legal entities except Axactor ASA and the Reolux structure are inside the ringfenced structure funded by the RCF. The RCF has a total size of EUR 545 million, of which EUR 471.5 million were drawn per the end of 2024 (472.7). Additionally, the agreement has a EUR 275 million accordion option, contingent on separate credit approval. The maturity of the RCF agreement is 30 June 2026, with two one-year extension options contingent on separate credit approval.

Axactor has two outstanding bond loans per the end of 2024. The first is a EUR 300 million bond with ticker ACR03 that matures in September 2026. Adjusting for treasury bonds the outstanding face value of the bond is EUR 230.2 million at the end of 2024. The second is a NOK 2,300 million bond with ticker ACR04 that matures in September 2027.

Axactor was compliant with all loan covenants throughout the year.

Proposed allocation of the company's result

The parent company, Axactor ASA, had a negative result after tax of EUR 7.6 million in 2024 (negative 9.0). The result available for disposal of the Annual General Meeting is as follows:

EUR thousand	
Distribution from other paid in capital	7,558

Going concern

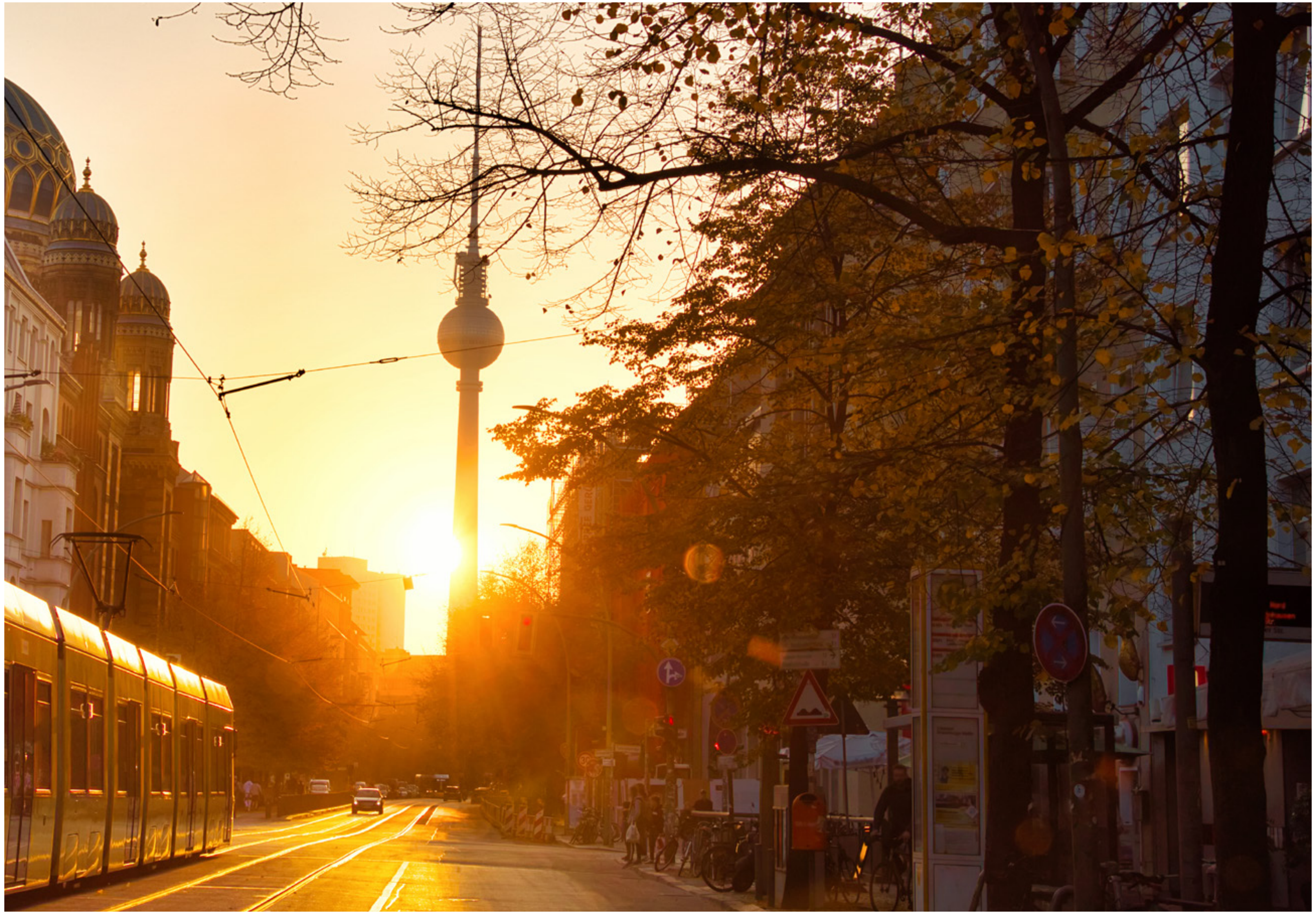
Based on the review of Axactor ASA's financial statement, the Board of Directors confirms that the annual financial statements for 2024 have been prepared on the basis of a going concern assumption, and that this assumption has been made in accordance with Section 3-3a of the Norwegian Accounting Act.

Outlook

Axactor completed a EUR 50.9 million bond buy-back in 2024 as part of the deleveraging strategy. The Group will maintain its focus on deleveraging and expect to refinance its 2026 maturities during 2025. The Group will also continue to invest in attractive NPL portfolios and reiterates its current investment guiding of EUR 100 – 200 million per year for the period 2024-2026. The estimated replacement capex for 2025 is EUR 66.0 million.

3PC is expected to continue to grow, with very good traction in the Norwegian market with several large contracts signed during the second half of 2024 providing momentum into 2025. The Italian and Norwegian 3PC markets are expected to remain active through 2025, while Axactor expect to retain its market share in Spain and Germany.

With new revised collection curves in place, Axactor expects improved collection performance in 2025. Although the collections will still be impacted by macroeconomic conditions, legislation and geopolitical uncertainty, there are upsides from falling interest rates and an expected improvement in both the market for refinancing unsecured loans and in debtor's real disposable income. Falling interest rates and the planned deleveraging will also benefit Axactor in terms of reduced interest expenses. Furthermore, Axactor will accelerate its operational optimization program to enhance efficiency and reduce structural costs.



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.

Further details about the Group's risk management objectives and policies can be found in the corporate governance report, and in note 3 to the consolidated financial statements.

Risk	Description	Mitigations
Strategic risks		
Macroeconomic conditions	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.	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 focus on employer branding, monitoring of competitors, and efficient internal controls.

Risk	Description	Mitigations
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, net investments in subsidiaries, 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 asset or using currency swaps to limit the exposure.
Interest rate	The interest rate risk relates to the variable rates on the Group's net interest-bearing debt, which amounted to net EUR 863.7 million per 31 December 2024. An annualized increase/-decrease of 100 basis points would increase/ decrease profit before tax by EUR 7.6 million, given the debt and hedging level at the end of 2024.	The Group has a strategy to hedge 50-70% of total outstanding gross debt with a duration of three to five years. The Group intends to gradually implement the strategy in line with new portfolio investments.
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.
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.	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 from the portfolio. Axactor applies scoring models (where the debtors' payment capacities are assessed through statistical analysis) and historical data in the calculations. In addition, Axactor uses specialized industry consultants to get a second opinion on contemplated loan portfolio purchases.
Liquidity	The Group has financial obligations in terms of NPL forward flow commitments, interest expenses on borrowings, running salary expenses and other external expenses. 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 2024 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.
Funding	In the event that new credit is not possible to obtain, the Group's growth potential could be adversely affected. 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. 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.	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. Operational and financial performance is continuously monitored, and covenant headroom is an important part of business decisions.

Risk	Description	Mitigations
Operational risks		
Performance	Weaknesses in operational processes, or application of the processes, can 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.	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, and continues to enhance its processes where possible.
IT and information security	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.	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 the potential consequences of attempted cyber- and phishing- attacks.
Regulatory	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. 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.	Mitigations include continuous monitoring of regulatory changes both on an EU level and in the various jurisdictions in which the Group operates, e.g., 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, and tailored to their roles and responsibilities.

Axactor has relevant group-wide insurance policies in place, covering; general liability and professional indemnity, director's and officer's insurance, crime, and cyber. The company's directors and officer's insurance cover the members 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.

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 12 December 2024. 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 2024 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

During 2024, 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, 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 statement.

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 2024, the Group had an equity ratio of 26% and a debt-to-equity ratio of 2.8x. 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 8 May 2024 six authorizations were granted to the Board:

- Authorization to distribute dividends based on the company's annual accounts for 2023 at the Board's discretion, being subject to reduced market volatility and predictable future terms for the Group. The authorization is limited to NOK 0.52 per share in the aggregate, equivalent to maximum 50% of consolidated net profit after tax for the year 2023

- Authorization to increase the share capital by issuing new shares or acquire own shares with a total nominal value of up to NOK 17,815,000, equal to 3,500,000 shares, each with a nominal value of NOK 5.09 in connection with performance share units allocated under LTI 2024 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 70,496,500, equal to 13,850,000 shares, each with a nominal value of NOK 5.09 in connection with the performance share units and share options allocated under ESOP 2020 (also named ESOP 2020-B), share options agreement with Andrés López Sánchez , LTI 2022 and LTI 2023, which are incentive programs for the company's senior management and key personnel

- 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 acquire own 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, mergers, de-mergers or other transactions

- Authorization to acquire own 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 for investment purposes or for subsequent sale or deletion of such shares

All six authorizations are valid until the AGM in 2025, and no later than 30 June 2025. As of 31 December 2024, none of the authorizations have been used. There was a separate vote on each of the authorizations. All six authorizations have a limited overall amount by which the Board is permitted to increase the share capital and acquire own shares. For supplementary information, see the minutes of the AGM held on 8 May 2024 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 2024.

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 2024.

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 and 2022, and amended 13 April 2023. 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, 2022 and 2023. The options vested and became exercisable 18 May 2024, but were not exercised. Both agreements were entered on an arms-length basis and are not considered significant.

For further details, see note 29 to the financial statements for 2024.

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 five business the day before the general meeting to attend, cf. the Norwegian Public Limited Liability Companies Act § 5-2.

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 AGM in 2024 was conducted as a virtual meeting with registration deadline CET 12:00 (noon) on the prior business day. When attending the general meeting, 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 were secured. The notice 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 procedure 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 was required to be provided two business days prior to the general meeting by electronic means, in writing or by use of written proxy forms. The Chair declared the general meeting opened. The person chairing the general meeting 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.

In 2024, Axactor held its AGM on 8 May 2024 with 54.72% of the shares represented.

The minutes from general meetings are published on 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)
- Peder Strand (member)

Both were elected by the AGM in 2024 for a period of 2 years, until the AGM in 2026, 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 Group 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 three to seven members, as regulated in the articles of association article 5. The Board was elected by the general meeting. On 31 December 2024, the Board consisted of the following five members: (see table below).

All members of the Board are elected until the AGM in 2025 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 General information chapter of the Sustainability statement, and on the company's website.

Name	Role	Age	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2024	Share ownership in Axactor as of 31 December 2024 (direct/indirect)
Terje Mjøs	Chair	63	Yes	20.01.17	AGM 2025	16	750,000
Brita Eilertsen	Member	62	Yes	20.01.17	AGM 2025	16	19,892
Lars Erich Nilsen	Member	43	No	04.05.18	AGM 2025	16	-
Kjersti Høklingen	Member	53	Yes	03.05.23	AGM 2025	15	21,000
Ørjan Svanevik	Member	59	No	11.12.23	AGM 2025	16	13,000

Independence

The nomination committee has evaluated the independency of the Board members in relation to the Group executive management, and material business contacts. Three out of five 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 is, 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 2024.

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 2024, the Board held 16 meetings whereof eight were held in relation to the interim reporting, strategy discussions, budget, business, operational and financial updates, risk and internal control, sustainability discussions, portfolio assessments, remuneration and employee related matters, review of polices and instructions etc. In addition, eight extraordinary meetings were held to discuss dividend, financial calendar, covenants, credit servicer's and credit purchaser's (NPL) directive and associated license requirements, NPL purchases, M&A, and lease agreements. The CEO has been present in all Board meetings, except when the Board has discussed the CEO compensation and performance. The Board has also discussed without the CEO and other members of the Group executive management present in all ordinary board meetings and held separate discussions with the auditor without the 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 2024 was conducted in December 2024 and discussed in the Board meeting 16 January 2024.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 sustainability 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, license 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 2024, the audit committee consisted of the following members:

- Brita Eilertsen (Chair)
- Kjersti Høklingen

The members are independent of the Group executive management, and all of the members have qualifications within accounting. The audit committee held six meetings in 2024.

The **investment committee** oversees the investment process and reviews investment 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. The investment committee regularly reviews the performance and revaluations of portfolios and assesses the risks of the market from a micro and macro perspective. Monthly reports are also provided to the committee members covering the portfolio performance, capex, investment commitments and opportunities.

As of 31 December 2024, the investment committee consisted of the following members:
- Terje Mjøs (Chair)
- Lars Erich Nilsen
- Ørjan Svanevik

The investment committee held 14 meetings in 2024.

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 2024, the remuneration committee consisted of the following members:

- Terje Mjøs (Chair)
- Ørjan Svanevik

The remuneration committee held four meetings in 2024.

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 2024 Axactor has focused on adapting its sustainability reporting to comply with the new CSRD reporting requirements, 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 Sustainability statement.

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 Group executive management, responsible for developing and monitoring compliance with their respective areas.

The Board has approved the following policies in 2024:

Policies
Quality
Corporate governance
IT and information security
Code of Conduct
Procurement
Finance
Communication
Human resources
Legal and compliance
Operations
Delegation of authority
Physical security
Environmental
Debt purchase and portfolio management
Data protection
Insider
Anti-corruption and anti-fraud
Anti-money laundering
Antitrust (competition)
Trade sanctions
Treasury *(incl. interest rate- and currency risk management policies)*
Tax
Dividend
Human rights

To most policies 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 quarterly. 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 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, and a complaints and incident management system to report and follow-up on debtor complaints and deviations to company internal policies and procedures.

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 NPL portfolios are 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.

The Board accounts for the main features of the internal control and risk management systems in the annual report. A description of the key risk factors and risk management can be found in the Risk review section.

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.

Further details about the remuneration of the Board can be found in note 8 to the annual report, and in the Remuneration report.

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 Group executive management can be found in note 8 to the annual report, and in the Remuneration report.

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 fulfils 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 five times with the auditor during 2024 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 2024 is described in note 9 to the annual report.

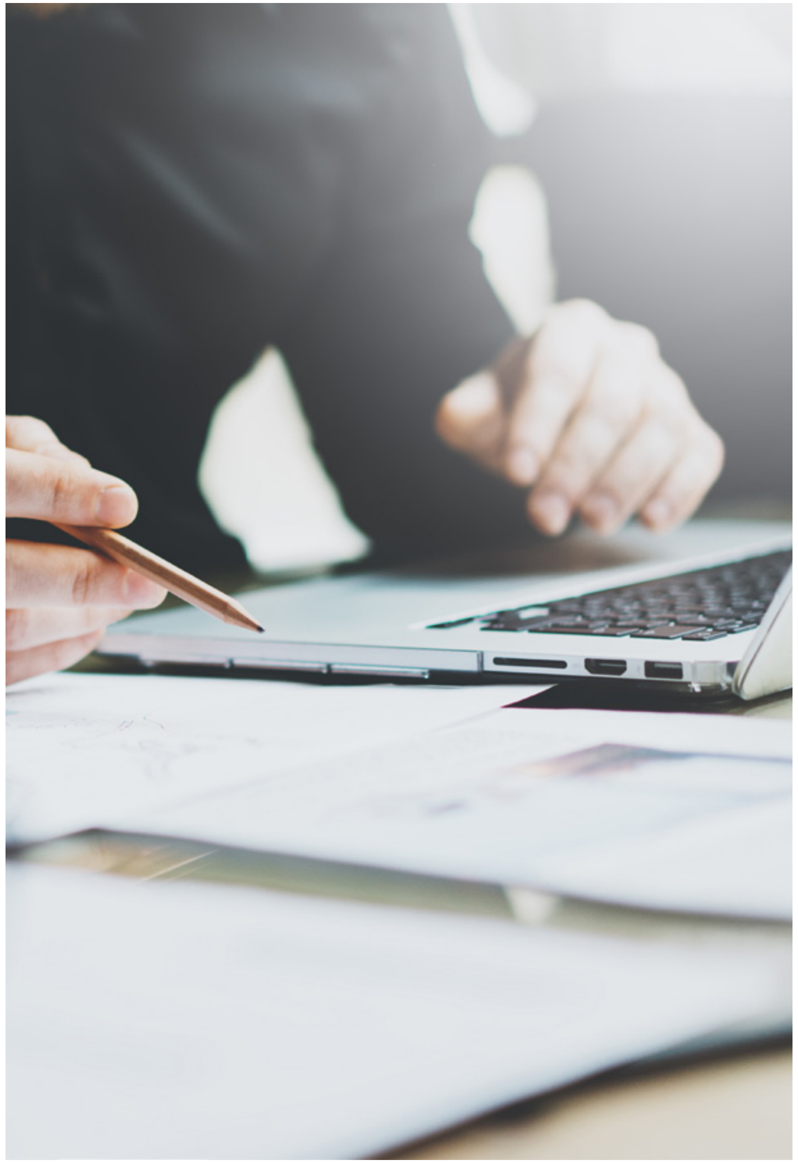
At the AGM, the Board presented a review of the compensation paid to the auditor for audit work required by law and remuneration for other concrete assignments.

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 EY and considered independent from the company and the Board.

Deviations from the Code: None



Report of the Board of Directors

The sustainability statement is an integrated part of the Report of the Board of Directors

Sustainability statement

Content index

General information (ESRS 2)

General disclosures

BP-1 – General basis for preparation of the sustainability statement

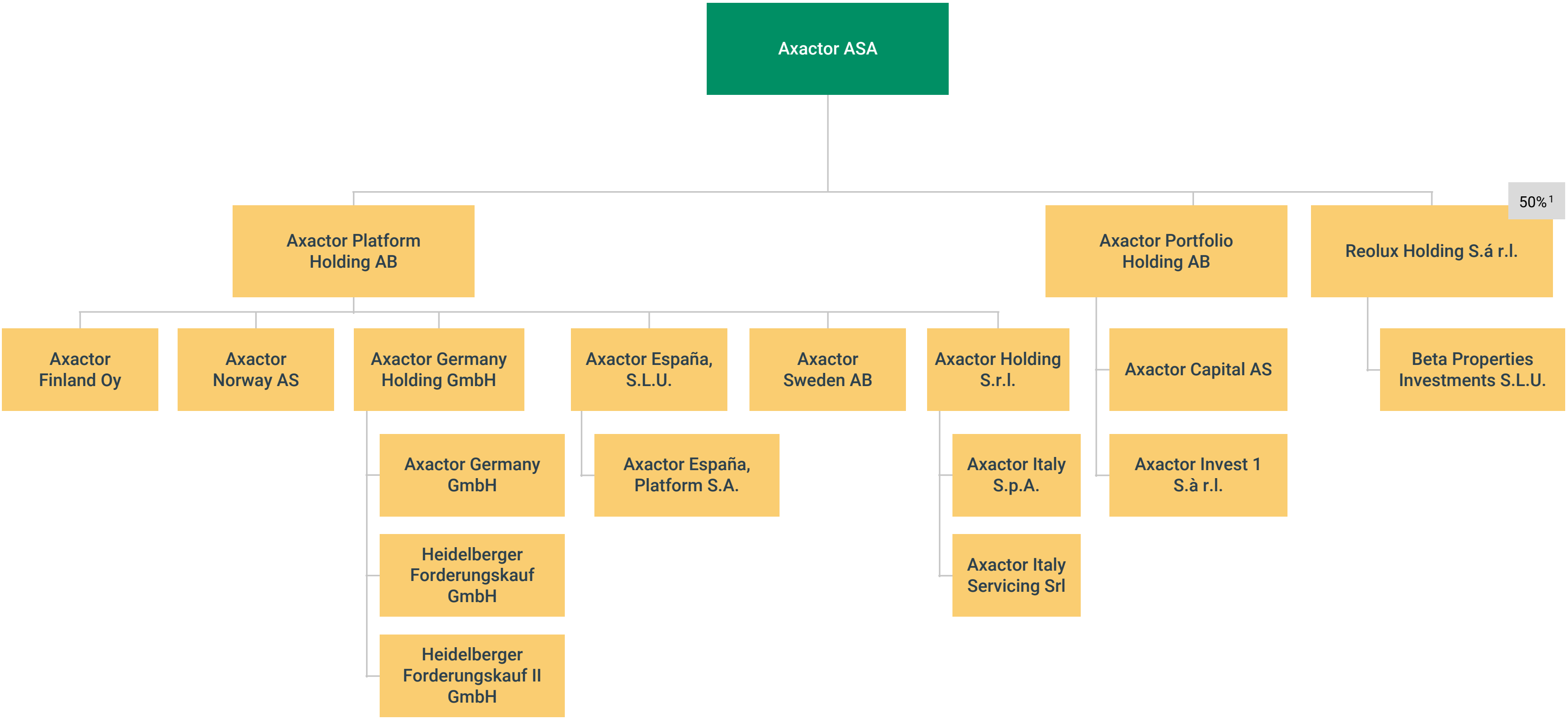
This sustainability statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464) adopted by the EU as part of the EU Green Deal, the Norwegian Accounting Act § 2-3 and § 2-4, and the Norwegian Securities Trading Act § 5-5.

As a basis for preparing the sustainability statement and the process to identifying its impacts, risks and opportunities ("IROs"), the Group has analyzed its upstream and downstream value chain focusing on first tier stakeholders, Axactor expects that, going forward, the data available from business relationships will improve to better enable analysis of the value chain.

Axactor has not omitted specific pieces of information corresponding to intellectual property, know-how or the results of innovation in its sustainability report.

Axactor has not made use of the exemption as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU.

The report is prepared on a consolidated level comprising of Axactor ASA and entities in which Axactor ASA has control, equivalent to the Group's consolidated financial statements.



Legal organization December 2024

[1] 50% of the shares in Reolux Holding S.à r.l. is held by Geveran Trading Co. Limited (Cyprus). Geveran Trading Co. Limited also holds shares of Axactor ASA

BP-2 – Disclosures in relation to specific circumstances

The annual report 2024 is the first year of reporting according to CSRD for Axactor. Axactor has not included disclosures from other legislation or generally accepted sustainability reporting pronouncements. Axactor has incorporated information by reference to the consolidated financial statement in the sustainability statement. The consolidated financial statement is subject to a higher level of assurance and a part of the same annual report as the sustainability statement.

Axactor has not omitted any information connected to the use of phase-in provisions in accordance with Appendix C of ESRS 1.

Time Horizons

The following time horizons are used for this sustainability reporting:

Short-term	0-1 year	Matching the period of the financial statement and budget
Mid-term	1-5 years	Matching the period of the financial plan
Long-term	5-15 years	Matching the period which the valuation of purchased loan portfolios is based on; 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.

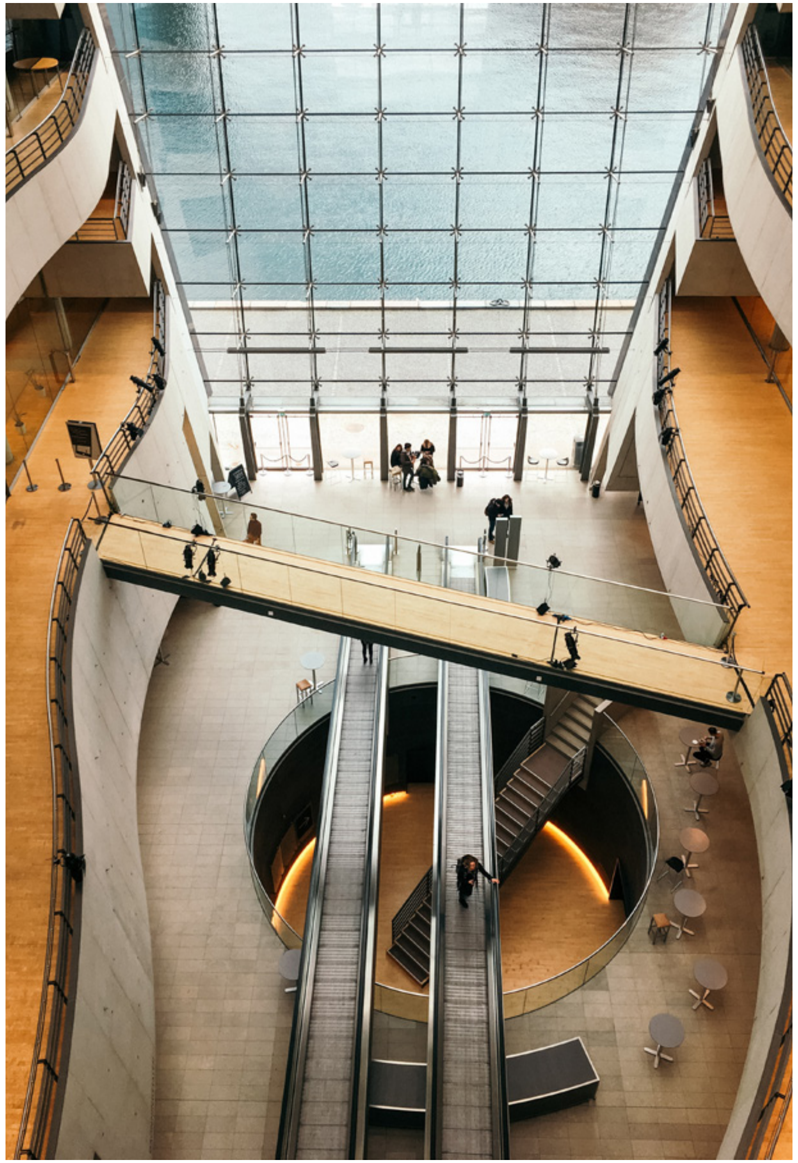
Value chain estimation

All metrics presented in this report are based on data collected and managed by Axactor. No metrics are calculated based on value chain data using indirect sources.

Sources of estimation and outcome uncertainty

List of metrics and monetary amounts disclosed that are subject to a high level of measurement uncertainty:

Metric/amount	Reference to description
Remuneration metrics (pay gap and total remuneration)	Section S1-16
Debtor satisfaction survey score	Section S4-5
Inbound service level	Section S4-5
Nuisance rate (outbound)	Section S4-5
Customer satisfaction survey	Entity-specific topic: Metrics and targets



Governance

GOV-1 – The role of the administrative, management and supervisory bodies

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 of the company, which exercise the highest authority of the company. The Board has the primary responsibility for overseeing and supervising the Group's executive management and operations. For the purpose of this report Axactor defines administrative, management and supervisory bodies as the Board, the Board committees and the Group executive management.

Board of Directors

Executive and non-executive members	Executive members: 0 Non-executive members: 5
Representation of employees and other workers	0/5 (0%) employee representatives
Diversity ratio (number of female members divided by number of male members)	0.67%
Experience relevant to the sectors, products and geographic locations of the undertaking	The members of the Board consist of individuals with experience from a wide range of industries including banking, investment management and IT industry, together with several years of experience from the debt collection industry as members of the Board for Axactor. All members have experience with working in sizeable international corporations. Further details can be found on the Group's website.
Independent board members	3 independent (60%): Mr Mjøs, Mrs Eilertsen and Mrs Høklingen
Reflection of IRO's in terms of reference, board mandates and other related policies	The Board is responsible for the organization of the company and the management of the business of the company in accordance with the provisions of the Norwegian Public Limited Liability Companies Act and applicable corporate governance principles, including the management of sustainability matters. The Board has organized it's work in three working groups, the audit committee, the remuneration committee and the investment committee. Each committee has an instruction approved by the Board which sets out the work, responsibilities and authorities for each work group, including each committee's responsibilities for IROs.

Terje Mjøs
Chair of the Board

Chair of the remuneration committee and chair of the investment committee

Brita Eilertsen
Board member

Chair of the audit committee

Lars Erich Nilsen
Board member

Member of the investment committee

Kjersti Høklingen
Board member

Member of the audit committee

Ørjan Svanevik
Board member

Member of the investment committee and member of the remuneration committee

Board commitees

Audit Committee (“AC”)

AC’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 independence
- to inform the Board of the results of the statutory audit
- 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
- to ensure that the company has sufficient focus on sustainability matters to contribute to sustainable development and appropriate risk management to minimize negative impact of the company’s operations

AC works as the Board’s risk committee, reviewing the procedures for risk management, and assessing the risks and financial controls related to the Group’s business activities. 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. AC receives reports on the work of the internal and the external auditor and the results of the audits.

The audit committee consists of two members, with **Brita Eilertsen** as Chair.

Board Investment committee ("BIC")

BIC oversees the investment process and reviews investment 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. BIC shall ensure that the due diligence process takes in to account i.e. the current servicers' management of claims, the debtors' economy and ability to pay, regulatory compliance, risks associated with specific borrowers, industries, or geographic areas and other macroeconomic factors.

BIC works to ensure that the Group succeed with debt portfolio purchase and portfolio management through high ethical standards and adhering to principles of good business practice. Throughout the entire value chain, Axactor shall operate with good business control, only purchasing legitimate claims, at the correct price, from responsible sellers and through balanced contracts protecting Axactor’s interests.

The committee regularly assess the market risk relevant for the portfolio book values, such as the impact from potential regulatory changes. BIC ensures that the Board is aware of matters that may significantly impact on the financial condition or affairs of the business.

The investment committee consists of three members, with **Terje Mjøs** as Chair.

Remuneration Committee (“RC”)

RC develops the philosophy, policy and guidelines for remuneration that creates the link between remuneration levels, business performance and return to shareholders. The remuneration policy is approved by the general meeting and published on the company’s website. The policy establishes precedence for remuneration throughout the organization.

RC assures that the overall remuneration payable is in the best interest of the company and aligned with the overall business strategy, goals, objectives, the material sustainability matters identified such as gender balance and pay-gap and good corporate governance. It proposes to the Board on employment terms and total remuneration of the CEO and approves the terms and remuneration for the other members of the Group executive management. The remuneration for the Group executive management is reported to the general meeting and published as part of this annual report. The committee also conducts a formal evaluation of the CEO and the executives annually, applying established performance objectives. RC oversees that the company has an appropriate succession plan, monitors employee satisfaction, and assesses and follow-up other material employment matters related to executive personnel.

The remuneration committee consists of two members, with **Terje Mjøs** as Chair.

Group executive management

Executive and non-executive members	Executive 100%, non-executive 0%
Representation of employees and other workers	NA
Experience relevant to the sectors, products and geographic locations of the undertaking	The Group executive management comprises of members with significant industry experience covering, but not limited to, corporate governance, strategy, risk management and internal controls, regulatory compliance, data privacy and information security, financial reporting, people management, sustainability, responsible investments, vendor management and good debt collection practices. Further details can be found on the Group's website.
Reflection of IRO's in terms of reference, board mandates and other related policies	The individual responsibilities for managing IRO's are set out in the respective policies managed by each Group executive. Each policy is approved by the Board.

Johnny Tsolis
Chief Executive Officer ("CEO")

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

Nina Mortensen
Chief Financial Officer ("CFO")

Ms. Mortensen has extensive experience in financial governance and transformations, financial operations, managing IPOs and M&A processes. 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 ("COO")

Mr. Dullum has broad 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 Business Intelligence for the Axactor Group. Mr. Dullum holds a bachelor's degree in business administration from BI Norwegian Business School (BI), and an MBA degree from Norwegian School of Economics (NHH). In addition, Mr. Dullum holds a personal debt collection licence given by the Financial Supervisory Authority of Norway (FSA)

Kyrre Svae
Deputy CEO & Chief Strategy Officer

Mr. Svae holds the position as Deputy CEO and Chief Strategy Officer. During his career in Axactor he has also acted as Interim CFO and Interim Country Manager in Germany. Prior to joining Axactor he has extensive experience from working as a management consultant focusing on strategy development, operational improvement and M&A. Mr. Svae holds a M.Sc. from Copenhagen Business School, with part of the degree from Harvard and China Europe Int. Business School.

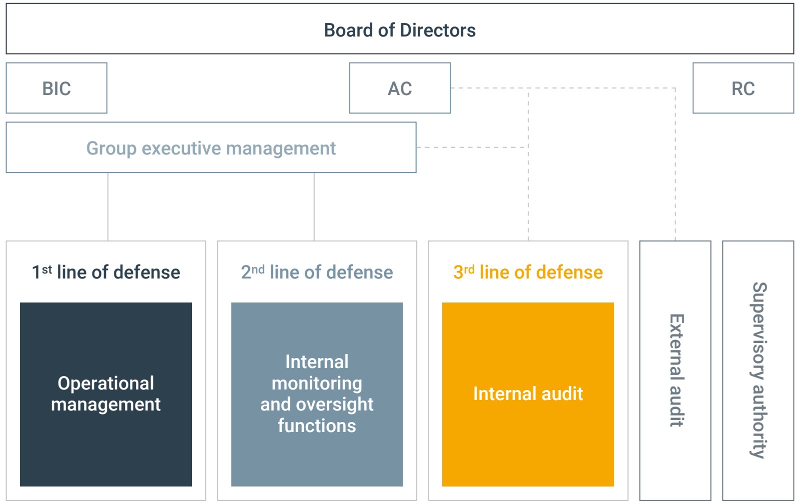
Karl Mamelund
Chief Investment Officer ("CIO")

Mr. Mamelund has extensive experience working as a management consultant focusing on strategy development, profit improvement, organizational development, valuation and due diligence projects in a wide range of industries, including various sectors of the financial services industry. Mr. Mamelund holds a «Siviløkonom» degree in Economics and Business Administration from the Norwegian School of Economics (NHH).

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. 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).

Management, monitoring and oversight of sustainability matters



Axactor's sustainability matters constitute a fundamental part of the Group's operations. The management of sustainability matters is an integrated part of the general course of business, internal control and risk management system, as well as management's decision-making process. Risk management and internal control contributes to efficient operations, timely and correct financial and non-financial reporting, and compliance with applicable laws and regulations. The Group executive management has reviewed the material sustainability matters resulting from the double materiality assessment ("DMA"), suggested targets, implemented actions and monitors progress. The Board is the ultimate responsible for monitoring KPIs and approving the targets presented by the Group executive management.

The sustainability matters are managed through the internal control and risk management process covering the organizational structure, managerial responsibilities for compliance, policies and procedures, training, customer and supplier due diligence, business reviews, internal controls through first and second line of defense and internal audits, incident investigations and corrective actions as well as reporting. Each member of the Group executive management has established reporting lines within their respective areas in each country to oversee and manage their responsibilities throughout the organization. The Group's policies and procedures are important tools in ensuring sound governance processes. See section Group policies for more information about the Group's policies.

A risk assessment is conducted quarterly both by the local teams and by the responsible Group executives. The risk assessment includes a review of existing and potential new sustainability matters. Key risks are monitored through monthly business reviews with Group executive management, and through quarterly reporting to the Board.

Internal audit

Axactor has an internal auditor appointed by the Board. The Corporate governance policy states that an internal auditor shall assure the efficiency of the framework and risk management in business operations, including the management of sustainability related matters. Business audit activities aim to ensure the efficiency and appropriateness of the company's operations. Control-related audit activities shall assess and assure the adequacy and effectiveness of internal controls and the risk management framework. Internal audits are planned and carried out independently but in coordination with other control functions and the external auditors. Audits can also be initiated due to escalations/whistleblowing, fraud attempts, misconducts or other breaches of laws or the company's policies and rules. The internal auditor provides AC with a status of the internal control and report on any serious compliance breaches identified.

Qualifications

To ensure that the company possesses appropriate skills and expertise, regular assessments are carried out focusing on qualifications, performance management, succession planning and personal development. In accordance with the principles of good corporate governance, the nomination committee ensures that due attention is paid to the requirements for competence, capacity and diversity, of both existing and potential new members of the Board. The committee's assessment is reported directly to the general meeting. The Board reviews the performance of the CEO and the Group executive management in relation to the adopted objectives.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Group executive management has conducted a DMA which will be reviewed annually. Each member of the Group executive management is responsible for ensuring necessary supervisory measures in line with the internal control and risk management system. All Group executive management members conduct monthly review sessions with representatives from their respective area, including representatives from the country management teams. The management of sustainability matters is an integrated part of the general reporting on all business matters.

When deciding on major transactions, the relevant administrative, management and supervisory bodies are provided with a business case that incorporates relevant sustainability IROs information connected to the specific transaction matter. As with all general corporate and business matters, relevant sustainability IROs are part of assessing the Group's adherence to the Group defined strategy (see section SBM-1).

All material IROs, as described in section SBM-3 have been reviewed by the Group executive management and the Board as part of the DMA in 2024.

GOV-3 – Integration of sustainability-related performance in incentive schemes

The general meeting decides the remuneration to the Board and the nomination committee. The Board decides the salary and other compensation to the CEO. The Board's remuneration committee assesses and determines the remuneration of executive managers reporting to the CEO based on the CEO's recommendation. The CEO determines the remuneration of other executive managers based on the grandfather principle. See section Group policies Remuneration policy for more information.

The remuneration to the executives comprises of a market based fixed salary, standard employee benefits and variable pay in terms of short- and long-term incentives.

Target-setting for the short-term incentives across the Group is aligned with the overall strategy, budget, and other predefined criteria. The individual targets range from three to five personal targets, with weights ranging from 5-25%. The specific measures, targets and weightings vary. However, at least one of the individual performance objectives supports the company's sustainability targets such as but not limited to ethical business behavior, good debt collection practices, data privacy, information security, prevention of financial crimes, diversity, non-discrimination and equal opportunities, talent attraction and retention, responsible selection of customers and partners and environmental footprint. Individual performance is assessed not only on what is delivered but also on how it is delivered.

The remuneration to Group executive management is published in the remuneration report.

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.
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 share 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.

GOV-4 – Statement on due diligence

Core elements of due diligence	Section	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-1	Management, oversight and responsibility of governance and policies. The Board is the ultimate responsible for approval and compliance with policies (UN guiding principle 16a)
	GOV-3	Embedding sustainable business conduct in remuneration
	S1-1	Human rights policy describing the Groups commitment and obligation to respect the ten principles of the UN Global Compact, The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, The United Nations (UN) Sustainable Development Goals
	S1-1	Code of Conduct describing the expectation to employees and business relationships on sustainable business conduct
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2	Consulting with relevant stakeholders across Axactor's value chain including business relationships and activities
	IRO-1	Involving stakeholders in identifying and assessing sustainability matters and IROs
	S1-2	Process for engaging with own workforce
	S4-2	Process for engaging with consumers and end-users
	G1-3	Systems and processes for receiving feedback and grievance mechanisms
Identifying and assessing adverse impacts	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities
	S1 SBM-3	Material impacts, risks and opportunities relating to own workforce
	S4 SBM-3	Material impacts, risks and opportunities relating to consumers and end-users
Taking actions to address those adverse impacts	S1-4	Taking action on material impacts on own workforce
	S4-4	Taking action on material impacts on consumers and end-users
	G1-3	Key actions to manage corporate governance matters
Tracking the effectiveness of these efforts and communicating	S1-5	Targets related to managing material matters relating to own workforce
	S4-5	Targets related to managing material matters relating to consumers and end-users

In June 2021, Axactor became a signatory of the UN Global Compact further recognizing the importance of sustainability for the organization

GOV-5 – Risk management and internal controls over sustainability reporting

As part of its work with preparing the sustainability statement for 2024 according to CSRD, Axactor has conducted a full review of the required data and the data gathering process. A working group led by the CFO and Chief of Staff was established to ensure compliance with reporting requirements.

Axactor has since 2020 published a sustainability report in line with the GRI framework. The sustainability reporting is already an integrated part of the annual reporting process and has during 2024 been aligned with CSRD. All policies and procedures have been reviewed and updated to reflect and integrate the CSRD reporting requirements. Data quality in systems have been assessed and where weaknesses have been identified corrective measures have been implemented to ensure data quality. As an example, the HR reports used for monthly monitoring is updated and aligned with CSRD relevant definitions of employee and own work force categories, reducing the need for manual data management. Spot checks of data and internal controls have been conducted to verify the correctness, both by management and by the external auditor. The internal auditor has not conducted a audit of the sustainability reporting process for 2024. Training has been provided to relevant functions responsible for the data management.

The annual report and related processes are supervised by the Board's audit committee and hence a part of the committee's reporting process and schedule.

CSRD processes and reporting requirements are extensive with a vast number of supporting documents and publications, together with limited established best practices. The main risk is that some reporting requirements are misunderstood or misreported. Regular new publications and updated information has also changed the understanding of disclosure requirements during the process of producing the sustainability statement.

Axactor trust that internal processes and initiatives have ensured a comprehensive knowledge of the CSRD requirements, and has kept in close dialogue with its external auditor throughout the process when conducting the DMA and preparing the sustainability statement, togheter with regular meetings with peers. The availability of value chain data as required by CSRD is not readily available to Axactor which inhibits the reporting capabilities. Axactor acknowledges that it takes time for both Axactor and its business relationships to implement and adapt to the new requirements.

Strategy

SBM-1 – Strategy, business model and value chain

Axactor's purpose is to help people and companies to a better future by being an aid in situations of financial difficulties, offering sustainable solutions and enabling further investments and economic growth. Axactor recognizes that the company 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. 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. Axactor is committed to doing business in accordance with the ten principles of the UN Global Compact, actively support the UN Sustainable Development Goals #5, #8, #13 and #16, as well as the Norwegian Transparency Act. 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 employed 1,285 employees per 31 December 2024, and operates in six European markets: Finland, Germany, Italy, Norway, Spain and Sweden.

Number of employees

Number of employees by head count, by country.

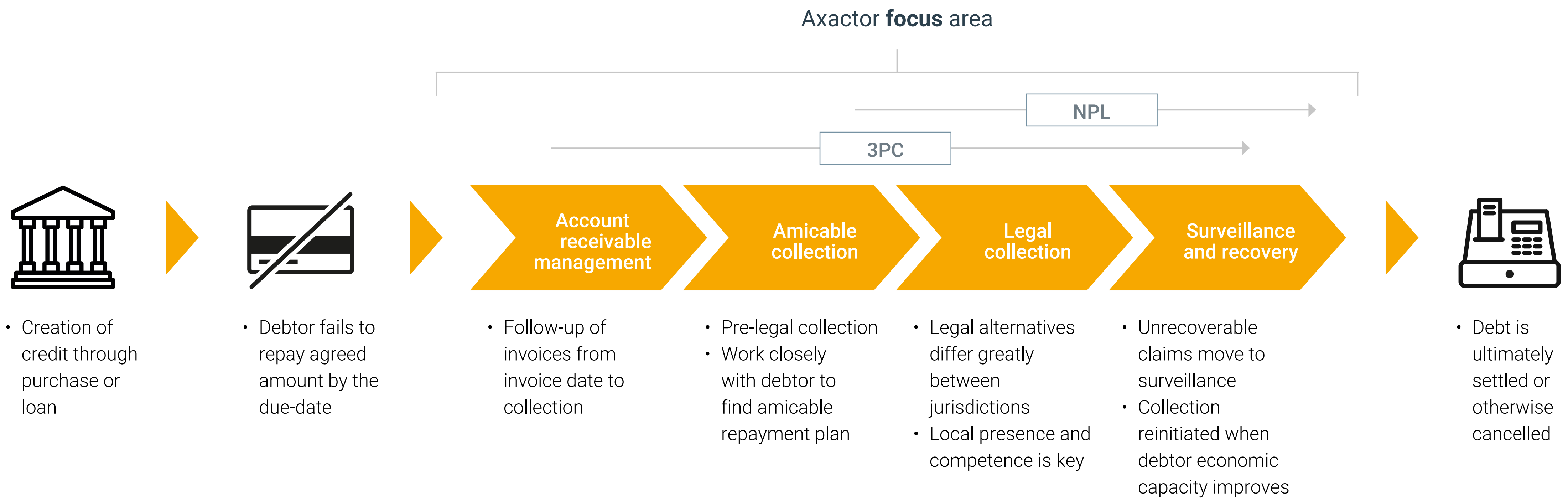
	31.12.2024		31.12.2023	
Country	**Headcount**	**%**	**Headcount**	**%**
Finland	18	1%	33	2%
Germany	137	11%	182	13%
Italy	206	16%	260	19%
Norway incl. Group	140	11%	110	8%
Spain	768	60%	759	56%
Sweden	16	1%	23	2%
Total	1,285	100%	1,367	100%

Axactor's vision is to become the industry benchmark. Axactor was founded in 2015 on the belief that it is possible to operate more efficiently with innovative and less costly IT-systems and more streamlined processes, but also raising the bar on environmental, social and governmental standards. The company focuses on delivering fair treatment of debtors, having satisfied customers, happy employees and, high return to investors.

To achieve the vision Axactor is pursuing a strategy with three pillars; i) growth, ii) cost leadership and iii) bank and finance. To monitor the effectiveness of implemented initiatives, and to track the development of the strategy towards the vision, Axactor uses key performance indicators (KPIs). The KPI's are designed to ensure that Axactor has a holistic view to the development, both with regards to financial performance, operational performance and how the company affects the stakeholders. As an example, employee satisfaction, customer satisfaction and debtor satisfaction are KPIs Axactor is measuring to ensure that the Group is developing in the right direction and is conscious of how it affects people and society.

Axactor's position within the value chain is between the providers of credit such as banks or businesses offering credit sales, and the debtor obtaining a loan or making a purchase using a line of credit.

Axactor has a highly specialized and focused business model divided into two main business lines. Axactor acquires and collects on NPLs (87% of gross revenue in 2024) and provides 3PC services (13% of gross revenue in 2024). See the Note 5 (Operating segments) to the financial statements for a breakdown of total revenue.



- The NPL segment comprise of acquiring non-performing debt for subsequent collection through own operations. NPLs are credit agreements under which a borrower over time has defaulted payments and had their credit terminated by the original creditor. The outstanding loans are collected either amicably or through legal proceedings.

- 3PC is the collection of non-performing claims on behalf of third-party clients. The operating segment applies both amicable means and legal proceedings 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.

Axactor's value chain can be separated into five main elements:

1. Upstream
2. Own operations
3. Downstream
4. Capital structure
5. External environment

1. Upstream

Axactor's upstream value chain comprise of a few group wide suppliers for common systems and services, complemented by local additions to cover country specific requirements. Axactor's primary need for services relates to professional services rendered by reputable third parties in low-risk jurisdictions in Europe.

Axactor ensures that its selection of partners is based on transparent, objective criteria, free from personal interest, through established procurement policies and procedures. Contracts includes warranties of compliance with relevant laws, regulations, and business practice principles, compliant with Axactor's Supplier Code of Conduct. Axactor regularly reviews its vendors and partners, focusing on social risks and impacts, as well as financial risks including dependencies to human and natural resources.

Axactor's main business relationships in the upstream value chain are:

a. Banks and financial institutions (debt collection and debt portfolio sourcing)
b. IT infrastructure and data management services
c. Collection system providers
d. Legal system actors (courts, bailiffs, etc.)
e. Various professional services (banking, credit information etc.)

In identifying its primary business relationships, Axactor has identified the most significant suppliers and partners based on the value and importance of services provided. Value has been determined based on actual cost (derived from the ERP system), and importance has been determined in dialogue with Group- and local management, based on the importance of the service for the company's ability to perform collection services and collect on own portfolios.

a) Banks and financial institutions

Banks and financial institutions are integral to Axactor's business model, through supplying Axactor with NPLs, and acquiring 3PC services from Axactor. In both instances, Axactor is managing the collection of claims that has been or are in default. The sources for acquiring non-performing debt or offering 3PC-services are conducted through well-functioning, transparent and competitive processes, where the sellers require the best price and quality combination available.

Axactor aims to succeed with debt purchase and portfolio management through high ethical standards and adhering to principles of good business practice. Throughout the entire value chain, Axactor shall operate with good business control, only purchasing legitimate claims, at the correct price, from responsible sellers and through balanced contracts protecting Axactor's interests. Prior to initiating any relationship which leads to the acquisition of a portfolio, Axactor first demonstrates that the seller is an entity with a clear ownership structure, sound financial standing, that conducts business in compliance with laws, and generally recognized business practice principles. The same requirements apply for the servicing agreements, and the customers and banks to which Axactor offers collection services

b) IT infrastructure and data management services

IT infrastructure, data management services and information security form the technological backbone of Axactor. Axactor has since its inception had a common IT infrastructure platform across all countries of operation, operated by a Norwegian-based IT infrastructure provider compliant with ISAE 3000 Type II and ISAE 3402 Type II reporting standards.

Most of Axactors' daily operations are conducted using IT systems run and operated through the common IT infrastructure platform, which is a key element of maintaining cost-efficient operations. Axactor acknowledge that its operation is highly dependent on the services provided. The performance and services provided are closely monitored and regularly reviewed by the internal IT department, to mitigate risk and ensure sufficient service delivery. The infrastructure services are provided from data centers located at locations considered to be low-risk areas both from an environmental and regulatory perspective.

c) Collection system providers

Axactor's collection systems are the cornerstone of the company's ability to perform services and collect on own claims. All Axactor countries uses external providers of collection systems, as well as self-developed supporting systems and functionalities. Axactor is continuously working to ensure that the systems and processes are compliant. These systems are acquired and managed locally, and subject to strict requirements, supervision, and continuous quality assurance measures.

The collection systems process vast amounts of data on Axactor's debtors, as well as applying interests, fees, etc. on claims. Addressing these aspects comprehensively through inter alia, policy commitments, effective procurement practices, information security requirements, not only support effective debt recovery but also align with broader sustainability goals.

d) Legal system actors

Axactor uses a variety of strategies to collect on debt. When an amicable solution is not possible, an alternative is to use the legal system. Legal system actors play an important role in the upstream value chain of debt collection agencies. These actors include courts, bailiffs, legal firms, regulatory bodies, and other judicial entities. Their involvement is essential to ensure enforcement of claims, and effective dispute resolution.

Axactor exerts no influence over these actors, and in terms of identifying material sustainability linked IROs in the value chain, legal system actors are considered to constitute a negligible risk.

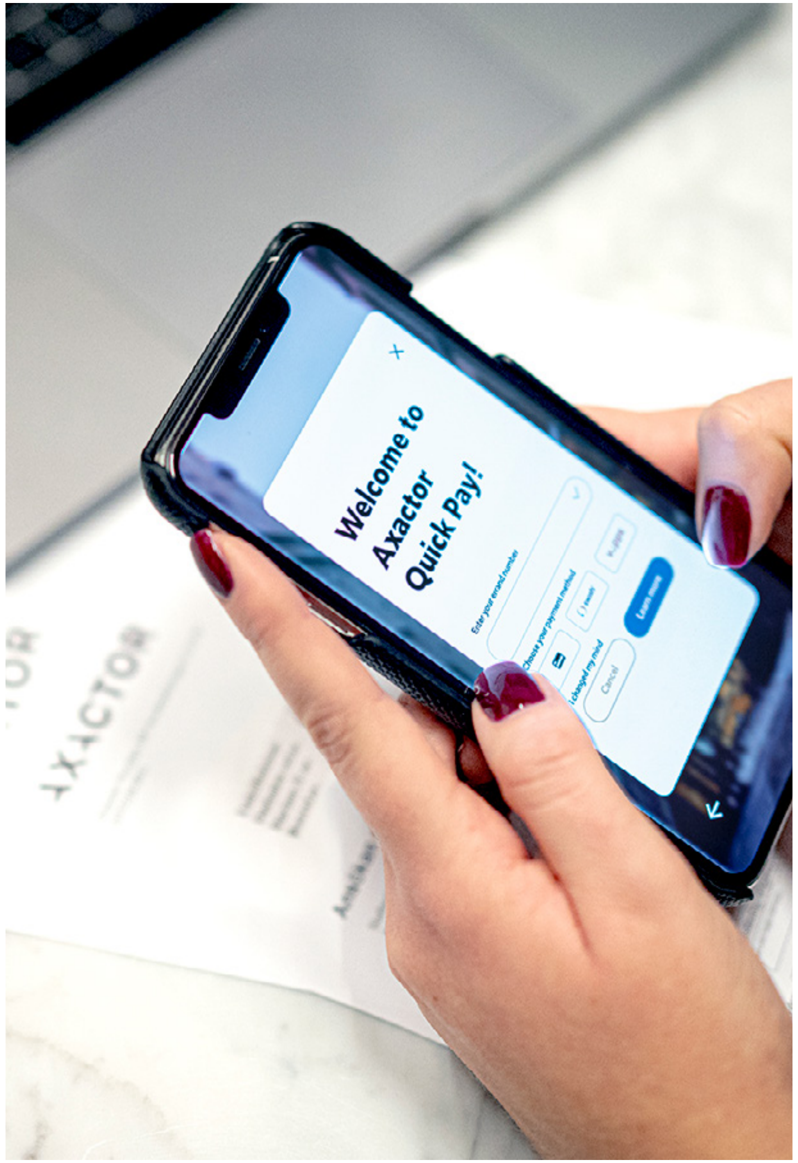
e) Various professional services

Axactor acquires complementary professional services which (in number) makes up most of the Group's suppliers. These services include, inter alia:

- Downstream distribution services (letters, notices, legal documents to debtors)
- Banking services (management of funds, payments, reconciliation, etc.)
- Financial consulting services
- Legal and compliance services
- IT and information technology services/systems (excl. infrastructure services)
- Data analytics and research services
- Insurance services

Considering the number of suppliers and wide array of services covered, it is important to have efficient and comprehensive procurement and vendor management systems in place. Axactor strives to regularly review and assess its vendor base.

In summary, Axactor's upstream value chain is a potential source of sustainability related IROs across various dimensions, including data privacy, social responsibility, regulatory compliance, combatting financial crime and corruption, and the environment. At the same time, Axactor's limited size needs to be taken into consideration when determining potential risks and impacts (directly or indirectly) caused by its operations or value chain, as Axactor's need for goods or services is quite modest compared to for instance material- or energy intensive manufacturing companies.



2. Own operations

Axactor operates within a dynamic and highly regulated industry, offering debt collection services primarily to banks and financial institutions. Axactor's operations are primarily office-based and spread across six different well-functioning EU/EEA regulated markets. For the purpose of analyzing sustainability matters, Axactor's operations can be separated into two main interfaces:

a. Core activities
b. Employees

a) Core activities

- Debt collection services: Engage in contacting debtors via various channels, including phone calls, emails, and postal correspondence, to recover outstanding debts on behalf of itself and its clients. This process involves negotiation, payment arrangement, and, where necessary, legal action.
- Customer management: Maintain robust relationships with its customers, offering tailored solutions to meet their debt recovery needs. This involves regular communication, performance reporting, and compliance with client-specific requirements.
- Data management and analysis: Axactor handles large volumes of sensitive data, utilizing advanced data management systems to ensure accuracy, security, and compliance with data protection regulations. Data analysis are crucial for optimizing collection strategies and improving recovery rates.
- Compliance and risk management: Axactor's operations are governed by strict regulatory frameworks such as, but not limited to, the local debt collection regulations, GDPR regulations and anti-money laundering regulations. Axactor has dedicated teams to ensure compliance with relevant laws, ethical standards, and industry best practices. This includes regular audits, training programs, and risk assessment procedures.

b) Employees

Axactor strives to ensure that it remains an attractive workplace for all its employees by providing a healthy work environment with meaningful tasks through fostering a culture that empowers everyone to learn and grow. The nature of debt collection exposes a significant part of the workforce, the collection advisors, to situations that can be mentally challenging to manage, which consequently is a key source for sustainability matters.

Axactor has mapped the company's operations across the entire value chain, including its own activities (including direct and indirect vendors), to identify its material human- and workers' rights risks. This includes understanding the geographic locations, sectors, and specific activities at each stage of the value chain, and the number of individuals potentially affected by these activities.

In summary, together with its downstream value chain, own operations are unquestionably where Axactor has identified the most relevant sustainability matters, and associated IROs. Axactor employs a significant number of people, which not only comprises the individuals directly affected by the company's acts and policies, but also represents the company externally towards debtors, society, and other stakeholders.

3. Downstream

Axactor's main downstream business relationships are the 3PC customers and the debtors from whom Axactor collects outstanding debt on behalf of a third party or its own portfolios. As part of the debt collection process, Axactor process large amounts of personal data and millions of transactions pass through Axactor each year. It is therefore vital that Axactor ensures the confidentiality of this information and has systems in place to combat financial crime and corruption. The debt collection process is strictly regulated and Axactor continuously focus on preventive and detective measures to ensure compliance with its various legal obligations.

Given the number of affected individuals, and the number of payments processed each year, several relevant sustainability matters have been identified in Axactor's downstream value chain.

4. Capital structure

Axactor's business of purchasing NPLs is by nature capital intensive. Portfolios are financed using a mix of equity and debt financing where the purchase price is fully paid on the time of acquisition and valued using up to a 15-year collection curve, with a front-loaded pay-back profile. To fund its operations Axactor is dependent on investor's willingness to provide the Group with capital at reasonable terms.

Axactor's capital structure consists of bank loans from reputable Nordic banks and listed bonds. The sustainability matters at this level of the value chain relates to expectations and requirements from lenders with respect to sustainability performance. Axactor is in active dialogue with its lenders to identify and manage such matters, as further described in section SBM-2.

5. External environment

Axactor recognizes it is a part of a greater society. In addition to the stakeholders the company directly or indirectly interact with, there are several other interests that impact, or are impacted by Axactor's operations across the upstream, own operations and downstream value chain categories. Such interests could be physical people, societies or nature, and also the more abstract parts of society such as economic or regulatory factors. In order to operate sustainably Axactor considers the ripple effects of its operations and also adapt its strategies and actions to mitigate risks and capitalize on opportunities. Examples of relevant external value chain factors and participants include, inter alia:

- Country-specific regulation: Debt collection is regulated through various means in Axactor's countries of operation. Compliance with its legal obligations is crucial to avoid legal penalties and maintain credibility, but foremost ensuring the rights and protection of the individuals. In addition to debt collection legislation, data protection and consumer protection laws carry the most relevance to the industry. Through its participation in interest groups Axactor contributes to shaping the regulatory environment by sharing experience and opinions. Furthermore, Axactor recognizes that the governing bodies will adapt its regulation based on the actions of Axactor and its peers, especially when developing new ways of collecting or offering new products within the collection space.

- Macroeconomic conditions: The debt collection industry is heavily dependent on the disposable income and asset values of the debtors. Any macroeconomic development either increasing or decreasing the debtors' available funds for repaying debt will in turn impact the cash flow of Axactor. Furthermore, the collection industry is impacted by the general condition of the economy where the buildup of debt and consequently NPLs depend on the state of supply and demand for credit. This again is likely to be impacted by the demand from debt collectors to acquire and manage such debt. The debt collection industry is also under frequent political pressure, due to the nature of its business, and political instability and changes in government policies affects the business environment.

- Competitive environment: The level of competition in the debt collection industry varies depending on market and segment which also impacts the business environment.

SBM-2 – Interests and views of stakeholders

To ensure identification of material sustainability IROs in its operations and value chain, Axactor has for several years engaged with various stakeholders to understand their interests and views. This process includes vendor assessment, employee surveys and interviews with different stakeholders, such as lenders, vendors, unions, peers, customers, investors and management.

Axactor's key stakeholders can be distributed as follows:

Key stakeholders	Affected stakeholders / users of sustainability information / both affected and users of sustainability information[1]	Stakeholder dialogue and main important sustainability topics (bullets)
Investors & bond holders	User	Axactor interacts with its investors on a regular basis through formal events such as the quarterly reporting meetings and other ad hoc investor events. Group executive management is regularly meeting face to face with investors to discuss business matters where investors can address their concerns. These meetings are vital for Axactor to understand the views and expectations of its existing and potential equity and debt investors. • Sound corporate governance and business behavior
Lenders	User	Axactor is in close dialogue with its lenders including quarterly business updates. Each year the banks are invited to one of Axactor's offices to learn more about Axactor's operations and the different aspects of the debt collection industry. During 2024 Axactor has conducted interviews with both of its RCF banks to validate the result of the DMA. Both banks conduct their in-house sustainability assessment to be used in their credit approval process and are well-informed discussion partners on sustainability. • Sound corporate governance and business behavior
Customers & sellers of non-performing debt	Affected & User	Axactor's customers (3PC clients) and the sellers of NPL portfolios are mainly companies within the bank and finance industry which are subject to a strict regulatory framework. Axactor conducts a customer satisfaction survey annually. A key element of customer satisfaction and success is the continuous dialogue on and expectation to the debt collection practices which is of high importance to both Axactor and the customer. • Ethical and fair debtor treatment
Debtors	Affected	Debtors are individuals or companies from which Axactor collect claims. To ensure that the rights and interests of debtors are catered to, Axactor use the feedback from the debtors through the debtor satisfaction survey, through direct contact with the case-handlers, internal and external complaints channels including the customers (3PC clients). Axactor conducts millions of conversations each year with its debtors, in which the collection advisors develop a deep knowledge of the debtor's concerns. Furthermore, the strict regulatory requirements, and required licenses in several jurisdictions gives Axactor a solid indication on what topics to focus on. Axactor has a significant responsibility in balancing the interest of the debtor, who often finds themselves in a difficult situation, and the creditor to which the debtor owe money. Reports and feedback from regulatory bodies are also an important input to understanding the sustainability related matters for debtors. • Ethical and fair debtor treatment • Data privacy

Key stakeholders	Affected stakeholders / users of sustainability information / both affected and users of sustainability information[1]	Stakeholder dialogue and main important sustainability topics (bullets)
Suppliers	Affected & User	Axactor carefully selects its suppliers and ensure they comply with the Group's Supplier Code of Conduct. Axactor aims to perform a supplier risk assessment including sustainability related matters and will continue to improve this work going forward. Axactor meets with its suppliers on a regular basis depending on the size and the importance for maintaining operational activities. During the DMA process in 2024, Axactor interviewed two of its most important IT service providers. • Information security • Ethical business behavior
Authorities & regulators	Affected & User	By operating within the debt collection industry and engaging with financial institutions there are a number of direct and indirect engagements with authorities and regulators. The expectations to businesses like Axactor are clearly expressed through regulations and public statements. Axactor has or is about to obtain a debt collection license in most of its jurisdictions, which sets a clear expectation to its business behavior. Through participation in industry organizations Axactor contributes to the development of a sound financial market regulation. • Ethical business behavior • Fraud and corruption • Ethical and fair debtor treatment
Society	Affected	Axactor recognize its important role in society by contributing to a sustainable financial market through responsible debt management and collection. Axactor pays close attention to media reports, peers and other public communication relating to its activities. • Good corporate governance and business behavior • Equal treatment and opportunities for all
Employees & unions	Affected	The employees are the most important resource of Axactor. Axactor regularly conduct an employee satisfaction survey and systematically address areas of improvement (see section S1-4 for more information). Each employee conducts an annual performance and appraisal talk with its senior manager. Furthermore, all employees have access to a whistleblower channel and complaint management channel. During 2024 employee representatives from each of Axactor's countries and staff functions have contributed to the DMA, both with input and in verifying the results. See section S1 for more information on strategic goals, policies and procedures relating to own workforce. • Working conditions • Equal pay for equal work • Training and education
Workers in the value chain	Affected	Axactor purchases external services and uses external consultants for e.g. IT services. Axactor acknowledges that the job security of the employees of these suppliers will, to a varying degree, depend on Axactor purchasing services. Employees from Axactor's main IT suppliers has been included in the stakeholder dialogue during 2024. • Working conditions (secure employment)

[1] All stakeholders can be both affected stakeholders and users of sustainability information. However, in the table above Axactor has focused on the most relevant types for the purpose of the stakeholder dialogue.

The list of stakeholders is non-exhaustive. Inputs and engagement with the stakeholders have been used in the DMA conducted during 2024, both to understand the context and for assessing the outcome of the materiality assessment. Sustainability matters, and the results of stakeholder dialogue and feedback are frequently discussed by Group executive management. In preparation of the CSRD reporting for 2024, members of the Group executive management have participated in meetings with the unions, lenders, the Board, local management teams and key suppliers. The Board's audit committee is updated on the company's sustainability related work at least quarterly, including key topics addressed with or by the company's stakeholders.

Most of the stakeholder dialogue is conducted as a continuous process and part of the daily business. All important matters addressed are reported through the existing channels of communication such as business reviews, informal dialogues, whistleblowing and incident management systems, to the responsible Group executive management representative. Throughout these processes the company continuously consider the need to take further actions to address sustainability matters being negative or positive impacts, addressing any risk or opportunities.

Axactor does not plan any amendments to its strategy based on the stakeholder dialogue in relation to the 2024 DMA process.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

			Upstream				Own operations				Downstream				Time horizon
Topical ESRS	**Sub-topic**	**Sub sub-topic / entity spesific disclosure**	**N I**	**P I**	**R**	**O**	**N I**	**P I**	**R**	**O**	**N I**	**P I**	**R**	**O**	**N I**
S1 Own work-force	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value						■							Short-term
	Working conditions	Secure employment					■	■							Short-term
		Health and safety (mental)					■								Short-term
S4 Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety (mental)									■				Short-term
	Information-related impacts for consumers and/or end-users	Privacy									■				Short-term
G1 Business conduct	Corruption and bribery								■						Mid/long-term
Entity-spesific disclosures															
		Fair and efficient credit markets		■								■			Short-term

N I = Negative impact, P I = Positive impact, R = Risk, O = Opportunity

■ Material IRO

In previous years, Axactor has reported in accordance with GRI's reporting principles in all material respects as defined by the GRI Universal Standards (2021). Through preparation for the 2024 sustainability reporting, Axactor has for the first time conducted a DMA as required by the CSRD (see section Impact, risk and opportunity management). The reporting requirements following CSRD differs from the GRI. Consequently, the material issues identified and included in this report has changed from the previous reports following the GRI standard. Based on the DMA, Axactor has identified material matters within three topical ESRS's and one entity specific matter.

S1 Own workforce

The sustainability matters relating to own workforce are by nature located in Axactor's own operations. As part of its business model Axactor is focusing on NPLs that to a large extent require human processing. The company is therefore highly dependent on employees to conduct the debt collection services.

Equal pay for equal work

Axactor is committed to ensure equal compensation for equal work and actively work to ensure fair compensation through annual compensation assessments.

Working conditions

Axactor has a dynamic operating activity level driven by the available volume of NPLs. The acquisition of large portfolios of NPLs and the subsequent collection of these can result in large shifts in the required workload. Axactor is through its strategy committed to being a cost-leader and as a result it has, and may conduct, up-or downsizing of the workforce. Axactor acknowledge the negative impact on people losing their job and strives to always preserve the affected worker's rights.

Axactor takes pride in its opportunity to offer jobs with low requirement to prior job experience and education enabling access to the labor market, and to contribute to training and education enabling employees to advance in their professional careers.

Employee mental health

As part of Axactor's business model employees are working with cases of a sensitive nature and engage with people in vulnerable situations. Through conversations with debtors the collection advisors are to a varying degree exposed to emotional and sometimes aggressive or other forms of behavior that could impact their mental health. Axactor focuses on sufficient training and education of its employees enabling them to handle difficult situations. Furthermore, Axactor has established processes for employees to be taken care of when experiencing any distress or other adverse impacts.

S4 Consumers and end-users

Debt collection services are by nature conducted in relation to debtors in varying degrees of financial distress. The contact with, and actions taken by Axactor may lead to mental distress for the individual debtors, especially for debtors in vulnerable personal situations. As part of its business model and strategy Axactor strives to ensure that the interests and rights of the debtors are upheld during the collection process.

Debtor mental health

Axactor handles a significant number of cases and works diligently to ensure that all actions taken are compliant with good debt collection practices. However, it is a possibility that Axactor may be accused of violating good debt collection practices, especially with respect to application of undue pressure (e.g. through excessive attempts at achieving contact with the debtor). The distinction between overly aggressive collection pressure and acceptable practices can be subtle, especially for inexperienced employees. A potential breach of ethical debt collection would negatively impact the debtor in a manner depending on the seriousness of the breach. Through policies and procedures informed by ethical debt collection guidelines and a well-established regulatory framework, Axactor ensures that all employees receive training to comply with the high standards expected of the company.

Data privacy

Digital security and data privacy is of the utmost importance to Axactor, given its industry and operations. In order to provide its services, Axactor collects and processes substantial amounts of data relating to debtors for debt collection purposes. Data privacy is assessed as material in the DMA due to the high severity of a potential breach taking precedence over the probability of any such incident occurring. Axactor invests significant amounts and resources in organizational and technical measures to secure the information and personal data processed.

G1 Business conduct

Corruption and bribery

Axactor manages a large volume of payments, both in terms of amount and quantity. There is an inherent risk attached to management of payments relating to bribery, fraud and corruption. Axactor has extensive policies and procedures in place to reduce the possibility of using its systems in bad faith, however Axactor recognize the possibility for it to happen and the potential operational and/or financial consequences that would follow. The timing and size of any potential penalty will depend on the severity and occurrence of any punishable breach.

The matter of corruption and bribery in the DMA is assessed as material mainly due to the maximum potential magnitude of a violation. Axactor assess the likelihood of such an outcome to be very limited due to the mitigations mentioned above. Axactor does currently not expect any effect on its financial position, cash flow or results nor is it identified any necessary material investments in systems, to manage the risk in the short, medium- and long-term.

Entity-specific topic(s)

Fair and efficient credit markets (Entity-specific matter)

Axactor's purpose is to help people and society to a better future. Fair and efficient credit markets imply ensuring a debt collection process that is fair for both the debtor and creditor i.e. conducted according to good debt collection practices and compliant with relevant regulation, and doing so in a cost- and process efficient manner. Axactor brings value to the providers of credit by contributing to a secondhand market for NPLs and in turn free up capital for new lending, improving the function of the financial market. Axactor brings value to debtors by reducing the cost and ensuring a compliant debt collection process. A key element of Axactor's strategy is to be as efficient as possible which again provides better and more cost-efficient solutions to both creditor and debtor.

All identified IROs and how Axactor manages these, are already an integrated part of the daily operation. Axactor does not expect to make any material changes to the already established processes included in its business model and strategy based on the DMA. However, it is important to note that there is always room for improving processes, which the company always strive to do. Moreover, the material impacts are considered to be of such a nature that they do not pose any risk to the current operating capacity of the company. Axactor has not found any meaningful way of quantifying the resilience of the business to any of the IROs. The analysis has rather been conducted through qualitative workshops and discussions.

Impact, risk and opportunity management

IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities
2024 is the first year of reporting according to CSRD for Axactor. In the 2023 annual report Axactor published a sustainability report based on the GRI universal standards (2021) which includes an impact materiality assessment. The previous work on GRI reporting has been a valuable starting point for the DMA required by CSRD. Axactor expects to update the materiality assessment annually.

The identification of IROs has been conducted through the following workstreams:

1.Value chain, business model and activities
A desk-based analysis of the value chain, as described in section SBM-1, has been conducted by management representatives from all parts of the business, being finance, legal, compliance, operation, IT and strategy. Each element such as geographical location, types of business relationships and business activities have been analyzed to identify IROs. Furthermore, throughout the value chain it has been considered what dependencies Axactor has to sustainability related resources such as energy and people. All group policies and procedures (see section Group policies) have been reviewed to identify which high-risk matters that are already identified and addressed through existing quarterly risk assessments. The Group internal control system has been reviewed to identify existing high concern matters and to identify necessary amendments or additions for new controls.

2.Stakeholder dialogue
See section SBM-2 for a description of the stakeholder dialogue that both has served as a source for identifying IROs and to confirm and quality proof the outcome of the DMA.

Axactor has, together with internal and external stakeholders discussed social trends, such as information security and data privacy, and human rights including gender equality and diversity. Each quarter, Axactor participates in a peer discussion forum on sustainability matters and industry trends with recent topics focusing on CSRD processes and requirements as well as relevant IROs for the industry. Axactor has analyzed the published sustainability reports from industry peers, banks and key vendors as well as reports from the Governance Group.

3.Screening findings against ESRS topical standards
The topical ESRS standards published in ESRS 1 AR 16 (Regulation (EU) 2023/2772) has been screened against identified sustainability matters from the value chain analysis and the stakeholder dialogue, in order to identify possible gaps. Where matters identified by Axactor are not included in the ESRS list, the matter is presented as an entity-specific disclosure.

Axactor has evaluated all sustainability matters identified through the impact materiality assessment in order to consider the risks and opportunities that arise from sustainability matters. In the risk assessment process, all risk categories are prioritized equally, with the aim of identifying the most material risks independent of whether it is a sustainability related risk or not.

The identification of matters and the materiality scoring has been independently conducted by a team consisting of group management members and representatives from each country. The country results have been compiled and analyzed by the Group team to form a consolidated DMA. The resulting Group DMA has subsequently been presented to the country teams, the Group executive management and the Board for internal control purposes, anchoring throughout the organization and approval.

While every effort has been made to conduct a thorough and comprehensive analysis, there are certain limitations that should be noted. The assessment is based on the information and data available at the time of the analysis and captures to the best of the company's knowledge the most material sustainability related IROs associated with the company's operations and value chain. The assessment relies on publicly available information and self-reported information from local teams and vendors, which may not always be accurate or complete. Indirect vendors have been analyzed using information provided by its direct vendors and publicly available information, due to a lack of incentive amongst indirect vendors to engage in discussions given the absence of any direct contractual or economic relationship. Furthermore, the assessment cannot account for unforeseen events or changes in circumstances that arise after the date of this assessment.

The identified sustainability matters have been screened against either qualitative scoring criteria based on management discussions, or quantitative scoring in those cases where the potential or actual financial effects are quantifiable. Based on the identified sustainability matters Axactor is of the opinion that the use of scenarios in the materiality assessment of its identified matters in the 2024 analysis, does not provide any added value. The company will closely monitor the development of best practices for measuring financial effect from sustainability matters, going forward. The scoring of magnitude and likelihood of financial effects has been conducted based on management discussions.

Materiality scoring

Impact materiality: In general, the scoring criteria have been established with the intention of being able to compare Axactor, on sustainability matters, to any other company irrespective of size, geographical positioning, or industry.

Social impact has been scored based on how grave the impact is on people, how widespread the impact is and how difficult the impact is to reverse. For positive impacts the scoring consists of how beneficial and widespread the impact is to the subject matter. For potential impacts an additional consideration is included as to how likely it is for the impact to materialize, while for actual impacts it is automatically given a 100% probability,

Governance topics have been evaluated based on how grave the impact is on society, how widespread the impact is and how difficult it is to reverse. For positive impacts only the benefit to society and how widespread the impact is, have been considered. Potential impacts have also been multiplied by a factor du reflect the probability of materializing.

Financial materiality: Risks and opportunities stemming either from impacts or from dependencies have been scored based on magnitude and likelihood. For magnitude, Axactor has used either a qualitative or quantitative criteria, as many of the risks and opportunities are considered to abstract to confidently estimate.

A scale from 1-5 has been used for magnitude while likelihood is scored from 0-100%, in line with the internal risk assessment methodology.

Materiality thresholds

The thresholds have been discussed and approved by the Group executive management and supported by the Board represented by the audit committee.

Likelihood / probability

Score	Probability descriptions
1 – Will probably not happen	Less than 10% chance of occurrence
2 – Might happen, but probably not	10% up to 35% chance of occurrence
3 – Maybe	35% up to 65% chance of occurrence
4 – Will probably happen	65% up to 90% chance of occurrence
5 – Almost certain that it will happen or has happened	90% or greater chance of occurrence

Magnitude / impact

Score	Description
1 – Insignificant / low	Impact is primarily operational, local, and mediated within the current fiscal year.
2 – Small	Negative outcomes from risks that are unlikely to have a permanent or significant effect on Axactor's reputation or performance.
3 – Moderate	Negative outcomes from risks that will have a significant impact on Axactor but can be managed effectively in the medium term.
4 – Great	Negative outcomes from risks with a significant effect that will require major effort to manage and resolve in the medium term but do not threaten the existence of Axactor in the medium term. Value added if managed successfully is significant.
5 – Critical / Transformational	Negative outcomes from risks which if not resolved in the medium term will threaten the existence of Axactor.

The assessment of the IROs by scoring severity/magnitude and probability results in a materiality score. IROs with score 1-4 are low in impact/magnitude and probability and would generally require no additional remedies. The IRO should be analyzed to find out if Axactor is using unnecessary resources on these matters.

Scores of 4-12 are medium IROs that should be actively mitigated to reduce the impact or risk, or to take advantage of the opportunity. These IROs have either a low probability of occurrence and high impact, a high probability and low impact, or a combination of both. These types of matters might also be analyzed for unnecessary use of resources or considered if the company should allocate more resources to manage.

Scores of 13-25 are critical IROs and must be addressed to reduce negative impacts or risk level, or maintain positive impact or take advantage of opportunities, considering its high impact on the company value and/or its operations. All IROs in this category shall continuously be assessed.

IROs with a materiality score above 12 is defined as material matters.

Time horizons under which the IROs have been evaluated to materialize is aligned with the disclosure in section BP-2.

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Explanation on non-material ESRS topics

ESRS E1 Climate change:

Axactor has performed a materiality assessment as described in section IRO-1. The process has been informed by screening the ESRS 1 Appendix A AR 16 list of sustainability matters, including the topic E1 Climate change. Through the assessment of the topics listed in the AR 16 list, the stakeholder dialogue and an assessment of Axactor's GHG inventory, the company has not identified any impacts, risks or opportunities that are assessed as material in the DMA. Consequently, as indicated in the ESRS 1 appendix E *Flowchart for determining disclosures to be included* illustration, the company has omitted all the disclosure requirements under ESRS E1. However, Axactor is still required to report on E1 ESRS 2 IRO-1 pursuant to ESRS 1 paragraph 29 and ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures (disclosed in section: *Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures*).

As an office-based services company Axactor has incorporated basic environmental practices such as waste reduction, supporting energy efficiency measures by landlords for its offices and promoting the use of online meetings instead of physical to reduce business travel. As a result of the increased focus on reliable data relating to sustainability matters, Axactor initiated during 2022 a project to develop a GHG inventory tool to accurately measure its emissions. This tool incorporates all identified emission sources for scope 1, 2 and 3 in accordance with the GHG Protocol Corporate Standard requirements (aligned with the table in ESRS E1 AR48 which defines the table to report on Scope 1, scope 2 and Scope 3, including all categories 1-15 under Scope 3). For Scope 3 categories Axactor has identified emission sources within: purchased goods and services, fuel- and energy related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and downstream transportation and distribution.

The results of the GHG inventory enables Axactor to better analyze and understand its GHG emission and to more accurately direct emission reduction initiatives where it matters the most. The GHG inventory show that Axactor's emissions is driven by the fact that the company depends on people, its workforce, to run its activities. Axactor's GHG emission calculation from 2023 show that 54% of the Group's total emissions of 2,765.8 tCo_2 relates to employees commuting between their home and work. With the remaining 46% mainly comprising of mobile combustion from leased vehicles (14%), scope 2 electricity, and heating and cooling purchases (12%), and business travel (8%). To meaningfully reduce emissions Axactor is dependent on a general shift in society from carbon intensive to emission free means of transportation or a general expectation that all employees should work from home. With the current technology, Axactor is not able to reach a climate neutral operation without purchasing carbon removal credits. Axactor's DMA show that the company has much greater impacts, risks and opportunities arising from social and governance matters compared to climate change and other environmental matters. The company's analysis infer that in comparison to other industries such as oil and gas, manufacturing of goods or transportation, Axactor are not able to make a material contribution to environmental matters, being positive or negative. Axactor recognize the overall societal importance of climate change and will continue to support emission reduction initiatives. Axactor consider that its operations are adaptable to climate change, as the company's systems and IT infrastructure is secured through storage and backup in different locations and the collection activities can be easily operated from anywhere in Europe (and the world, subject to data privacy restrictions within the EU). Should any incident occur, such as rising sea levels, extreme heat, or other events that makes it impossible to operate at any of Axactor's locations the business activities can quickly be moved to other locations. Therefore, the company has not identified any material climate change risks. In conclusion, although the environment is important both for Axactor and the society, there is not identified any potential or actual material impacts, risks and opportunities relating to climate change for Axactor. For Axactor to assess E1 climate change as a material topic there must be a clear expectation from the company's stakeholders that environmental related information is material. Alternatively, E1 may be material if a regulatory body such as the EU commission, the Norwegian government or other stakeholders such as the stock exchange impose requirements that would fundamentally change the company's assessment of IROs related to climate change.

As an example, a significant development in capital markets pricing mechanisms that would cause Axactor to expect a material shift in its cost of capital could make the topic material from a financial materiality point of view.

ESRS E2 to ESRS E5:

Axactor does not have any indication through the process of understanding its context that there is any material IROs related to pollution, water and marine resources, biodiversity and ecosystems or circular economy in Axactor's operations or business relationships. Axactor will closely follow the development on the consideration of these matters under the CSRD framework. Axactor has identified non-material sustainability matters relating to pollution and circular economy.

ESRS S2 Workers in the value chain:

Axactor has identified sustainability matters relating to workers in the value chain, especially related to job security of consultancy workers from companies that Axactor purchase services. However, due to the relatively small size of Axactor, the matter has not been assessed as material.

ESRS S3 Affected communities:

Axactor has not identified or received any indications from stakeholders, that matters relating to the sub-sub-topics of ESRS S3 are relevant to Axactor or its business relationships.

To identify and disclose material information related to IROs, Axactor has conducted a materiality assessment involving all levels of the organisation. Based on discussions with internal matter experts, industry peers and stakeholders, and analysing EFRAG publications, Axactor has gained a solid understand of what information that is relevant to the respective user of the sustainability statement. In prior years, feedback on material topics was collected through questionnaires to external and internal stakeholders, based on relevant topics inspired by the GRI standards, either by survey or through interviews. The surveys have covered key factors for Axactor's daily operations and long-term value creation related to governance, people, and the environment. The results of the materiality analysis have been substantially the same the last 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 reviewed certain societal trends. Preparation for this year's reporting requirements under the CSRD, Axactor has also reviewed the prior years' materiality analysis (in accordance with GRI 2021). The approach integrates both impact materiality and financial materiality to ensure the disclosed information is relevant and decision-useful for all stakeholders. A description of the process to identify sustainability matters and to assess their materiality, including the use of thresholds are described in section IRO-1 of this report. The material IROs have been screened against the EFRAG IG 3: Detailed ESRS Datapoints and accompanying Explanatory Note as a basis for discussions on identifying material datapoints. Being the first year of reporting under CSRD, Axactor acknowledges the uncertainty in mapping the identified material matters with the relevant disclosure requirements and datapoints in ESRS, Axactor welcomes further guidance on the process.

Disclosures subject to ESRS 2 Appendix C

ESRS E1 Climate change

Global trends and initiatives are driving actions towards strengthened accountability and transparency on greenhouse gas (GHG) emissions, together with increased climate ambition towards reaching a low carbon future. Axactor recognizes the growing expectation to improve its practices on emissions' data collection and reporting as an important first step towards having a high-quality GHG inventory that enables a clear understanding of the main sources and issues to be addressed, and the best mitigations available.

Process to calculate GHG emissions

Axactor's inventory tool covers emissions in scopes 1, 2 and 3 in accordance with the GHG Protocol Corporate Standard requirements and the categories presented in ESRS E1 AR 48. 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 (CO_2e, CO_2, CH_4, N_2O, HFCs, PFCs, SF6 and NF3) and over time. Values are reported in CO_2 equivalents. Axactor's inventory tool for scope 1, 2 and 3 GHG emissions is prepared in accordance with the Global Reporting Initiative (GRI) protocol, in particular GRI 305: Emissions[1].

This reporting protocol is compatible with the GHG Protocol Corporate Standard[2] and Carbon Disclosure Project (CDP)[3] requirements. An analysis has been conducted to identify emission sources in each country and map each source to the categories corresponding to the table in ESRS E1 AR 48. The analysis has focused on the activities performed, and the services or products purchased, and offered by Axactor. For each identified emission source Axactor has performed a data availability and quality assessment to identify the most appropriate datasource. The best estimate for emissions has been considered and selected from, estimated total emissions from a third-party provider, activity data from a third-party provider multiplied with a relevant emissions factor or activity data from Axactor multiplied with a relevant emission factor. The emission factors are obtained from an Ecoinvent database. See section IRO-2 for more information on the assessment of the GHG emissions in relation to materiality of ESRS topic E1 climate change.

For each office location, Axactor has assessed the physical risks related to climate change (flood, landslide, tornadoes and wildfires), and other relevant environmental risks such as earthquake and volcanic eruption.

Office location	Flood	Earthquake	Volcanic eruption	Landslides	Tornadoes	Wildfires
Oslo, Norway						
Drammen, Norway	Medium risik			Medium risik		
Gothenburg, Sweden	Medium risik			Medium risik		
Helsinki, Finland						
Heidelberg, Germany						
Cuneo, Italy	Medium risik	High risk				
Milano, Italy	Medium risik	Medium risik				
Grosseto, Italy		Medium risik				
Milazzo, Italy	Medium risik	High risk	High risk			
Madrid, Spain						
Alicante, Spain	Medium risik					
Barcelona, Spain						
Valladolid, Spain						

No/negligible risk
Medium risik
High risk

[1] Can be downloaded from https://www.globalreporting.org/ , 2016 version.
[2] https://ghgprotocol.org/corporate-standard
[3] https://www.cdp.net/en

The assessment has not taken into consideration any climate scenarios as exemplified in ESRS E1 AR 11 (d), nor to identify climate-related physical risks or climate-related transition risks, as Axactor considers that such scenario analysis will not provide any material added value. The most severe risks identified relate to earthquake and volcanic eruption in Axactor's Italian office in Milazzo. Axactor considers the risk relating to climate hazards and transition events to be of an acceptable magnitude given the company's possibility to quickly re-locate its operations, due to the web-based nature of debt collection. For the value chain other than own operations, Axactor has considered the server locations of the upstream main IT service provider. All Axactor data have storage and backup on different locations which Axactor considers not to pose any material risk. Axactor has not assessed the physical climate risk for the location of other upstream or downstream business relationships. The financial value of assets at each location is of negligible value compared to the total asset value of the company balance sheet.

ESRS E2 Pollution

As part of the annual review of the GHG inventory, representatives from each country conducts a desk-based review of all potential sources of emissions. All the emissions have been calculated to Co_2 equivalents for reporting purposes. Axactor has not investigated the potential pollution stemming from any site operated by business relationships in its upstream or downstream value chain as it does not have the capacity to do so. Axactor will closely follow the development in reporting requirements and expectations regarding this subject.

Due to the limited scope of emissions, Axactor has not conducted any formal consultations with potentially affected communities.

ESRS E3 Water and marine resources

Axactor has through the GHG inventory identification estimated the water consumption and wastewater from its office spaces. Axactor has not identified any IROs relating to this topic as it assesses the consumption and resulting wastewater to be part of the basic needs of human beings and the structure of western society, therefore it would not comply with the qualitative characteristics of information-criteria to include it in the analysis.

Axactor has not consulted with potentially affected communities regarding water and marine resources.

ESRS E4 Biodiversity and ecosystems

Axactor has conducted a desk-based analysis of its IROs for environmental topics in general. The Group has not, in relation to biodiversity and ecosystems, identified actual and potential impacts, any dependencies or transition and physical risks. Neither has the company considered any systemic risk or consulted potentially affected communities. Axactor has not considered if its office spaces are located in or near biodiversity-sensitive areas, neither has it considered if it is necessary to implement biodiversity mitigation measures. Axactor consider, based on the definition of "impact drivers" in ESRS, that for its own operation the relevant factor to analyze comprise of leased office spaces, and GHG emissions covered in section ESRS E1 Climate change above. For its office spaces Axactor has inferred that since the buildings are already built and are located in European economic area ("EEA") there has been structured processes and assessments made by qualified resources in relation to construction approval processes.

ESRS E5 Resource use and circular economy

As part of the annual review of the GHG inventory, Axactor endeavors to estimate the lifecycle GHG emissions from purchased office equipment (including computers and mobile phones) as well as general office waste. This assessment has included a review of servers and other necessary equipment acquired by the Groups main infrastructure provider but is relating to Axactor's scope 3 emissions and therefore does not give a complete picture on IROs relating to the value chain.

Axactor's activities are mainly web-based services, and the same applies for most of its value chain. The resource inflows to the facilities are assumed to mainly comprise of electricity. Axactor has identified the impact from GHG emissions stemming from use of energy. The company has not identified any risk or opportunities connected to electricity. Axactor does not have the capacity to trace and analyze the source of its electricity use as it purchases the energy mix in the respective countries.

Axactor has not consulted with potentially affected communities regarding resource use and circular economy.

Group policies

Group policies including the Code of Conduct are reviewed and approved by the Board annually. All policies have designated owners within the Group executive management, responsible for implementing, developing and monitoring compliance within their respective areas. To each policy a set of procedures are established e.g., the Legal and compliance policy has a procedure for internal control and risk management.

The content of the policies, unless otherwise specified, applies for all business activities conducted throughout the value chain with the same strict expectations applying for the Group's business relationships. All policies referenced in the sustainability statement are listed below:

Policy	Key content	Reference to third-party standards or initiatives	Owner	Availability
Human resources policy	• HR organization and goals • Principles and expectations to fair and divers recruiting • Performance management of employees • Principles for employee learning and development • Administration and compliance of personal data • Zero tolerance for harassment and discrimination • Compliance with health, safety and work environment regulations • Right to association and collective bargaining • Workers representatives and employee interaction • Enabling and encouraging reporting on deviations	N/A	Chief of staff	Company website and intranet
Remuneration policy	• Describes the approval hierarchy of remuneration • Aligns remuneration with strategic goals, policies and processes • Encourage a strong and sustainable performance-based culture • Attract, retain, and engage highly motivated, competent, and performanceoriented people • Reward both corporate and individual performance • Describes the types and boundaries of remuneration plans	• Norwegian public limited liability companies act	Chief of staff	Company website and intranet

Policy	Key content	Reference to third-party standards or initiatives	Owner	Availability
Human rights policy	• Set out Axactor's commitments to human rights • Treat everyone working at Axactor and impacted by our operations with fairness, respect, and dignity • Create a working environment free from any form of discrimination based on gender, race, ethnicity, sexual orientation, political beliefs, age, etc. (in hiring and employment) • Respecting the human rights of anyone affected by its operations, including but not limited to, their freedom of opinion and expression, belief, privacy, and equality • Ensuring the employee's freedom of association and the right to collective bargaining • Provide a safe, healthy, and secure workplace • Oppose any form of forced-, compulsory- or child labour • Providing appropriate grievance mechanisms for potential human rights infringements • Conduct human rights due diligence assessments and reporting on the results • Aim to continuously improve our human rights efforts • Ensure appropriate remediation in case of infringements	• The International Bill of Human Rights • The United Nations (UN) Guiding Principles on Business and Human Rights • The ten principles of the UN Global Compact • The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work • The United Nations (UN) Sustainable Development Goals	Chief of staff	Company website and intranet
Code of Conduct	• Commitment to engage efficiently, responsibly and profitable for all stakeholders • Reporting, investigation, and resolution of conflicts • Zero tolerance of fraud and corruption • Economic sanctions and money laundering prevention • Commitment to antitrust law • Treatment of inside information and secrecy obligation • Human rights and fair employment practices • Internal control and risk management	N/A	Chief of staff	Company website and intranet
Data protection policy	• Ensuring compliance with GDPR regulation • Outlining roles and responsibilities • Principles on employee training • Deviation and data breach management	• Regulation (EU) 2016/679	Chief of staff	Company intranet
Operations policy	• Commitment to the principles of good debt collection practices and ethical standards • Principles on employee training in debt collection standards and legislation • Principles on debtor interaction and communication • Principles on management of client funds • Principles complaints process	N/A	COO	Company intranet incl. local versions

Policy	Key content	Reference to third-party standards or initiatives	Owner	Availability
IT and Information security policy	• Defines the security requirements for the proper and secure use of Axactor's information and technology services • Committed to safeguarding the confidentiality, integrity, and availability of all physical and electronic information assets • Principles for incidents, vulnerabilities and risk management • Security awareness and training initiatives	• ISO 27001: 2013. Information security – security techniques – information security management systems – requirements	COO together with the Chief Information Security Officer (CISO)	Company intranet
Anti-corruption and anti-fraud policy	• Statement of zero tolerance of fraud and corruption • Outlining actions to prevent fraud and corruption • Principles for employee awareness and training • Measures to detect fraud and corruption • Principles in case of violations and sanctions • Obligation to report on incidents	N/A	Chief of staff	Company website and intranet
Procurement policy	• Establish transparent, objective, time and cost-effective decision making and risk management in procurement • Requirements to ethics, regulations, professionalism, and equal treatment of suppliers • Principles for vendor management	N/A	CFO	Company intranet
Debt purchasing and portfolio management policy	• Principles for responsible investment in acquiring NPL portfolios • Principles for KYC and due dilligence of products and business relationships • Compliance with anti-money laundering and terror financing, and GDPR regulation	N/A	CIO	Company intranet
Legal and compliance policy	• Ensuring compliance with laws and regulations and internal policies and procedures • Principles for corporate governance incl. roles and responsibilities • Principles for training of employees regarding laws and regulations • Principles for risk assessment including reporting and preventive measures	• Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") • The COSO Internal Control Framework • The Institute of Internal Auditors (IIA)	Chief of staff	Company intranet
Physical security	• Describe the measures designed to deny unauthorized access to office facilities, equipment and resources, and to protect personnel and property from damage or harm • Treatment of debtor visits • Instrcutions for handling threats against employees	• ISO 27001/17799 Information Security Management System	Chief of staff	Company intranet
Delegation of authority	• The principle of ""two set of eyes"" when making commitments on behalf of Axactor • The authority to approve expenditures, engage in commitments, or make decisions within and on behalf of the Axactor companies to prevent the risk of unauthorized approvals	N/A	CFO	Company intranet

Environment

EU Taxonomy

The EU Taxonomy (the "Taxonomy") is a framework aimed at facilitating sustainable finance and fostering green investments. The Taxonomy serves as a classification system, providing a standardized set of criteria to determine the environmental sustainability of economic activities. In essence, the Taxonomy lays down strict requirements that businesses must meet to qualify an economic activity as environmentally sustainable. These requirements are intended to align with the EU's overarching goal of transitioning to a greener, more sustainable economy in line with the Paris Agreement's objectives and the European Green Deal. Axactor is covered by the Taxonomy as it is a listed company with more than 500 employees. Since 2023 Axactor has conducted an assessment to identify activities falling within the scope of the Taxonomy.

Taxonomy-eligible activities

The activities that are eligible for qualifying as environmentally sustainable is listed in the Climate Delegated Act (Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Regulation (EU) 2022/1214) and the Environmental Delegated Act (Regulation (EU) 2023/2486).

During the year, Axactor has performed an analysis to determine which of its activities are in scope of the Taxonomy. Two activities have been identified under Climate Change Mitigation in the Climate Delegated Act:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. All vehicles operated by Axactor are leased and reported as right-to-use assets.
- 7.7 Acquisition and ownership of buildings. The activity comprises of Axactor's leased office spaces. The activity was not identified for the 2023 reporting as Axactor assessed the activity description not to include leased office space: However, for 2024 the activity is included on the assumption that the activity description also covers leased real-estate accounted for in accordance with IFRS 16 as described in FAQ 17 in Commission Notice C/2024/6691. 2023 numbers will be restated to reflect the new interpretation.

Taxonomy-aligned activities

In order to determine if an activity is taxonomy-aligned it must comply with the criteria defined in Article 3 in Regulation (EU) 2020/852. An activity is environmentally sustainable when it:

1. Contributes substantially to one or more of the environmental objectives
2. Does not significantly harm any of the environmental objectives
3. Is carried out in compliance with the minimum safeguards
4. Complies with technical screening criteria

Substantial contribution

Activity 6.5 comprise of approximately 60 vehicles primarily operated by field collectors in Spain. As this is not part of Axactor's main operating activity of collecting on non-performing debt and the company considers it to be an immaterial part of its business, the vehicles have not been screened against the substantial contribution criteria. The activity is therefore not taxonomy-aligned and not assessed against the remaining three criteria.

Activity 7.7 comprises of Axactor's office spaces. Axactor has not been able to collect the Energy Performance Certificates (EPC) of the buildings. The activity is therefore not taxonomy-aligned and not assessed against the remaining three criteria.

Reporting and accounting policy

Axactor is considered a "non-financial undertaking" following Article 1 point 9 in the Regulation (EU) 2021/2178, as the Group is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive (EU) 2013/34 and is not a financial undertaking as defined in point 8 of (EU) 2021/2178. Article 2 in Regulation (EU) 2021/2178 requires Axactor to report on turnover, capital expenditures and operating expenses in the form of key performance indicators defined in the same regulation. Figures provided in the KPI-tables are prepared in line with the consolidated financial statements and are based on separate accounts in the Group's financial reporting system to avoid double counting. As required, figures are presented in accordance with Annex I-II and XII in the Delegated Regulation (EU) 2021/2178 updated as of 01.01.2024:

Turnover

The turnover arising from services or products, including intangibles, associated with taxonomy-aligned economic activities. Axactor has no taxonomy-eligible turnover for either of the fiscal years 2023 or 2024.

CapEx

Total capital expenditures (denominator), includes additions considered before depreciation, amortization, and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. For Axactor, this comprises of additions/acquisitions as specified in Note 10 Leases, Note 14 Intangible Assets and Note 16 Property, plant and equipment of the annual report.

Activity: 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

- The numerator associated with activity 6.5 comprise of additions to vehicles booked as right of use assets. See note 10 Leases in the consolidated financial statements.

Activity: 7.7 Acquisition and ownership of buildings

- The numerator relating to activity 7.7 comprise of additions to buildings booked as right of use assets. See note 10 Leases in the consolidated financial statements.

OpEx

The total operational expenditure (denominator) includes direct non-capitalized cost that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures related to the day-to-day servicing of assets or property, plant, and equipment by the undertaking or a third-party. For Axactor, this primarily includes costs relating to the maintenance of its leased vehicles and office spaces, which constitutes a very limited part of the total operating expenses and is reported as part of "other operating expenses" in the consolidated statement of profit or loss.

Activity: 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

- The numerator relating to activity 6.5 comprise mainly of maintenance cost relating to Axactor's vehicles and is estimated as the difference between the rental invoice and the IFRS 16 adjustment, included in the operating expenses. The OpEx is included in Other operating expenses in the consolidated statement of profit or loss.

Activity: 7.7 Acquisition and ownership of buildings

- The numerator relating to activity 7.7 comprise mainly of maintenance cost relating to Axactor's leased office spaces and is estimated as the difference between the rental invoice and the IFRS 16 adjustment, included in the operating expenses. The OpEx is included in Other operating expenses in the consolidated statement of profit or loss. 2023 was the first year of reporting on the Taxonomy for Axactor. In the 2023 annual report Axactor did not report any eligible CapEx or OpEx relating to activity 7.7. Following a new understanding of the regulation and in line with the reporting practices set out above, the 2023 numbers are reclassified to reflect that the denominator of the CapEx and OpEx KPIs relating to the eligible activities are allocated to section A.2. in the tables. Furthermore, activity 7.7 is included for both 2023 and 2024.

Axactor has prepared the following reporting to the best of its knowledge. Due to the limited history and lack of industry best practices, the reporting is expected to further improve and align across industry participants over time.

Turnover
Financial year 2024

	Year 2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, year 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Turnover, year 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	%		
Of which enabling			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which transitional			%	%						Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	0.0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0%	%	%	%	%	%	%								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0.0	0%	%	%	%	%	%	%								0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		127.9	100%																
TOTAL		127.9	100%																

CapEx
Financial year 2024

Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Year 2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0.0%		
Of which enabling		0.0	0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Of which transitional		0.0	0%	%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	1.9	36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								38%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.3	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.2	41%	%	%	%	%	%	%								48%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		2.2	41%	%	%	%	%	%	%								48%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		3.1	59%																
TOTAL		5.2	100%																

OpEx
Financial year 2024

	Year 2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EURm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0.0%		
Of which enabling		0.0	0%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Of which transitional		0.0	0%	%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	1.5	82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								79%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.3	18%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								21%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.9	100%	%	%	%	%	%	%								100%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		1.9	100%	%	%	%	%	%	%								100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0.0	0%																
TOTAL		1.9	100%																

Nuclear energy related activities

Row	Activities	Y/N
	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

13 CLIMATE ACTION

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.

Social – S1 Own workforce

Relevant policies (see section Group policies for description of key policies)

Human resources policy
Remuneration policy
Human rights policy
Code of Conduct
Physical security policy

Material matter

Equal pay for work of equal value
Working conditions
Employee mental health

Strategy

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

As part of identifying the IROs connected to its own workforce, Axactor has included all people employed by, under a direct contractual relationship with the company or employed through a third party, and for all the activities across the value chain including all business relationships. Axactor has focused the analysis on the working conditions in its different jurisdictions as well as the activities they perform including whom they engage with. From the materiality assessment it is evident that the people in Axactor's own workforce who conducts call center activities are at a greater risk of harm relative to other employees (see ESRS 2 SMB-3 S1 own workforce for an in-depth description).

The identified IROs from Axactor's DMA relates to all three groups of employees mentioned above.

Negative material impacts relate to all employees either (i) at risk of losing their job if Axactor downscale its operation at certain locations or move its operation to other locations where the employees are not able to relocate, or (ii) all workers that are exposed to challenging conversations with debtors through Axactor's activity of collecting on non-performing debt.

For positive material impacts Axactor has committed to ensure equal pay for equal work which would positively impact all groups directly employed by the company. Due to the nature of Axactor's business, Axactor is able to offer a large amount of job opportunities across its markets of operation that does not require higher education or previous work experience. These positions are available to a large amount of people and the company offer on-the-job training. This enables access to the job market for a large group of people either directly employed by Axactor, contract workers or working through a third party.

Axactor has not identified any material risks and opportunities for the undertaking arising from impacts or dependencies related to its own workforce.

Axactor does not have any transition plans relating to reducing negative impacts on the environment that cause IROs for its employees.

Axactor's operation is not at risk of incidents of forced or compulsory labor, or child labor. Axactor's operations are located in well-regulated and orderly labor markets in Europe.

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 manyfold, not least to business performance.

Impacts, risks and opportunities management

S1-1 – Policies related to own workforce

At Axactor, responsible business conduct has always been at the core of its operations. Strategic goals, policies and procedures coupled with recruiting, development and succession of employees are managed 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 labor law, work environment and collective bargaining agreements, are fundamental prerequisites for Axactor's operations.

Human resources ("HR")

Axactor's commitment to and management of its workforce is guided by the Human resources policy (see section Group policies). The policy supports the work to establish a common "One Axactor" culture and commits the company and its representatives to comply with relevant labor legislation.

The Human resources policy advocates the equal importance of physical and psychosocial elements of creating an attractive workplace. Working conditions at Axactor should be such that they are suitable for, and inclusive for all individuals. Axactor recognizes the importance of addressing the needs of vulnerable employees and promoting overall physical health and well-being. Axactor aims to create a workplace where all employees feel valued, supported, and empowered to thrive. Axactor is focused on the psychosocial and physical work environment in order to increase job satisfaction, prevent injuries, facilitate for employees with disabilities and avoid any danger to the employees' health. The measures are further regulated in the Physical security policy (see section Group policies). Axactor works systematically to meet Health, Safety and Environment (HSE) regulations set in the individual country's legal framework by ensuring awareness about health and safety issues, preventing occupational disease, reducing stress and improving ergonomics.

Equal pay for work of equal value

The Remuneration policy (see section Group policies) sets out the key principles for the remuneration for all employees in the company which is reflected in the Remuneration procedure approved by the CEO. The objective of Axactor's remuneration philosophy is to ensure that the employees are rewarded for their valuable contributions which supports growth in shareholder value over time, based on responsible business practices and aligned with the company values. Axactor also aims to attract and retain key talents by delivering competitive remuneration to high performing employees. Regular analysis of the wage levels is conducted to secure a fair level for all and no discrimination of any sort. Axactor shall uphold the principle of equal pay for equal work, ensuring that all employees receive fair compensation.

An annual survey and analysis of the wages of employees shall ensure that unjustified wage discrimination does not occur. Salary gaps shall be measured based on total compensation, i.e. including salary, pension, benefits and other monetary compensations. No employee in Axactor should be paid below the minimum wage as defined by local law or applicable benchmarks. Axactor shall make a reasonable effort in ensuring that any non-employee working directly or indirectly for Axactor is paid an adequate wage.

Human rights

Axactor's human rights governance follows from its Human rights policy (see section Group policies) that express the Group's commitment to respect human rights guided by internationally recognized human rights and labor standards, including those contained in the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work (Core Labor Standards). The principles are further reflected and detailed through other related Board approved policies, covering relevant areas such as human resources, data privacy and procurement.

The Board is ultimately responsible to ensure that Axactor complies with its human rights commitments, but everyone at Axactor has an independent responsibility to act with integrity and in line with the corporate values. By having to read and sign the company's Code of Conduct (see section Group policies), and through regular ethics and compliance trainings, all employees are educated in Axactor's corporate values and what are expected of each employee.

Axactor has in place efficient systems to monitor and follow up on both human- and workers' rights risks in its operations and value chain, including internal reporting, complaints and deviation management systems, employee- and customer surveys, vendor assessments and internal audit.

Axactor understands the significance of timely and appropriate remediation for any substantiated adverse human rights impacts, and the company has a policy commitment (Human rights policy) to address such impacts through remedial actions, including compensation, rehabilitation, and institutional changes to prevent recurrence.

Through the DMA, Axactor has identified its most significant human rights risks, or "salient" risks. Salient human rights risks are those that are of the most severe and to have likely, actual or potential negative impact on individuals across the value chain – introducing a stricter threshold than the risks only identified as material. In other words, the salient risks are the most critical risks out of the identified material risks, considering the effects to the individuals concerned. The company considers that its salient human rights risk is limited to digital security and privacy. This conclusion is reached based on the number of (potentially) affected individuals, as well as the potential impact to those individuals if their right to digital security and privacy is violated.

Through its human rights due diligence assessment, Axactor has not found evidence of any adverse human rights impacts caused or contributed to by Axactor. At the same time, this is not something which can be taken for granted, and Axactor will continue to work towards improving its human rights monitoring and governance. Integration of human rights risks in the group wide risk management systems has been implemented by the end of 2024.

Regarding digital security and data privacy, and considering the rapidly changing information security environment, the company continuously works towards improving the safety and integrity of its systems, processes, and data, through appropriate technical and organizational measures – with the aim to reduce the probability and impact of any actual or potential adverse human rights impacts.

The policies addressing human rights are all supported by procedures outlining actions to mitigate and act upon matters such as discrimination such as the Whistleblower procedure (see section G1-3).

In light of the company's reporting obligations pursuant to the Norwegian Transparency Act, Axactor has mapped the company's operations across the entire value chain. The result of Axactor's human rights due diligence assessment is reported on annually. The report is published on the the company website.

Discrimination and diversity

The Code of Conduct, the Human resources policy and the Human rights policy all directly address the matter of discrimination and promoting equal opportunities. The Human resources policy specifically address and forbid treating people differently on the following grounds: racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other any other forms of discrimination covered by union regulation and national law, all employees shall be given the same opportunities for development diversity and not treated less favorable. A variety of people with different backgrounds, experience and skills are a prerequisite for the success of an international organization such as Axactor. Axactor shall strive to reflect the composition of society through a diverse workforce in general but does not target any group based on certain characteristics specifically.

Axactor has zero tolerance for any type of harassment or discrimination. If this is detected, managers and employees are obliged to report this to the HR director who shall follow up in line with appropriate procedures. Axactor's employees shall have knowledge of whom to turn to if they are subjected to harassment and Axactor shall take sufficient measures to ensure that the harassment ends.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

At Axactor it is important to actively engage with its employees. This is done systematically across the Group through structured annual appraisal talks, anonymous employee satisfaction surveys, and regular staff talks and meetings. In Finland, Italy, Norway, Spain and Sweden Axactor has monthly meetings with worker representatives to discuss all potential topics addressed by unions, workers or the company.

The Chief of Staff, reporting directly to the CEO and part of the Group executive management, is responsible for ensuring management of sustainability matters relating to own workforce.

Investing in the employees is key for Axactor's success. In October 2023, 1,139 of the 1,262 employees invited gave 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. Axactor actively use the result from the survey to assess the Group's treatment of employees, identify areas for improvement and to compare development on topics from previous surveys in order to assess the effectiveness of the engagement.

The feedback from the employees showed that Axactor is an effective, rational, and competent organization with a clear strategy. Management sets clear expectations, and the employees show high trust in management. The systematic work to develop the organization and culture is paying off with improvements in several areas. The employees are informed and involved in decisions that affects their job and work environment regardless of position. Through observations and feedback provided through appraisal talks etc., there are little corporate politics and people feel free to be, and to express themselves. People are social and friendly, and one can count on the colleagues. New employees feel welcome. Employees are given the resources and equipment needed to do their job. Axactor is more innovative, but managers can be more open for new and better ways of doing things. During 2024, no feedback has been received indicating that this has changed.

Feedback provided in the survey showed that not everyone feels that Axactor is a psychologically and emotionally safe place to work. Analysis show that this is mainly due to the industry and type of work, but also related to organizational changes, turnover, leadership styles and periodically high workloads. As underlined above, this is also one of the reasons Axactor has identified mental ill-health as a material IRO in the DMA.

Through exit interviews, employees confirm that home-office is desired and benefits such as salary levels could be better.

S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

If a material negative impact is identified relating to own workforce, appropriate actions shall be taken, and regulatory requirements always followed. Any reported incident shall be managed by an HR representative and, where appropriate, the Chief of Staff shall be informed. Remedies depend on the facts and circumstances of the incident.

All employees in Axactor are encourage and have an obligation to speak up when something is wrong, or if something does not feel right. Speaking up protects not only the interests of the company, but the interests of the employees, stakeholders, and society. Everyone that in good faith reports a breach, or suspicion of a breach, will be protected and not met with any reprisals – this is an unwavering principle. Axactor has clear guidelines that should be followed when breaches of law, the Code of Conduct, company policies, or ethics are observed:

- Discuss the matter/ethical dilemma with the immediate supervisor. If the supervisor might be involved, then the issue should be presented to either the next level manager, the compliance officer in the country, or HR.
- Axactor has an ethics committee supervising the company's compliance with laws and the Group policies. The ethics committee also advices on matters relating to inter alia, diversity, sustainability, and other matters the committee and the employees considers important. Where there exists ambiguity or doubt related to resolving any ethical dilemma or any specific case, the question may be referred to the ethical committee to be resolved. The ethical committee may also where appropriate refer the case to the Group executive management or ultimately the Board for a decision.
- Reporting through Axactor's whistleblower channel (see section G1-3).

All reported breaches are managed with strict confidentiality, regardless of reporting channel. Axactor always applies the principle of proportionality. Each case is treated individually to determine what consequences are suitable, necessary, and appropriate in each instance. Breaches of laws, regulations, Group policies and the company's ethical standards may lead to disciplinary consequences proportionate to the type of breach and scope, such as, formal warning, cut in bonus, change of work tasks, dismissal, or even civil or criminal prosecution. The company has dedicated employee representatives, in countries with collective bargaining agreements, that is tasked with managing employee feedback and promoting employee interests with local management. Axactor has established a reporting procedure to set a clear and effective process for reporting deviations from Group policies to ensure that all employees understand their responsibilities and the steps needed to be taken when actions or behaviors that conflict with the company's standards are observed or experienced.

Axactor trusts that all employees are familiar with the available structures for raising their concerns. The whistleblower channel is addressed in the Code of Conduct which all employees are required to read and sign annually. Additionally, as part of the annual training, all employees are reminded about their responsibility to – and how to raise concerns. The right and duty to make a whistleblowing report, the form and content and the treatment and protection of any report and person submitting such report is described in the whistleblowing procedure available to all employees. Axactor believes that these reporting structures are trusted by the employees as it is established according to internationally recognized guidelines (see disclosure S4-3).

Axactor has not caused or contributed to a material negative impact on people in its own workforce during 2024.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The daily employee dialogue in both formal and informal settings, together with the employee satisfaction survey are vital in understanding the impact on employees. The 2023 employee satisfaction survey was used by local management in 2024 to analyze what is working well and areas where Axactor needs to improve. This is done both on a department level to address specific issues in single departments or locations, and at Group level to understand if there are systematic issues that needs to be addressed. Together with the HR functions, the Group and local management teams work to identify issues and suggest remedying actions such as specific training of managers, reorganizations or other appropriate measures.

Axactor has worked systematically to develop its organization and culture, and hard work pays off. Axactor will continue to build on its strengths and strives to continuously improve as an employer. During 2024, Axactor continued to focus on the leadership principles, on seeing each employee, strengthening the teams and promoting the understanding of the purpose, making everyone understand why they make a difference and increase the pride each employee takes in their work. Together with its employees, each manager is obliged to plan how to improve identified weaknesses within their respective departments.

Actions to address material sustainability matters

Remuneration

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 alignment with the company values. Remuneration may differ based on market, achievements, competences, abilities, and behavior, but shall never discriminate on gender, sexual orientation, age, ethnicity, religion, marital status, or any other identity. This is stated in the Remuneration policy, determined by the Board, and approved by the general meeting, available at the company website.

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. Managers are requested to ensure fair and equal pay for equal valuable work, and to raise awareness and ensure that correct salary levels are set. To support identification of comparable roles, competences, and expectations, the job framework and supporting tools are continuously developed. During 2024, Axactor developed PowerBI reports enabling all country managers and HR managers to monitor all relevant KPIs related to own workforce real-time. The Remuneration policy is approved by the Board and compliance monitored through inter alia internal control. The grand-father principle is applied for all salary adjustments and other decisions affecting the employees' remuneration. Axactor has implement standardized salary structures and job evaluation frameworks to ensure consistency with defined criteria for promotions, bonuses, and raises to prevent bias. The countries having entered collective bargaining agreements, the union representatives are involved in the process of salary adjustments. A culture of fairness and accountability in pay discussions is encourage. Employee satisfaction survey include questions related to remuneration to assess perceptions of pay fairness and take corrective action where needed. Compensation practices is compared with industry data to ensure competitiveness and equity. Salary levels are also reviewed annually proactively to remain compliant and attractive to top talents.

Despite all good intentions, undesired pay-gap may occur. Pay gap, especially when based on gender, race, or other discriminatory factors, poses a risk for Axactor. Not only is it illegal and may result in lawsuits, fines, and reputational damage if found to be discriminatory, but public perception of unfair pay practices can harm Axactor's employer branding, reducing talent attraction and retention. Employees who perceive unfair pay practices may experience decreased job satisfaction, lower motivation, and reduced engagement. This can lead to higher turnover rates, loss of valuable talent, and overall lower productivity.

To effectively respond to an actual or potential pay gap, a pay equity audit will be conducted including data analysis, root cause investigation, stakeholder involvement, and deciding upon corrective measures where reasonable such as salary increase for the underpaid employee.

Mental health

A continuous trust-based dialogue between managers and their employees make it possible to detect early signs of poor health and to ensure the work situation is sustainable in the long run. Axactor recognizes the importance of being able to combine work, career, family life and spare time, but to be able to catch early signs of mental ill-health among the employees, Axactor has decided not to offer home-office. When employees are away from the office it is more difficult to communicate on and for managers to notice negative impacts amongst employees. However, flexible solutions when needed shall be offered considering work tasks, responsibilities and other personal needs. Home-office disconnect the employees from the workplace and reduce the interaction which enables managers to catch signs of ill-health at an early stage. Furthermore, it reduces the value creation in the workplace, the passion, good solutions reached through discussions and knowledge sharing, innovation and proactiveness driving great results. Poor ergonomic conditions are also one of the most frequent causes of illness and absence. Further, home office increases the risk of non-compliance as there is no one proactively correcting actions or tone of voice, nor anyone to easily advice when needed. Data privacy and information security is also more challenging to secure at home-office.

HR monitors all absences locally and the Group Chief of Staff monitor all absence overall and investigates any abnormality. All managers are obliged to follow-up its employees being on short or long-term sick-leaves and facilitate work tasks and workplace securing the physical and psychological health of the employees. All managers have access to training and guidelines on how to detect and proactively act upon signs of ill-health among employees and increase the work attendance rate through wellness initiatives.

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, such as initiatives to facilitate cycling to and from 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.

To manage mental ill-health risks effectively, Axactor has established structured processes to identify, assess, and take appropriate action in response to actual or potential employee mental health concerns. It is important to recognize signs of mental ill-health before they escalate.

Axactor focus on mental health as part of its employee satisfaction survey and track key mental health indicators (e.g., absenteeism rates, turnover, reported stress levels). The survey is anonymous and conducted to identify widespread concerns. Workload, working hours, check-ins and appraisal talks are conducted to track stress levels. Absenteeism, productivity declines, increased error rates and observations by colleagues and feedback from debtors' conversations are monitored as potential indicators of mental distress. Managers are trained to recognize early warning signs such as increased irritability or frustration, changed behavior e.g. withdrawal from colleagues or disengagement from work, frequent complaints of headaches, fatigue, or physical ailments, declining performance and missed deadlines. The deviation and complaints management system, whistle blower channel and union representation are established for employees to raise their concerns. Policies are set to ensure employees feel safe when reporting.

Once concerns are identified, the severity and underlying causes of mental health challenges are assessed. Individual support measures will be evaluated. One-to-one check-ins will be conducted to understand the affected employee's challenges. Depending on the individual situation, the employee may be referred to occupational health professionals. Mental health leave or workload adjustments including suitable training will be offered. Axactor encourages open discussions on mental health and reduce stigma.

Axactor regularly reassesses sustainability matters to ensure that actions taken are delivering the desired outcome and make any necessary adjustments. The Chief of Staff is responsible for managing material matters relating to own workforce across the group and each country's HR manager is responsible for the local management of IRO's. The country representatives and the Chief of Staff conduct monthly review sessions to address relevant topics. The Chief of Staff reports material findings directly to the CEO and the Board's audit committee.

Metrics and targets

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Axactor has not set any targets relating to managing material IROs connected to own workforce. The Group has currently not identified any single metric that appropriately and efficiently measurers the effectiveness of the actions implemented to manage material sustainability matters. Especially for mental health issues it is both challenging to accurately measure, but the company is also limited by the data privacy regulation in what data that it is allowed to access and collect. The company tracks the effectiveness of actions and policies through a set of KPIs that combined provides a strong indication on the performance on sustainability matters. The KPIs are included in the reporting routines of the respective departments and are especially relevant for operation management and HR. The base period for which the KPIs are measured depends on the specific circumstances for which it is used, however most is evaluated on an annual basis.

The following KPIs are examples of indicators used by Axactor in relation to material IROs on own workforce (level of ambition in brackets):

- Gender balance (Axactor has a zero-discrimination tolerance regarding, but not limited to, gender)
- Gender pay-gap (All employees at Axactor should be paid equal pay for equal work)
- Turnover (Axactor aim to have a low turnover, but acknowledge that for certain parts of the workforce a high turnover rate is to be expected)
- Sick leave (Axactor aim to positively contribute to employee's health, both physical and mental and have a low level of sick-leave)

Axactor will continue the work to identify and develop measurable targets and will disclose such when and if adopted.

S1-6 – Characteristics of the undertaking's employees

Axactor's employees are a reflection of the society in which it operates. Axactor believes that the strength lies in the diversity of the workforce, which is one of the key factors to the Group's success. Their varied skills, perspectives and experiences form the basis of innovation, helping Axactor to better understand the needs of customers and debtors.

Axactor has a solid diversity amongst employees based on age, skills, gender, cultural backgrounds, education and perspectives. A variety of languages are spoken which eases communication and the ability to assist many debtors. Job opportunities are offered to individuals with disabilities and the offices are universally designed to accommodate employees with disabilities.

Due to the nature of Axactor's operations, a higher female ratio is expected. The overall gender balance is 64% women and 36% men. Axactor aims to have an even gender balance in all managerial levels, where genders are represented within a range of 40%–60%. The reduction of 6% in the number of employees from 2023 to 2024 is mainly explained by the reorganization projects conducted in Germany and Italy during 2024.

Number of employees by gender

Number of employees by head count and by gender. The number of employees at year end is counted on a head-count basis. It only includes employees in a direct contractual relationship with Axactor that are entitled to salary and benefits from the company. The categorization by gender is as registered in the Group's employee management system.

	Number of employees (head count)	
Gender	**31.12.2024**	**31.12.2023**
Male	459	475
Female	826	892
Other	0	0
Not reported	0	0
Total employees	1,285	1,367

The employee statistics data is gathered through the Group's employee management system and accumulated in the Group data warehouse. The Chief of Staff is responsible for aligning definitions across the Group. All employees and non-employees are registered in the system with relevant data on salary, employment type, agreed working hours and other relevant employee and employment data, subject to data privacy regulation. All numbers reported are based on head count at year-end 2024 and for turnover the full year registered leavers.

Number of employees by country [1)]

Number of employees by head count and by country. The number of employees at year end is counted on a head-count basis. Categorized by countries with 50 or more employees representing at least 10% of total number of employees.

	Number of employees (head count)	
Country	**31.12.2024**	**31.12.2023**
Germany	137	182
Italy	206	260
Norway incl. Group	140	110
Spain	768	759

[1] See Note 7 Employee remuneration to the financial statements

Employees by form of employment 2024

	Gender					Country						
Employee category	**Female**	**Male**	**Other**	**Not disclosed**	**Total**	**Finland**	**Germany**	**Italy**	**Norway incl. HQ**	**Spain**	**Sweden**	**Total**
Number of employees (head count)	826	459	0	0	1,285	18	137	206	140	768	16	1,285
Number of permanent employees (head count)	755	413	0	0	1,168	18	108	155	139	732	16	1,168
Number of temporary employees (head count)	70	41	0	0	111	0	23	51	1	36	0	111
Number of non-guaranteed hours employees (head count)	1	5	0	0	6	0	6	0	0	0	0	6
Number of full-time employees (head count)	641	400	0	0	1,041	18	90	186	99	632	16	1,041
Number of part-time employees (head count)	185	59	0	0	244	0	47	20	41	136	0	244

Employees by form of employment 2023

	Gender					Country						
Employee category	**Female**	**Male**	**Other**	**Not disclosed**	**Total**	**Finland**	**Germany**	**Italy**	**Norway incl. HQ**	**Spain**	**Sweden**	**Total**
Number of employees (head count)	892	475	0	0	1,367	33	182	260	110	759	23	1,367
Number of permanent employees (head count)	790	418	0	0	1,208	32	135	206	109	703	23	1,208
Number of temporary employees (head count)	102	57	0	0	159	1	47	54	1	56	0	159
Number of non-guaranteed hours employees (head count)	0	0	0	0	0	0	0	0	0	0	0	0
Number of full-time employees (head count)	630	407	0	0	1,037	33	117	170	95	599	23	1,037
Number of part-time employees (head count)	262	68	0	0	330	0	65	90	15	160	0	330

Employee category	Description
Permanent employee	Comprises of employees with an employment contract with Axactor, without a fixed end-date. The calculation is based on the head count as of 31.12.2024.
Temporary employee	Comprises of employees with an employment contract with Axactor with a fixed end-date. The calculation is based on the head count as of 31.12.2024.
Non-guaranteed hours employees	Comprises of employees with an employment contract with Axactor without a minimum guaranteed set of working hours. The calculation is based on the head count as of 31.12.2024. The non-guaranteed hours employees are included in the reporting starting from 2024 as Axactor has not previously recorded such information.
Full-time employee	Comprises of employees with an employment contract with Axactor, both with and without a fixed end-date. The number includes employees with the equivalent of a 100% employment grade as defined by local legislation. The calculation is based on the head count as of 31.12.2024.
Part-time employee	Comprises of employees with an employment contract with Axactor, both with and without a fixed end-date. The number includes employees with a guaranteed set of working hours of less than a 100% employment grade as defined by local legislation. The calculation is based on the head count as of 31.12.2024.

Employee turnover by head-count 2024

	Turnover				Turnover Men				Turnover Women			
Country	Voluntary %		Total %		Voluntary %		Total %		Voluntary %		Total %	
Finland	13%	(3)	54%	(13)	0%	(0)	29%	(3)	22%	(3)	74%	(10)
Germany	17%	(27)	37%	(58)	15%	(8)	38%	(20)	18%	(19)	36%	(38)
Italy	12%	(27)	43%	(99)	6%	(4)	26%	(18)	14%	(23)	50%	(81)
Norway incl. Group	10%	(12)	14%	(17)	11%	(6)	18%	(10)	9%	(6)	10%	(7)
Spain	15%	(113)	30%	(226)	17%	(47)	31%	(84)	13%	(66)	29%	(142)
Sweden	15%	(3)	41%	(8)	0%	(0)	12%	(1)	26%	(3)	61%	(7)
Group total	14%	(185)	32%	(421)	14%	(65)	29%	(136)	14%	(120)	33%	(285)

Employee turnover by head-count 2023

	Turnover				Turnover Men				Turnover Women			
Country	Voluntary %		Total %		Voluntary %		Total %		Voluntary %		Total %	
Finland	33%	(12)	72%	(26)	23%	(3)	46%	(6)	39%	(9)	87%	(20)
Germany	26%	(47)	34%	(62)	33%	(20)	43%	(26)	23%	(27)	30%	(36)
Italy	6%	(16)	16%	(42)	1%	(1)	16%	(11)	8%	(15)	17%	(31)
Norway incl. Group	19%	(21)	24%	(26)	25%	(13)	31%	(16)	14%	(8)	17%	(10)
Spain	25%	(184)	35%	(261)	28%	(75)	42%	(111)	23%	(109)	31%	(150)
Sweden	43%	(16)	84%	(31)	25%	(3)	67%	(8)	52%	(13)	92%	(23)
Group total	22%	(296)	33%	(448)	24%	(115)	37%	(178)	19%	(181)	29%	(270)

Turnover	Description
Calculation of turnover	Employee turnover refers to the proportion of 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.
Calculation of voluntary turnover	Voluntary turnover refers to termination of employment which are not due to dismissal or termination due to restructuring and downsizing.

S1-7 – Characteristics of non-employees in the undertaking's own workforce

Due to the volatility in number of cases received from customers, Axactor's operations demands some flexibility in its workforce. This is solved through engaging a number of non-employees. Most of the non-employees are connected to the Italian operations.

Non-employee

Non-employees in an undertaking's own workforce include both individual contractors supplying labour to the undertaking ("self-employed people") and people provided by undertakings primarily engaged in "employment activities" (NACE Code N78).

Non-employees are registered in the Group's employee management system irrespective of whether they have a direct contractual agreement with Axactor or are employed through a third party. Non-employees are defined as workers that does not have a contractual relationship directly with Axactor, does the same work as ordinary staff and are self-employed or work through a third party.

	Number of non-employees in own workforce (head count)	
Employee category	**31.12.2024**	**31.12.2023**
Total non-employees	66	43

S1-9 – Diversity metrics

Gender distribution at top management

Top management (Group executive management) is defined as two levels below the Board. The first level is the CEO reporting directly to the Board and the second level the Group executive management excluding the CEO.

	31.12.2024				31.12.2023			
	Men		Women		Men		Women	
	Head count	%	Head count	%	Head count	%	Head count	%
CEO	1	100%	0	0%	1	100%	0	0%
Group executive management excl. CEO	3	60%	2	40%	3	60%	2	40%
Total top management	4	67%	2	33%	4	67%	2	33%

By the end of 2024, 7% of the employees in Axactor were 24 years or younger. 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 new 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 1,285 employees, 46 employees are over the age of 60 years. The average age in within the Group is 40 years old.

Distribution of employees by age group (head count)

Age group	31.12.2024	31.12.2023
Under 30 years old	225	222
30-50 years old	781	885
Over 50 years ols	279	260
Total	1,285	1,367

S1-10 – Adequate wages

All employees of Axactor are paid adequate wages in line with local minimum wage regulations.

S1-11 – Social protection

All employees in Axactor are covered by the local public social protection programs covering loss of income due to any of the following: sickness, unemployment starting from when the own worker is working for the undertaking, employment injury and acquired disability, parental leave and retirement.

S1-14 – Health and safety metrics

Health and safety metrics

Country	Employees	Non-employees
Percentage of people covered by the health and safety management system	100%	100%

Due to privacy regulations in the jurisdictions Axactor operates, the Group is not able to report separately for injuries related to ill health.

S1-16 – Remuneration metrics (pay gap and total remuneration)

Base salary gender pay-gap

The gender pay gap is calculated using base salary which is the is the sum of guaranteed, short-term, and non-variable cash compensation. The number is presented as the average base salary of female employees divided by the average base salary of male employees. The total variable compensation calculation to employees is not decided in time to include in the publishing of this report. Axactor will continue to develop and improve the data quality in order to more accurately measure the pay-gap including all remuneration elements.

Country	31.12.2024	31.12.2023
Finland	97%	89%
Germany	75%	81%
Italy	73%	56%
Norway incl. Group	71%	74%
Spain	74%	72%
Sweden	101%	79%
Total	71%	75%

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 part-time, which also affects the comparable salary. Market prices for specialist roles explains other differences. Managerial positions have higher salaries and consist of more men. As an example, in Italy the women are on average paid 73% of the average male salary. The country management team consist of six men and one woman. 68% 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 less, women is paid 95% of men.

Annual total remuneration ratio

The annual total remuneration ratio is calculated by comparing the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual). The highest paid individual is the CEO of the group. The median paid employee is a female case handler in Italy. The total remuneration for the CEO includes base salary, short- and long-term incentive, pension, benefits (electronic communication), taxable travel benefits and taxable part of insurance, in total for the fiscal year 2024 NOK 9,717,000, equal to EUR 823,000 (FX per 31.12.2024 of 11.7950). For further information regarding the CEO remuneration, see the Remuneration report. The total annual remuneration of the median employee is EUR 23,107, consisting of base salary and short-term incentive. This results in a total annual remuneration ratio of 36.

S1-17 – Incidents, complaints and severe human rights impacts

	Total number of incidents of discrimination, including harassment		Number of complaints files through channels for people in the undertaking's own workforce		Total amounts of fines, penalties, and compensation for damages as a result of the incidents and complaints (EURm)	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Group total	8	6	2	1	0	0

All managers are obliged to report incidents in the Group's employee management system. Additional incidents are added if reported verbally directly through the HR departments and the Chief of Staff. The eight reports of discrimination, including harassement received during 2024 are not considered to be a human rights violation. All identified cases are aimed to be amicably resolved in coherence with the involved individual(s), and such cases may not be registered if all parties indicate that they are satisfied with the solution. During 2024, there have been no complaints filed to National Contact Points for OECD Multinational Enterprises relating to Axactor.

Axactor has not paid nor been convicted to pay any fines, penalties, nor compensation for damages as result of incidents of discrimination, including harassment and complaints filed.

There has not been recorded any human rights violation incidents during 2024.

Social – S4 Consumers and end-users

Relevant policies (see section Group policies for description of key policies)

Data protection policy
IT and information security policy
Operations policy
Code of Conduct
Human rights policy

Material matter

Debtor mental health
Data privacy

Strategy

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The identified IROs connected to debtors are mainly a result of the company's activity of debt collection where the end-user by nature is in a difficult situation, by being in default on debt obligations, and therefore is the origination of sustainability matters. How Axactor's strategy addresses these issues are explained in section ESRS 2 SBM-1.

Axactor has one group of consumers and end-users, namely the debtors. Axactor considers the vulnerable debtors to be at greater risk of harm. However, the industry has no easy way of categorizing debtors and grades of vulnerability as it is subject to the specific facts and circumstances of each individual. Consequently, the analysis include impact on all debtors as a single group, both from the debt collection services and other necessary complementary services that Axactor purchases through third parties such as data storage or other IT services.

The debtors managed by Axactor either becomes so by having their debt sold to, or having the collection process outsourced to Axactor. Axactor has limited knowledge and control on what the credit has been used for. Axactor focuses on debt originated from financial institutions as financial institutions are subject to strict regulatory requirements on e.g. background checks before they source credit to the debtors, information, consumer protection, contractual terms etc. It is therefore limited risk connected to the origination of the initial contractual relationship.

Axactor processes a large amount of personal data as part of business activities. Policies and procedures are in place to ensure compliance with data protection regulations and secure the data privacy rights of all debtors.

Debt collection regulation and best practice guidelines give clear guidance on how to secure good debt collection practices and ensure that the debtors receive necessary information on their rights as debtors.

No debtor Axactor is in contact with wants to be in a situation of not being able to settle their debt. For Axactor it is important to find the right and ethical balance of collecting the debt for the creditor, while at the same time ensuring the debtors rights are complied with. It is difficult to measure the mental stress of debtors, and who or how many that experiences actual material negative impacts on their mental health due to collection related activities. Axactor can through dialogue, statistics and debtor satisfaction surveys confidently assume that there is not a widespread issue of material negative impacts on its debtor's mental health.

Axactor has not identified any material positive impacts, risks or opportunities for ESRS S4.

Impact, risk and opportunity management

S4-1 – Policies related to consumers and end-users

The fair and ethical treatment of consumers and end-users (debtors) are the core of Axactor's operation. The commitment to ethical debt collection is reflected through the policies on all key areas and part of the mandatory training for all employees in Axactor, from the CEO to the IT manager and the collection advisor. All policies are supplemented by procedures and local adaptations where relevant.

Ethical debt collection

The Operations policy (see section Group policies) particularly focus on Axactor's commitment to fair debtor treatment in line with local guidelines. Furthermore, it outlines the expectations to (i) the accuracy of data used in the collection process, (ii) fair and transparent communication with the debtor, (iii) management of client funds, (iv) prohibition of holding on to valuables, (v) field collection and doorstep practices, (vi) data privacy and (vii) confidentiality. It also addresses the requirements for the debtor complaints process and Axactors' management of such complaints. Particular attention is paid to Axactors' potential impacts towards vulnerable groups, including people in financial difficult situations.

Data protection

Protection and appropriate treatment of all sensitive data is of utmost importance to Axactor. The Data protection policy (see section Group policies) ensures implementation of systems and processes to ensure compliance with the GDPR regulation in order to secure especially the data privacy of consumers and end-users (debtors).

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 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. During 2024 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 audited the usage of personal data and routines to protect the data in different systems.

The IT and information security policy (see section Group policies) sets out detailed procedures and clear roles and responsibilities applicable for all employees within the Group. The information security procedures below have been reviewed and where necessary updated.

- 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

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.

Building a good security culture requires continuous work through regular improvements, trainings, and awareness campaigns. In 2024 Axactor continued its investments in cyber- and information security, by various initiatives and trainings, such as new advanced routines for additional access controls and new technology for security.

Debtors and human rights commitments

Axactor conducts its business consistent with all internationally recognized human rights (see Human rights policy in section Group policies). Relevant commitments to consumers and end-users addressed by the policy include:

- Providing appropriate grievance mechanisms for potential human rights infringements
- Conduct human rights due diligence assessments and report on the results at least annually

Axactor employees, suppliers or others that suspects or becomes aware of any human rights violations in connection with Axactor's operations, shall report it immediately to their manager, HR, legal and compliance or through the independent whistleblower solution, in accordance with the company's whistleblower procedure. The treatment of any reports shall be managed in accordance with the process outlined in section G1-1 Handling non-compliance with policies. Regarding the material topic of data privacy, all deviations and data breaches shall be reported according to Axactor's data breach management procedure. In the event of a data breach, the local data protection officer shall consider whether is necessary to notify one or more of the following: lead authority, the data protection authorities in the countries Axactor operates, the data subjects affected by the data breach; and/or any controllers that Axactor processes data on behalf of (where Axactor is processor).

The aim of this procedure is to ensure correct and efficient handling of data breaches, compliant with Axactor's obligations pursuant to Regulation (EU) 2016/679 (the "General Data Protection Regulation" or "GDPR"). The procedure applies to all employees within the Axactor Group and shall ensure uniform response and reporting mechanisms relating to data breaches. All suspected and confirmed data breaches shall immediately be reported to the local data protection officer or through the complaint and deviations management system.

Axactor is not aware of any breach during 2024 to the principles set out in any of UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises.

S4-2 – Processes for engaging with consumers and end-users about impacts

Axactor's end-users comprise of the debtors from which Axactor collects debt. A key element of Axactor's business model is to get in direct contact with the debtors, typically over phone or the online debtor portal.

Axactor will, subject to legal requirements, contact the debtor as soon as Axactor receives a 3PC case or purchases a defaulted credit. The number of interactions with the debtor depends on the complexity of the case, the availability of the debtor and the debtors' ability and willingness to follow the agreed payment plan.

As part of conducting an ethical debt collection process, Axactor adapts its collection strategy and actions based on the debtor's specific situation. Axactor shall seek to assess the debtor's current situation, strive to understand the debtor and their different perspectives. Axactor shall exercise forbearance and consideration of a debtor's circumstances, of which they are aware - in particular, in relation to those who are particularly vulnerable. When seeking to recover debts a debtor's circumstances and ability to pay shall be considered.

The debtor satisfaction survey (see section S4-5) is an opportunity for the debtor to anonymously provide feedback on their experience with Axactor. The COO is responsible for the follow-up of the debtor satisfaction survey and the results are reported daily in the Group Power BI reports as well as in monthly operations reviews with each country. The development in the satisfaction score is discussed both in local operations teams and with the Group operations officer when necessary to address actions to maintain a satisfactory score. The performance of how Axactor treats its debtors, and the quality of communication, is primarily assessed through the debtor satisfaction survey.

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. All complaints and issues addressed by debtors in communication with collection advisors are noted in the collection systems and elevated to the next management level if necessary. The basic training of collection advisors includes how to manage complaints.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Axactor has a data protection officer present in each country responsible for monitoring compliance with and advising on data privacy matters. To ensure sufficient focus on and compliance with good debt collection practices, certified debt collection advisors are tasked with training the collection advisors. The topics are pivotal to the risk and internal control management system.

Axactor 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 at regular intervals throughout the contract period.

All Axactor's employees have a responsibility to report complaints and deviations that they become aware of whilst working at Axactor through the Group complaints and deviations system. In the Complaints and deviations management procedure, deviations and complaints are clearly defined as well as a distinction between the complaints and deviation management system and the whistleblower channel. All registered issues are recorded and kept for data and training purposes. Each country has a dedicated complaints manager that process the complaints in accordance with local legal requirements and instructions.

The whistleblower channel is implemented in accordance with the whistleblower directive adopted by local legislation in each of Axactor's countries. Consequently, Axactor is of the opinion that the user should be able to trust the implemented structure and procedure for raising concerns to Axactor. See section G1-3 for a description of the Axactor whistleblower channel.

In all the countries where Axactor operates, there are proactive data inspectorates with breach notification processes and procedures established. Most countries also have public complaints boards supervising and monitoring compliance with good debt collection practices such as "inkassoklagenemnda" in Norway.

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The most important initiative to remedy negative impacts and positively contribute to a positive outcome for the customers and debtors is by ensuring training for its employees to make sure they act according to good debt collection practices including maintaining privacy rights.

All new employees are introduced to the Code of Conduct as part of their on-boarding and signs a declaration confirming that it is read and understood. This commitment shall be re-confirmed annually.

Employees are provided with training giving 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, and comprehensive communication training. Employees are also offered various e-learning courses throughout the year, some of which are mandatory.

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 2024 represented in various committees working on specific topics, such as new legislation and fair debt collection practices.

The work to manage material impacts relating to debtors and customers is part of the daily operation of Axactor, and a part of the license to operate through strict regulatory requirements which Axactor always strive to comply with. The negative outcomes relating to Axactor's material impacts is not a binary consideration with impacts such as mental health issues that can vary significantly from one individual to the other. The Group complaints and management deviation system (see section G1-3) and operational metrics and the debtor survey (see section S4-5) is actively used to monitor and address issues relating to debtors and prevent potential risks from materializing.

Metrics and targets

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Axactor has the following targets to manage IROs relating to debtors:

KPI	Target	2024	2023
Debtor satisfaction survey score [1]	>4.00	4.22	4.29
Inbound service level	≥95%	97.21%	95.86%
Nuisance rate (outbound)	<1%	0.55%	0.35%

[1] Reported numbers are the survey score for Q4 in the respective reporting year due to data retention policies.

The targets have all been in use since before 2021 and Axactor expect to maintain the targets unchanged. All targets are measured on a running basis and therefore does not have a baseline year or a defined period for which the target applies.

Debtor satisfaction

The debtor satisfaction survey is conducted via phone after the debtor has talked to a collection advisor. The survey is automized 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. The call centers that are in dialogue with the debtors, uses the debtor satisfaction score, proactively when conducting training and developing call scripts for collection advisors. If the scores are trending downwards, actions will be implemented to revise calling scripts and tone of voice.

The survey has inherent elements causing measurement uncertainty. The number of respondents will vary between country and over time, especially since the survey is only sent to a debtor after the first conversation. All replies are included in the reported number, however Axactor does not have any influence on who that chooses to answer the survey, or the ability to follow up with the respondent as it is anonymous. The country total average score per month is calculated from the monthly average reply to each question. The average of the score for the last three months of the year gives the reported debtor satisfaction survey score. Axactor recognizes that each individual reply to the survey may be impacted by other factors such as the outcome of a collection case which could negatively or positively impact the respondent's perception of the service provided by Axactor. Therefore, there is measurement uncertainty connected to the survey for smaller samples of data, however on an aggregated basis and over time the results are more reliable.

The debtor satisfaction survey has been developed based on debt collection regulations, guidelines from debt collection associations and statements from debt collection complaints boards and the courts. It is considered the best possible indicator available to get debtor feedback on a broad-based level and is widely used by the industry and considered as the normal CSAT (customer satisfaction score) on a debtor level. The debtor satisfaction survey has remained unchanged since 2020. The metric is not validated by an external body.

The Operations policy states that debtor satisfaction survey shall be executed on a regular basis to measure satisfaction with Axactor's services.

Inbound service level

The inbound service level measures the availability of a collection advisor to debtors contacting Axactor by phone. Where a debtor reaches out to find solutions to settle their debt, it is Axactor's responsibility to be available to assist. Axactor has defined a group-wide target to achieve an average service level of answering a minimum of 95% of all incoming calls to the contact centers. Additionally, all contact centers have an automatic callback function, to call back all debtors that does not get through to the collection advisors. This is to ensure that all debtors are serviced even where incoming calls are lost.

In 2024 Axactor achieved an inbound service level of more than 97%. In Italy, Axactor has initiated actions to improve the service rate as the results were below the target. During 2024 the Italian operation conducted a site consolidation project during which Axactor used contractors in the call-center. These contractors are not allowed, by local legislation, to directly answer inbound calls.

The reported metric is calculated by a module in the dialer system based on how many incoming calls that Axactor answers. Calls ended before a set time limit, to give the collection advisors a minimum time to answer, is excluded from the calculation. No manual handling of the scores is conducted. The call centers actively use the inbound service level to ensure a sufficient collection advisor availability. The metric is unchanged since 2018 and is being measured continuously. The metric is not validated by an external body, nor has any stakeholder been directly involved in developing the target.

The Operations policy states that collection shall be managed in accordance with fair debt collection practice. The debtors shall receive guidance, phone collection shall not be performed at inconvenient hours compliant with local regulations, and all requests shall be replied to within given deadlines as measured by the inbound service level.

Nuisance rate (outbound)

The nuisance rate measure 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 dialer call the debtors. The overall target is that the nuisance call rate should not exceed 1%, meaning that Axactor should have a collection adviser available more than 99% of the times Axactor calls a debtor. The metric is unchanged since 2018 and is being measured continuously. A module in the dialer system registers the rate of outbound calls that are answered by a debtor and how many of these Axactor has a collection advisor available to take the call. Outbound calls that are not answered by a debtor, is not included in the calculation. No manual handling of the scores is conducted. The call centers actively use the nuisance rate level to adjust the dialer parameters.

In 2024 Axactor had a nuisance rate of 0.55% which is well within the target.

In most markets the nuisance rate is guided by an industry practice. It is an important metric to avoid that debtors are harassed and to ensure that Axactor acts in accordance with good collection practices as stated in the Operations policy. The metric is not validated by an external body.

Governance

Relevant policies (see section Group policies for description of key policies)

- Code of Conduct (incl. supplier CoC)
- Anti-corruption and anti-fraud policy
- Procurement policy
- Trade sanctions policy
- Antitrust policy
- Legal and compliance policy
- Delegation of authority

Material matter

- Corruption and bribery

Impact, risk and opportunity management

G1-1– Business conduct policies and corporate culture

Each year, millions of transactions pass through Axactor, which impose 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 exploited for any illegal activity. This also includes complying with all relevant trade sanctions regulations.

The Board approved policies are updated annually to reflect the risks identified through the annual risk assessments. Compliance with the policies is tracked through preventive and detective actions, see section G1-3.

Code of conduct

The Code of Conduct (see section Group policies) sets out the objectives of the Axactor Group which are to engage efficiently, responsibly and profitable for its investors, customers, debtors, and employees and general principles to prevent financial crimes. It sets out requirements to all Axactor employees and business relationships relating to environmental, social and governance matters, and how to comply with these.

The policy covers all IROs and all business conduct matters connected to Axactor. All employees are themselves responsible for abiding by the policy and is required to sign it annually.

Anti-corruption and anti-fraud

Axactor has zero tolerance for fraud and corruption as stated in the Anti-corruption and anti-fraud policy (see section Group policies). All employees in Axactor are required to report on any incident. The policy outlines the measures that are implemented to avoid, detect, report and act on any breach. Axactor considers that the functions most at risk of committing corruption and bribery are decision makers and functions with authorization to approve transactions.

Delegation of authority

The Delegation of authority policy is to clearly define who in the Axactor Group having the authority to approve expenditures, engage in commitments, or make decisions within and on behalf of the Axactor companies to prevent the risk of unauthorized approvals.

Procurement policy

The Procurement policy ensures that the purchasing processes and sourcing strategies of the services and goods the Group acquire are the result of

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.

transparent, objective, time and cost-effective decision making and risk management. Ethics, regulations, professionalism, and equal treatment of suppliers are absolute requirements in the policy.

Legal and compliance policy

The Legal and compliance policy (see section Group policies) of Axactor outlines the governance model of the Group to ensure the company remain in compliance on an ongoing basis with external laws and regulations and that this is reflected in the policies and procedures. This policy is also where the risk and internal control management system is founded.

Handling non-compliance with policies

When non-compliance is suspected or reported, the receiver shall acknowledge and confirm the report, appoint a dedicated team or individual to spearhead an investigation ensuring a thorough and impartial process, take corrective actions based on the investigation's findings, implement appropriate corrective or disciplinary measures, and communicate the outcomes while respecting confidentiality and offer feedback to the reporter.

Non-compliance with policies to prevent financial crime may result in criminal or civil penalties which will vary according to the offence.

G1-3 – Prevention and detection of corruption and bribery

Preventive actions

Axactor has implemented several preventive actions based on the Group's risk assessment. The mitigations are implemented throughout the policies and procedures forming the governance structure.

Employees are not permitted to give or receive any gifts or other benefits that question 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 donations require approval from the Chief of staff. Charitable contributions to political parties shall never be approved, and no such contributions have been made during the lifetime of Axactor. This also precludes 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. All bank transfers shall be based on segregation of duties and dual sign off.

Due to the nature of Axactor's business, before final hire and provided it is allowed by local legislation, the employee needs to sign a consent allowing Axactor to perform background checks related to their financial situation and other relevant areas, depending on the position to be filled, before and during the employment. The manager conducts reference checks and spot checks of relevant sources before hiring. Any irregularities need to be sorted out before hiring or if severe, the person cannot be hired.

All employees are made familiar with Axactor's Code of Conduct and confirm their awareness annually. Axactor provides adequate training for all employees consistent with Axactor's different operating units risk profile and appropriate to employee responsibilities on a regular basis, at least annually. 100% of functions-at-risk of corruption and bribery are covered by the training programs. Administrative, management and supervisory bodies are provided with general training equally to general staff. Axactor addresses fraud and corruption issues in relevant forums to ensure that employees of Axactor are aware of this policy and are motivated to abide by it. Local legal and compliance officers provide guidance and are available for consultations related to fraud and corruption issues. Chief of Staff is responsible for overseeing the training of Axactor's employees. The direct managers are responsible for distributing and communicating the relevant polices and have the responsibility to ensure such polices is properly distributed and communicated.

Axactor regularly evaluate systems, internal control mechanisms and procedures, to ensure that they are adequate 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 documentation of financial transactions, risk assessments and due diligence shall be maintained and available in case of audits. Axactor has an open and active dialogue with the regulators. Employees are encouraged to report any suspicions of violations through either of the reporting channels. Axactor is committed to follow up all reports of suspicious acts and take appropriate action.

Vendor management is an increased focus area by improving and expanding the supplier risk assessment. A new risk assessment tool is under development and expected to be implemented during 2025. The new tool will standardize and simplify the assessment from a user perspective and incorporating relevant elements from policies and procedures. Especially, the risk assessment will support fulfilling the requirements of the Procurement policy.

Detective actions

Complaints and deviations management system

The group-wide complaints and deviations management system helps the Group manage complaints and deviations efficiently. It helps identify opportunities for improvement of processes, ensure compliance with 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's reputation, as well as employee, debtor, and customer satisfaction.

Whistleblower channel

Axactor 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 enables management of 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 (e.g. whistleblower procedure) and in compliance with applicable data privacy regulations. The whistleblower procedure describes the treatment of whistleblower reports and express the importance of protecting any reporter from any form of retaliation. Submissions through the channel is reported to the Board's audit committee quarterly. In order to avoid conflict of interest the reporter can choose to report to either the local compliance officer, Chair of the Board of Directors, the Chief of Staff or to an external party.

Compliance officers

"The second line of defense" is represented by the compliance officers in each country verifying the internal controls conducted by the managers within their respective area.

Internal audit

The internal audit, also considered the third line of defense, shall provide the Board with reasonable assurance that internal controls are present and functioning, also from a fraud and corruption prevention perspective. The internal audit has during the year focused on systems and process owners in Norway, control of collection discounts in all countries, delegation of authority in Germany and Spain in addition to follow-up on observations from 2023. 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 internal audit in 2024.

Metrics and targets

G1-4 – Incidents of corruption or bribery

During 2023 and 2024, Axactor had no convictions for violation of anti-corruption and anti- bribery laws. The limitations of the methodologies used for compiling information consist of incidents not being detected or reported, unintentionally or intentionally. Any such incident that are identified by Axactor employees shall be reported through legal and compliance reviews or the complaints and deviation management system. To the best of the Group's knowledge, no incident has been identified during 2024 based on reports from the Group's complaints and deviation management system, the whistleblower channel, internal control mechanisms, internal audits, external audit, nor any financial prosecutions initiated towards any Axactor representative. The metric is not validated by an external body, other than the consolidated financial statement being audited.

Target

Axactor has a zero-tolerance policy, and hence target, related to incidents of corruption and bribery. This statement is founded in the Anti-corruption and anti-fraud policy and the Code of Conduct (see section Group policies). The target has been in force since the inception of Axactor and will continue to be a fundamental target and principle. Axactor prohibits corruption and fraud in all its forms, including facilitation payments, trading in influence, extortion and bribery. The target applies for Axactor, however, the Group expects the same high standard from all its business relationships and request confirmation of compliance with the supplier Code of Conduct. Stakeholders have not been directly involved in establishing the target, however through discussions it has been highlighted. Corruption and fraud undermine legal business activities, distorts competition, destroys Axactor's reputation, exposes companies and individuals to risk and is a threat to humanity. By systematically work to prevent corruption and bribery in all their forms and prevent illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime Axactor also contribute to meet the UN development goal number 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.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Entity-specific topic

Relevant policies (see section Group policies for description of key policies)

Operations policy
Code of Conduct
Debt purchasing and portfolio management policy

Material matter

Fair and efficient credit markets

Fair and efficient credit markets through compliant and ethical debt collection

Axactor help debtors pay their bills and make sustainable plans to get out of debt. Axactor helps hard-working companies to get paid for their products and services. Fair and efficient credit markets are an important cornerstone of the financial system.

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

The general role of administrative, management and supervisory bodies and the reporting lines, is described in section GOV-1. Key elements of ensuring fair and efficient credit markets includes i) responsible investing in debt porfolios to ensure a compliant origination of credit, and proper documentation, ii) ensuring operational processes aligned with good debt collection practices, and iii) ensuring the overall compliance of the company with laws and regulations. These elements are managed by the Group executive mangement in the following way:

BIC is responsible for monitoring and managing the Group NPL portfolio investments and to ensure responsible investing. Subject to the authority matrix investments shall be presented to and approved by the BIC. Day to day management is administered by the CIO who regularly reports to BIC. The CIO is responsible for implementation of the Debt purchasing and portfolio management policy (see section Group policies). Each country has a dedicated investment manager responsible for implementation in their respective organizations who reports to the CIO.

The COO is responsible for the daily management of operations and ensuring compliance with the Operations policy (see section Group policies). The general reporting structure of sustainability matters is outlined in section GOV-1. Each country has a dedicated operations director responsible for implementation in their respective organizations and for reporting to the COO which in turn regularly reports to the Board.

The Chief of Staff is responsible for ensuring compliance with the Code of Conduct (see section Group policies) and ensuring that the Group stays up to date with relevant laws and regulations.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Fair and efficient credit markets is a fundamental element of Axactor's Board approved strategy which states that the purpose of Axactor is to: Help people and society to a better future. See section GOV-2 for a general description on the information provided to administrative, management and supervisory bodies. The Chief of Staff, COO and CIO performs monthly reviews with country representatives. Depending on the severity of any incident or breach of the groups policies shall be reported in line with the general reporting guidelines as outlined in section G1-1 Handling non-compliance with policies.

GOV-3 – Integration of sustainability-related performance in incentive schemes

The structure of the Group's incentive schemes is outlined in section GOV-3. Relevant examples for 2024 incentive schemes to the Group executive management include reduction of the cost to collect and improving quality of the portfolio purchase model. The Board of Axactor is only compensated through fixed-salary schemes approved by the general meeting, thus no sustainability related incentives apply.

GOV-4 – Statement on due diligence

The due diligence statement is presented in section GOV-4. The embedding of due diligence related to fair and efficient credit markets is:

Core elements of due diligence	Section	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-1	Entity-specific topic GOV-1: Management, oversight and responsibility of governance and policies. The Board is the ultimate responsible for approval and compliance with policies.
	GOV-1	Entity-specific topic GOV-1: Embedding sustainable business conduct in remuneration
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2	Consulting with relevant stakeholders across Axactor's value chain including business relationships and activities
	IRO-1	Entity-specific topic IRO-1: Involving stakeholders in identifying and assessing sustainability matters and IROs.
Identifying and assessing adverse impacts	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities Section 6.2: Material impacts, risks and opportunities relating to consumers and end-users.
Taking actions to address those adverse impacts	Entity-specific topic	Actions to ensure fair and efficient credit markets
Tracking the effectiveness of these efforts and communicating	Entity-specific topic	Metrics and targets related to managing material matters relating to fair and efficient credit markets

GOV-5 – Risk management and internal controls over sustainability reporting

The established risk management and internal control processes for ensuring compliance and trustworthy reporting on good debt collection practices is a key element of the governance structure of Axactor (see section GOV-5). The complaint and deviation management system (see section G1-3) facilitate reporting of incidents and suspected issues, annual reviews of Group policies are conducted to ensure they are up to date and that adequate internal controls are in place.

Strategy

ESRS 2 SBM-1 – Strategy, business model and value chain

Axactor's purpose is about helping people and society to a better future. For Axactor, that implies offering debt collection services to the best of debtors and creditors by being efficient and professional. And upholding maintaining the interest of the society by supporting the function of credit markets and ensuring a lawful and compliant process. See section SBM-1 for a description of the Groups strategy and value chain, including its main products and services and significant markets.

ESRS 2 SBM-2 – Interest and views of stakeholders

Through regulatory attention it is evident that the EU commission and local authorities place a high value to ensuring that the debt collection process is conducted in accordance with established principles. Axactor closely monitors the reports from the financial supervisory authorities, interest organizations and media to understand the expectations of a debt collection agency. By providing services to and being a part of the bank and finance sector, the regulatory scrutiny also affects Axactor. See section SBM-2 for an in-depth discussion on the stakeholder dialogue.

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Axactor's positive impact on the fair and efficient functioning of credit markets is the cornerstone of Axactor's strategy and business model, without it Axactor would not exist. One of three pillars in Axactor's strategy is to be a leader on cost efficiency, which in turn will benefit both the debtor and the creditor see section SMB-3 for more information.

Impact, risk and opportunity management

The process for identifying material sustainability matters is described in section IRO-1. The process has included analyzing the value chain, business model and activities, stakeholder dialogue, and screening findings against the topical ESRS. Section IRO1-1 also outlines the materiality scoring process and details.

Policies related to fair and efficient credit markets

Fair and ethical debt collection

The debt collection industry is a necessary enabler for the credit markets to function properly. By having efficient means to collect on outstanding debts creditors are secured payment in due course, and debtors are given the opportunity to settle their debts without incurring unnecessary costs. The debt collection industry brings value to the providers of credit by contributing to a secondhand market for non-performing debt, so that they can free up capital for new lending. The debtors benefit by reducing the cost and ensuring a compliant debt collection process. Axactor is handling volumes at many stages of the credit lifecycle throughout the different markets, from pre-collection to legal collection and longtime surveillance. Coupled with the element of debt purchase, Axactor is truly an integrated part of the European credit market. The Code of Conduct and the Operation policy are central to the principle of fair and ethical debt collection, see section S4 Consumers and end-users for more information on the treatment of debtors.

Responsible investments

The Debt purchasing and portfolio management policy (see section Group policies) lays out the principles for responsible investments in debt portfolios. Responsible investment includes principles for due diligence of the underlying clains and "know your counterparty"-assessments of the sellers.

Ethical, compliant and efficient debt collection are covered by for example the Code of Conduct and Operations policy (see section S4-1).

Actions to ensure fair and efficient credit markets

Contributing to ensuring a fair and efficient credit market is Axactor's "bread and butter". The governance structure including the policies and internal controls are designed to ensure that Axactor stays compliant with laws and regulations and conduct debt collection activities in an ethical manner. In addition to the policies and actions relating to debtors (see section S4 Consumers and end-users) and general business conduct (see section Governence) Axactor has implemented the actions below. All actions are ongoing and part of the daily operating activities.

Training and compliance officers

In each country of operation, Axactor has dedicated employees to monitor the development in local regulation and requirements, and to follow up on any incident or concern reported through the Group Complaints and deviations management system (see section G1-3). The training and compliance officers actively engage in activities such as training of staff, development of collection systems to ensure compliance with the group's policies relating to collection activities (see section Group policies).

Certifications and licenses

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.

Contributing to a sustainable industry

Further, Axactor is actively engaged in the local debt collection associations and was in 2024 represented in various committees working on specific topics, such as new collection legislation, fair debt collection practices, CSRD and GDPR. The engagement is motivated by protecting its own and the industry's interests, but always with integrity and through transparent means.

Country	Debt collection association	Membership
Norway	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 Litto	Yes

Engagement with regulatory bodies

Axactor monitors statements and publications from the financial supervision authority, governmental agencies and interest organizations. When appropriate Axactor replies to request for opinions related to development of legislation.

Axactor efficiency model

The Axactor efficiency model scores the operational departments on operational processes, people & organization, business intelligence, compliance, project management and IT & systems.

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.

Metrics and targets

Metrics

KPI	Target	2024	2023
Customer satisfaction score	na	8.9	8.8

Customer satisfaction survey

The customer satisfaction (CSAT) survey is a valuable measurement of the satisfaction from executives at Axactor's 3PC customers in Germany, Italy, Norway and Spain. The survey is sent to a representative selection, including the largest and strategically most important customers. The customer satisfaction survey is not a perfect measure for assessing the impact from Axactor's services on customers, however the company believes that it is a good indication. If a customer or a customer's customer (debtor) was treated unfair or otherwise in breach of good debt collection practices, or bad business conduct, they would likely have given Axactor a low score and relevant feedback.

The customers are asked to score Axactor on a scale from 1 to 10 for different statements and to give written feedback, both negative and positive. Where appropriate, Axactor will directly contact the customer to follow up on any identified issues and implement necessary actions. The score will be impacted by which of the customers that chooses to answer the survey. Uncertainty in the score is also connected to the respondent's interpretation of the questions, perceptions of the levels in the scale from 1 to 10, recent events connected to contractual topics or specific collection cases.

The Group score is calculated as the average of the respective country average scores. In 2024 the score improved to 8.9 from 8.8 in 2023 underlining a continued high customer satisfaction. Feedback evidence Axactor to be professional, knowledgeable, and easily accessible.

Targets

Axactor has not set any measurable outcome-oriented targets relating to ensuring an efficient credit market. Nevertheless, the Group tracks the effectiveness of its policies and actions in relation to the material sustainability-related IRO through, inter alia, monitoring the reports through the complaints and deviation management system, through the internal controls and audit, reports to the debtor complaints boards, outcome of legal collection procedures and responses through the debtor- and customer satisfaction surveys (see section S4-5 for information on the debtor satisfaction survey). The Group will continue to collaborate with industry peers to develop industry specific metrics.

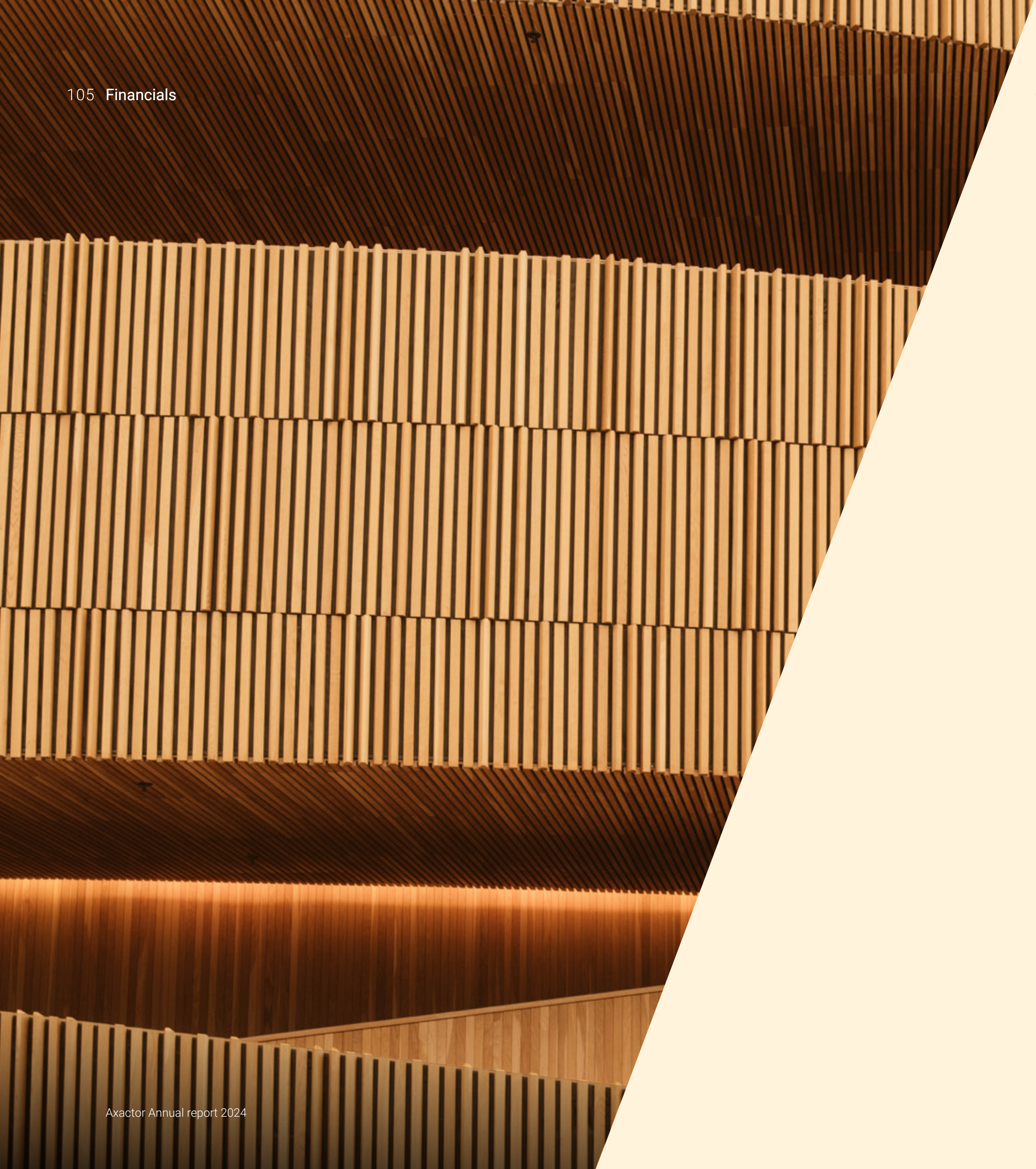
Appendix

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not Material	Page
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	x		x		Material	38
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			x		Material	38
ESRS 2 GOV-4	Statement on due diligence paragraph 30	x				Material	43
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	x	x	x		Not Material	
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	x		x		Not Material	
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	x		x		Not Material	
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			x		Not Material	
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				x	Not Material	
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		x	x		Not Material	
ESRS E1-4	GHG emission reduction targets paragraph 34	x	x	x		Not Material	
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	x				Not Material	
ESRS E1-5	Energy consumption and mix paragraph 37	x				Not Material	
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	x				Not Material	
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	x	x	x		Not Material	
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	x	x	x		Not Material	
ESRS E1-7	GHG removals and carbon credits paragraph 56				x	Not Material	
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			x		Not Material	
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		x			Not Material	
ESRS E1-9	Location of significant assets at material physical risk paragraph 66 (c).		x			Not Material	
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		x			Not Material	
ESRS E1-9	Degree of exposure of the portfolio to climate- related opportunities paragraph 69			x		Not Material	
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Not Material	
ESRS E3-1	Water and marine resources paragraph 9	x				Not Material	
ESRS E3-1	Dedicated policy paragraph 13	x				Not Material	

Disclosure requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not Material	Page
ESRS E3-1	Sustainable oceans and seas paragraph 14	x				Not Material	
ESRS E3-4	Total water recycled and reused paragraph 28 (c)	x				Not Material	
ESRS E3-4	Total water consumption in m 3 per net revenue on own operations paragraph 29	x				Not Material	
ESRS 2- SBM 3 - E4	paragraph 16 (a) i	x				Not Material	
ESRS 2- SBM 3 - E4	paragraph 16 (b)	x				Not Material	
ESRS 2- SBM 3 - E4	paragraph 16 (c)	x				Not Material	
ESRS E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	x				Not Material	
ESRS E4-2	Sustainable oceans / seas practices or policies paragraph 24 (c)	x				Not Material	
ESRS E4-2	Policies to address deforestation paragraph 24 (d)	x				Not Material	
ESRS E5-5	Non-recycled waste paragraph 37 (d)	x				Not Material	
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	x				Not Material	
ESRS 2- SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	x				Material	73
ESRS 2- SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	x				Material	74
ESRS S1-1	Human rights policy commitments paragraph 20	x				Material	73
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			x		Material	74
ESRS S1-1	processes and measures for preventing trafficking in human beings paragraph 22	x				Not Material	
ESRS S1-1	workplace accident prevention policy or management system paragraph 23	x				Material	74
ESRS S1-3	grievance/complaints handling mechanisms paragraph 32 (c)	x				Material	88
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x		x		Not Material	
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	x				Not Material	
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	x		x		Material	83
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	x				Material	84
ESRS S1-17	Incidents of discrimination paragraph 103 (a)	x				Material	84
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	x		x		Material	84
ESRS 2- SBM3 – S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	x				Not Material	
ESRS S2-1	Human rights policy commitments paragraph 17	x				Not Material	
ESRS S2-1	Policies related to value chain workers paragraph 18	x				Not Material	
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	x		x		Not Material	
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			x		Not Material	
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	x				Not Material	

Disclosure requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not Material	Page
ESRS S3-1	Human rights policy commitments paragraph 16	x				Not Material	
ESRS S3-1	non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	x		x		Not Material	
ESRS S3-4	Human rights issues and incidents paragraph 36	x				Not Material	
ESRS S4-1	Policies related to consumers and end-users paragraph 16	x				Material	87
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	x		x		Material	89
ESRS S4-4	Human rights issues and incidents paragraph 35	x				Material	93
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	x				Not Material	
ESRS G1-1	Protection of whistle- blowers paragraph 10 (d)	x				Not Material	
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x		x		Material	96
ESRS G1-4	Standards of anti- corruption and anti- bribery paragraph 24 (b)	x				Not Material	



Financial statements

Consolidated financial statements

Consolidated statement of profit or loss

EUR thousand	Note	2024	2023
Continuing operations			
Interest revenue from purchased loan portfolios	6, 18	222,038	211,289
Net gain/(loss) purchased loan portfolios	6, 18	-152,269	-13,082
Revenue from sale of repossessed assets	6	3,968	2,587
Other operating revenue	5	54,200	55,843
Total revenue	5, 6	127,937	256,637
Cost of repossessed assets sold, incl impairment	5	-1,599	-1,759
Personnel expenses	7, 8	-63,541	-66,576
Other operating expenses	9	-53,518	-56,454
Total operating expenses		-118,658	-124,789
EBITDA [1]		9,279	131,848
Amortization and depreciation	10, 14, 16	-11,557	-9,050
Operating profit /(loss)		-2,278	122,797
Financial revenue	11	8,437	3,389
Financial expenses	11	-91,238	-84,750
Net financial items		-82,801	-81,360
Profit/(loss) before tax from continuing operations		-85,079	41,437
Income tax expense	12	6,019	-7,874
Net profit/(loss) after tax from continuing operations		-79,060	33,563

[1] Alternative performance measure (APM)

EUR thousand	Note	2024	2023
Discontinued operations			
Net profit/(loss) after tax from discontinued operations	31	-	-5,969
Net profit/(loss) after tax		-79,060	27,594
Attributable to			
Non-controlling interests		466	-3,235
Shareholders of the parent company		-79,526	30,830
Earnings per share			
From continuing operations, basic and diluted	13	-0.263	0.110
From continuing and discontinued operations, basic and diluted	13	-0.263	0.102

Consolidated statement of comprehensive income

EUR thousand	Note	2024	2023
Net profit/(loss) after tax		-79,060	27,594
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of pension plans		-6	-48
Items that may be reclassified subsequently to profit or loss			
Currency translation differences - foreign operations		-9,419	-10,495
Fair value net gain/(loss) on cash flow hedges during the period	19	-407	-
Cumulative net gain/(loss) on cash flow hedges reclassified to profit or loss	19	-3,185	-3,569
Other comprehensive income/(loss) after tax		-13,018	-14,112
Total comprehensive income/(loss)		-92,077	13,482
Attributable to			
Non-controlling interests		466	-3,235
Shareholders of the parent company		-92,544	16,718

Consolidated statement of financial position

EUR thousand	Note	31.12.2024	31.12.2023
Assets			
Non-current assets			
Intangible assets			
Goodwill	14, 15	58,871	59,799
Deferred tax assets	12	12,320	8,502
Other intangible assets	14	12,003	15,116
Tangible assets			
Property, plant and equipment	16	1,839	2,036
Right of use assets	10	7,820	11,604
Financial assets			
Purchased loan portfolios	17, 18	1,087,472	1,265,327
Other non-current assets		1,431	2,495
Total non-current assets		1,181,757	1,364,879
Current assets			
Repossessed assets		4,180	2,664
Accounts receivable	21	7,730	6,636
Other current assets	21	37,151	27,196
Restricted cash	22	1,882	2,613
Cash and cash equivalents	22	32,991	31,826
Total current assets		83,934	70,935
Total assets		1,265,691	1,435,815

EUR thousand	Note	31.12.2024	31.12.2023
Equity and liabilities			
Equity			
Share capital	23	158,369	158,369
Other paid-in equity		271,048	270,831
Retained earnings		-52,450	27,082
Other components of equity		-36,092	-23,080
Non-controlling interests		-9,201	-9,667
Total equity	24	331,674	423,534
Non-current liabilities			
Interest-bearing debt	17, 25	884,728	939,104
Deferred tax liabilities	12	1,802	10,549
Lease liabilities	10	7,083	8,969
Other non-current liabilities	26, 27	4,570	2,740
Total non-current liabilities		898,183	961,361
Current liabilities			
Accounts payable		3,915	4,057
Taxes payable		2,406	12,243
Lease liabilities	10	3,348	3,194
Other current liabilities	28	26,165	31,425
Total current liabilities		35,834	50,919
Total liabilities		934,017	1,012,281
Total equity and liabilities		1,265,691	1,435,815

Consolidated statement of cash flows

EUR thousand	Note	2024	2023
Operating activities			
Profit/(loss) before tax from continuing operations		-85,079	41,437
Profit/(loss) before tax from discontinued operations		-	-5,969
Taxes paid	12	-23,584	-11,616
Adjustments for:			
Net financial items, continuing operations	11	82,801	81,360
Net financial items, discontinued operations	32	-	348
Portfolio amortization and revaluation	5, 18	286,898	88,840
Change in fair value of forward flow commitments		120	-1,805
Cost of repossessed assets sold, incl impairment		1,599	1,759
Cost of REOs sold, incl impairment	31	-	8,422
Depreciation and amortization	10, 14, 16	11,557	9,050
Calculated cost of employee share options	24	382	450
Change in working capital		-6,894	-2,905
Cash flow from operating activities before NPL investments		267,800	209,372
Purchase of loan portfolios	18	-128,522	-119,987
Purchases related to repossessed assets		-104	-73
Net cash flow from operating activities		139,174	89,311

EUR thousand	Note	2024	2023
Investing activities			
Purchase of intangible and tangible assets	14, 16	-3,071	-3,874
Net cash flow from investing activities		-3,071	-3,874
Financing activities			
Proceeds from borrowings	25	42,000	343,274
Repayment of debt	25	-89,321	-341,873
Interest paid		-87,467	-67,737
Interest received		5,451	385
Loan fees paid	25	-117	-15,376
Lease payments, principal amount	10	-3,731	-3,143
Repayments to non-controlling interests		-	-992
Net cash flow from financing activities		-133,185	-85,462
Net change in cash and cash equivalents		2,918	-24
Cash and cash equivalents at the beginning of period		31,826	32,652
Currency translation		-1,753	-802
Cash and cash equivalents at end of period [1]	22	32,991	31,826

[1] Restricted cash is excluded from Cash and cash equivalents, and the comparative figures for 2023 have been adjusted accordingly.

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the parent company							
	Restricted	Non-restricted						
EUR thousand	Share capital	Other paid in equity	Retained earnings	Translation reserve	Cash flow hedge reserve	Total	Non-controlling interests	Total equity
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	416,034	-5,441	410,593
Result of the year			30,830			30,830	-3,235	27,594
Other comprehensive income			-48	-10,495	-3,569	-14,112		-14,112
Total comprehensive income	-	-	30,782	-10,495	-3,569	16,718	-3,235	13,482
Repayments to non-controlling interests						-	-992	-992
Share-based payment		450				450		450
Balance on 31 Dec 2023	158,369	270,831	27,082	-28,912	5,832	433,202	-9,667	423,534
Result of the year			-79,526			-79,526	466	-79,060
Other comprehensive income			-6	-9,419	-3,592	-13,018		-13,018
Total comprehensive income	-	-	-79,533	-9,419	-3,592	-92,544	466	-92,077
Share-based payment		218				218		218
Balance on 31 Dec 2024	158,369	271,048	-52,450	-38,332	2,240	340,875	-9,201	331,674

Oslo, 8 April 2025

Terje Mjøs
Chair

Brita Eilertsen
Board member

Lars Erich Nilsen
Board member

Kjersti Høklingen
Board member

Ørjan Svanevik
Board member

Johnny Tsolis
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 Karenslyst allé 8A, 0278 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 in 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 8 April 2025 and will be submitted for approval to the Annual General Meeting on 6 May 2025.

Note 2 Material accounting policies

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and effective as of 31 December 2024. Axactor also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Group's consolidated financial statements comprise Axactor ASA and entities in which Axactor ASA has control. 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. Accounting policies that are material to the Group are described below. These policies have been applied consistently for all years presented, unless otherwise specified.

2.2 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 (in Sweden and Norway) are translated to euro using exchange rates prevailing at the end of each reporting period. Revenue and expense items are translated at the average exchange rates for each month.

2.3 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 Group executive management, which is the Group's chief decision makers, is in accordance with this structure.

2.4 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 2.10.1.

Revenue from Contracts with Customers is recognized according to the five-step model in IFRS 15 at an amount which reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes and duties. Revenue from contracts with customers are mainly revenue from external collection (3PC) and is 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 in 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.

2.5 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.

2.6 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 tax liabilities are recognized for all taxable temporary differences, except where the deferred 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 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.

2.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired and liabilities assumed at the acquisition date. This includes the aggregate of the consideration transferred, the amount recognized for non-controlling interests, and any previous interests held. If purchase price exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognised as goodwill.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset and allocated to the cash-generating units (CGUs) expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually or more frequently if there are indications that it may be impaired. Impairment is determined by assessing the recoverable amount of the lowest identifiable CGU to which the goodwill relates. If the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognized in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

When a portion of an operation within a CGU, or a group of CGUs to which goodwill has been allocated, is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. The portion of goodwill allocated is measured based on the relative values of the disposed operation and the portion of the CGU retained at the date of disposal, unless another method better reflects the goodwill associated with the disposed operation. This principle is also applied when the Group reorganizes its business.

2.8 Other 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.

Other intangible assets relate to internally developed assets that are amortized on a straight-line basis over their estimated period of use. 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.

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 intangible assets not yet ready for use, the recoverable amount is assessed annually.

2.9 Right of use assets and lease liabilities

The Group applies IFRS 16 Leases and 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 Group presents its lease liabilities and right of use assets as separate line items in the statement of financial position.

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.

2.10 Financial instruments

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.

2.10.1 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 revenue 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'. 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 as part of the recovery strategy for the purpose of being divested within the Group's operations to maximize the value of recoveries. Such assets are classified as inventories and recognized in the balance sheet at the lowest of cost and net realizable value in accordance with IAS 2 Inventories.

2.10.2 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 reflects 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'.

2.10.3 Derivatives

Derivatives are recognized at fair value on the date the contract is entered into and are subsequently measured at fair value. Derivatives that are designated as hedging instruments in cash flow hedge relationships are recognized as described in note 2.11.

2.10.4 Accounts receivable and Other current assets

Accounts receivable and other current assets are recognized when the Group has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivables are recognized when an invoice has been sent. Accounts receivables are recognized at the transaction price, nominal amount unless containing a significant financing component and subsequently measured at amortized cost less any loss allowance. The loss allowance is based on a lifetime credit loss. The anticipated maturity of these receivables is short, so their carrying values are not discounted.

2.10.5 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.

2.10.6 Cash

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

2.11 Hedge accounting

The Group has elected to apply the hedge accounting rules in IFRS 9. Hedge accounting is applied when a hedging relationship meets the specified criteria in IFRS 9, and it is aligned with the Group's overall risk management strategy. Currently, the Group applies cash flow hedge accounting to mitigate variability in future cash flows attributable to changes in floating interest rates, primarily through the use of interest rate swaps as hedging instruments.

At the inception of a hedge, the Group formally documents the relationship between the hedged item and the hedging instrument, including the risk management objective, strategy for undertaking the hedge, and the hedge ratio, which reflects both the risk management strategy, and the actual hedges performed. The Group also assesses and documents the existence of an economic relationship between the hedged item and the hedging instrument, ensuring that credit risk does not dominate changes in value arising from this relationship. The Group's qualifying hedging instruments are designated in their entirety.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is recognized in other comprehensive income (OCI) under the cash flow hedge reserve. The ineffective portion of the gain or loss is recognized immediately in profit or loss as a financial revenue or expense. When the hedged cash flow subsequently affects profit or loss, the effective portion of the gain or loss on the hedging instrument is reclassified to the corresponding revenue or expense line in the statement of profit or loss. Fair value is measured based on input from third parties and the utilization of valuation reports from derivative counterparty bank and is the present value sum of the difference between the fixed payments and floating payments based on market projections at year end until maturity.

Hedge effectiveness is tested by comparing changes in the fair value of the hedging instruments against changes in the fair value or cash flows of the hedged items attributable to the hedged risk. These assessments ensure that the hedging relationship remains effective throughout its duration.

When a hedging instrument expires, is sold, terminated, or no longer qualifies for hedge accounting, or if the risk management objectives change, the cumulative gain or loss previously recognized in OCI remains in equity until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the cumulative amount in OCI is reclassified immediately to profit or loss. Further quantitative disclosures, including notional amounts, maturities, and the fair values of hedging instruments, are provided in Note 19.

2.12 Interest-bearing debt

Interest bearing debt is initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method and included in net financial items. The upfront fees and discounts are a part of the borrowing cost and are recognized as part of the interest expense in accordance with the effective interest method. Due to their short-term nature, other loans and borrowings are recognised at nominal value and are subsequently measured at amortized cost.

2.13 Discontinued operations and assets held for sale

In the current year, the Group did not have any discontinued operations or assets held for sale. Comparative information for the prior year, where applicable, is presented in accordance with IFRS 5. The results of the discontinued operations, which have been included in net profit/(loss) after tax for 2023, are excluded from the results of continuing operations and presented as a single amount in the statement of profit or loss.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position. Additional disclosures are provided in note 31.

2.14 Changes in accounting policies and disclosures implemented in 2024

Axactor has not implemented any new accounting standards during 2024.

2.15 Changes in accounting policies and disclosures for 2025 or thereafter

The Group has not early adopted new and revised IFRS standards which are not yet mandatory or effective.

IFRS 18 Presentation and Disclosure in Financial Statements, effective from 2027, is expected to significantly affect the presentation of profit and loss statement and disclosures for most entities.

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 Group executive management, and through quarterly reporting to the Board. The Group has assessed risks in the corporate governance report as well as in the Group's sustainability statement statement which are both part of the report of Board of Directors. 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 financials risks identified are 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 compromises 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 negatively.

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) was EUR 896.7 million on 31 December 2024 (2023: EUR 958.4 million). The loans carry a variable interest rate based on the interbank rate in each currency with a margin.

The Group´s interest rate risk management objective is to hedge interest rate risk 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 long-term strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. The Group intends to gradually implement the strategy in line with new portfolio investments. The details of the Group's hedge relationships are described in note 2.10.3, note 2.11 and note 19.

The average interest rate in 2024 was 8.7% (2023: 8.5%). An increase by 100 basis point would have reduced the Group's profit before tax for 2024 by EUR 7.6 million (2023: EUR 9.6 million). The equity would change with the same amount less tax.

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, borrowings, and net investments in foreign subsidiaries. The Group is exposed to foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily euro, whereas some companies use Norwegian kroner (NOK) and Swedish kroner (SEK). The Group reduces its exposure to fluctuations in foreign exchange rates by using currency swaps and by keeping interest-bearing debt in the same currencies as the Group's assets.

The Group's exposure to currency risk as reported to the management of the Group consists of outstanding foreign currency denominated monetary items, including currency derivatives. The net exposure includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. On 31 December 2024, the Group's net exposure to NOK and SEK was EUR 2.3 million (2023 EUR 6.2 million). The Group's exposure to foreign currency changes for all other currencies is not considered material.

The Group has performed a foreign currency sensitivity analysis for changes in NOK and SEK exchange rates, with all other variables held constant, based on the net exposure as reported above. The sensitivity analysis shows that if NOK and SEK strengthen by 10%, would increase by EUR 0.2 million. Similarly, profit before tax would be reduced by EUR 0.2 million if NOK and SEK weaken by 10%.

Credit risk

Credit risk 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 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 from the portfolio. Axactor applies scoring models (where the debtors' payment capacities are assessed through statistical analysis) and historical data in the calculations. 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 manages the liquidity risk by continuously monitoring the liquidity status and the monthly rolling consolidated result- and cash flow forecasts. The Group had positive cash flow from operating activities before NPL investments of EUR 267.8 million in 2024, as shown in the consolidated statement of cash flows (2023: 209.4 million). For 2024, the cash flows from operating activities ended at EUR 139.2 million (2023: EUR 89.3 million).

The table of contractual maturities 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. 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 of liabilities except for NPL investment commitments, where 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.

The Group's estimated remaining collections for purchased loan portfolios for the next 15 years is presented below the table of contractual maturities (see also note 18).

	Contractual maturities per 31 December 2024								Contractual maturities per 31 December 2023							
EUR thousand	Q1-25	Q2-25	Q3-25	Q4-25	1–2 years	2–4 years	4+ years	Total	Q1-24	Q2-24	Q3-24	Q4-24	1–2 years	2–4 years	4+ years	Total
NPL investment commitments, non-cancellable[1]	1,572	43	-	-	-	-	-	1,614	4,678	1,901	962	-	-	-	-	7,540
NPL investment commitments, cancellable[1]	374	1,288	-	-	-	-	-	1,661	-	-	-	-	-	-	-	-
Revolving credit facility (RCF)	6,800	6,490	6,263	6,306	484,156	-	-	510,016	8,351	8,120	7,523	7,039	28,156	486,776	-	545,965
Bond ACR03 (ISIN NO0011093718)	4,713	4,492	4,436	4,383	243,338	-	-	261,360	6,520	6,380	6,017	5,760	23,041	298,331	-	346,050
Bond ACR04 (ISIN NO0013005264)	5,978	5,919	5,897	5,832	23,330	218,209	-	265,166	6,432	6,410	6,184	6,029	24,117	246,904	-	296,076
Other non-current liabilities	-	-	-	-	-	-	4,570	4,570	-	-	-	-	1,000	-	1,740	2,740
Accounts payable	3,915	-	-	-	-	-	-	3,915	4,057	-	-	-	-	-	-	4,057
Lease liabilities	983	1,002	959	948	3,683	2,534	1,672	11,781	968	964	958	948	3,598	4,469	1,962	13,866
Other current liabilities	18,397	4,133	-	3,636	-	-	-	26,165	24,649	5,970	-	807	-	-	-	31,425
Total contractual maturities	42,730	23,366	17,555	21,105	754,506	220,743	6,243	1,086,248	55,655	29,744	21,644	20,583	79,911	1,036,480	3,701	1,247,718

[1] Expected cash flows based on the last three months' actual deliveries and future deliveries on new agreements confirmed at the balance sheet date. Per 31 December 2024, cash flows are limited to EUR 9.6 million (2023: EUR 54.5 million) by contracted capex limits. The NPL commitments that are cancellable are cancellable with one to three months' notice.

	ERC per 31 December 2024								ERC per 31 December 2023							
EUR thousand	Q1-25	Q2-25	Q3-25	Q4-25	1–2 years	2–4 years	4+ years	Total	Q1-24	Q2-24	Q3-24	Q4-24	1–2 years	2–4 years	4+ years	Total
Estimated remaining collections (ERC)[1]	65,350	66,680	61,768	64,572	267,437	499,937	1,313,985	2,339,729	78,153	82,732	75,102	78,689	308,058	543,117	1,454,566	2,620,416

[1] Alternative performance measure (APM)

Securing non-current financing at competitive terms is an important part of the Group's long-term liquidity planning. There are no maturities on the RCF or bond loans until June 2026. On 31 December 2024 the Group had an unused part of the RCF agreement of EUR 73.5 million (2023: EUR 72.3 million), in addition to unrestricted cash and cash equivalents of EUR 33.0 million (2023: EUR 31.8 million).

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 2024.

Non-financial risk

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

Geopolitical risk

During the last years Europe has seen increasing geopolitical risk among others with the ongoing war in Ukraine. Although Axactor's operations are not directly impacted by the war, the Group 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 a risk to Axactor such as but not limited to MAR (market abuse regulation), AML (anti-money laundering), GDPR (general data protection regulation), the NPL directive, DORA (Digital Operational Resilience Act), the EU Pay Transparency Directive, EU taxonomy regulation, CSRD (corporate sustainability reporting directive), CS3D (corporate sustainability due diligence directive) and SFRD (sustainable finance disclosure regulation) and BEPS (base erosion and profit shifting). These regulatory initiatives are stipulating stricter and more comprehensive disclosure- and reporting requirements resulting in increased administrative cost 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. However, in the event that Axactor fails to comply with applicable regulations in relevant jurisdictions, this may materially adversely affect the financial position due to severe fines, or inability to operate due to loss of license in respective jurisdictions.

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. Approximately 1% of the Group's assets are tangible, whereas approximately 10% of the Group's purchased loan portfolios 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, which 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 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'.

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 collections (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 flows from the portfolios are 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 2.10.1 and note 18.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. 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 2.7 and note 15.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, and deferred tax assets have been recognized in the balance sheet. The recognized amount is most sensitive to expected future taxable profits. Information on deferred tax assets is disclosed in note 2.6 and note 12.

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 profitability and country profitability are the two most important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Segment revenue reported represents revenue generated from external customers.

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. The measurement basis of the performance of the segment is the segment's contribution margin.

2024

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	356,667	-	-	356,667
Portfolio amortization and revaluation	-286,898	-	-	-286,898
Revenue from sale of repossessed assets	3,968	-	-	3,968
Other operating revenue:				
Change in fair value forward flow commitments	-120	-	-	-120
Other operating revenue	-	54,320	-	54,320
Total revenue	73,617	54,320	-	127,937
Cost of repossessed assets sold	-1,599	-	-	-1,599
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-41,143	-33,818	-	-74,961
Contribution margin	30,875	20,503	-	51,377
SG&A, IT and corporate cost			-42,098	-42,098
EBITDA				9,279
Amortization and depreciation			-11,557	-11,557
Operating result				-2,278
Total operating expenses	-42,742	-33,818	-42,098	-118,658
Contribution margin (%)	41.9%	37.7%	na	40.2%
EBITDA margin (%)				7.3%
Opex ex SG&A, IT and corporate cost / Gross revenue	11.9%	62.3%	na	18.5%
SG&A, IT and corporate cost / Gross revenue				10.1%

2023

EUR thousand	NPL	3PC	Eliminations/ Not allocated	Total
Collections on own portfolios	287,046	-	-	287,046
Portfolio amortization and revaluation	-88,840	-	-	-88,840
Revenue from sale of repossessed assets	2,587	-	-	2,587
Other operating revenue:				
Change in fair value forward flow commitments	1,805	-	-	1,805
Other operating revenue	-	54,039	-	54,039
Total revenue	202,598	54,039	-	256,637
Cost of repossessed assets sold	-1,759	-	-	-1,759
Impairment repossessed assets	-	-	-	-
Direct operating expenses	-46,186	-34,492	-	-80,678
Contribution margin	154,653	19,547	-	174,200
SG&A, IT and corporate cost			-42,352	-42,352
EBITDA				131,848
Amortization and depreciation			-9,050	-9,050
Operating result				122,797
Total operating expenses	-47,945	-34,492	-42,352	-124,789
Contribution margin (%)	76.3%	36.2%	na	67.9%
EBITDA margin (%)				51.4%
Opex ex SG&A, IT and corporate cost / Gross revenue	16.6%	63.8%	na	24.0%
SG&A, IT and corporate cost / Gross revenue				12.3%

Note 6 Revenue

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

The Group's revenue 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 consists of intangible assets, goodwill, property, plant and equipment and right of use assets.

	Total revenue		Non-current assets	
EUR thousand	2024	2023	31.12.2024	31.12.2023
Finland	4,236	14,425	3,036	3,017
Germany	6,618	40,759	13,530	15,903
Italy	25,493	38,438	15,317	15,825
Norway	15,845	41,088	27,221	30,186
Spain	85,999	100,498	19,388	20,299
Sweden	-10,254	21,428	2,041	3,325
Total	127,937	256,637	80,533	88,555

Portfolio revenue

Portfolio revenue consists of interest revenue from purchased loan portfolios, net gain/(loss) from purchased loan portfolios and revenue from sale of repossessed assets. Net gain/(loss) from purchased loan portfolios is split into collections above/(below) collection forecasts and net present value of changes in collection forecasts.

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	2024
Interest revenue from purchased loan portfolios	14,813	35,214	30,212	38,375	78,405	25,020	222,038
Collections above/(below) forecasts	-2,080	-9,775	-3,204	-6,691	-7,457	-2,808	-32,016
NPV of changes in collection forecasts	-8,534	-25,029	-12,864	-22,815	-18,546	-32,465	-120,253
Net gain/(loss) purchased loan portfolios	-10,614	-34,805	-16,068	-29,506	-26,002	-35,274	-152,269
Sale of repossessed assets					3,968		3,968
Total portfolio revenue	4,199	409	14,144	8,869	56,371	-10,254	73,737

EUR thousand	Finland	Germany	Italy	Norway	Spain	Sweden	2023
Interest revenue from purchased loan portfolios	15,713	37,520	26,730	36,345	69,649	25,332	211,289
Collections above/(below) forecasts	-1,654	-2,774	296	-3,274	3,696	-2,295	-6,004
NPV of changes in collection forecasts	-779	-861	335	338	-2,915	-3,196	-7,078
Net gain/(loss) purchased loan portfolios	-2,433	-3,635	631	-2,935	781	-5,491	-13,082
Sale of repossessed assets					2,587		2,587
Total portfolio revenue	13,280	33,885	27,361	33,409	73,017	19,841	200,793

Note 7 Employee remuneration

Personnel expenses

EUR thousand	2024	2023
Salaries	43,937	44,666
Bonus	2,519	4,138
Commissions	2,359	2,269
Social security	11,081	11,532
Pension	928	1,144
Share-based payment	382	451
Other benefits	2,335	2,376
Total personnel expenses	63,541	66,576

Average number of FTEs

	2024	2023
Number of FTEs, 1 Jan	1,255	1,301
Number of FTEs, 31 Dec	1,174	1,255
Average number of FTEs	1,214	1,278

Number of FTEs per country

	31.12.2024	31.12.2023
Finland	15	36
Germany	108	141
Italy	255	296
Norway	109	95
Spain	674	672
Sweden	12	16
Total number of FTEs	1,174	1,255

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	2024	2023
Current members of the Board		
Terje Mjøs, Chair	88	75
Brita Eilertsen	48	61
Lars Erich Nilsen	46	46
Kjersti Høklingen	46	31
Ørjan Svanevik	52	-
Former members of the Board		
Kristian Melhuus	-	27
Kathrine Astrup Fredriksen	-	13
Total remuneration	280	253

Terje Mjøs was elected Chair of the Board in May 2023. He previously held the position as member of the Board. Kjersti Høklingen was elected as a member of the Board in May 2023, Ørjan Svanevik was elected as a member of the Board in December 2023, whereas Brita Eilertsen and Lars Erich Nilsen has been members of the Board for the full year of both periods presented.

Nomination committee

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

EUR thousand	2024	2023
Anne Lise Ellingsen Gryte	8	8
Magnus Tvenge[1]	5	5
Total remuneration	13	13

[1] Replaced by Peder Strand who was appointed member of the nomination committee on AGM 8th of May 2024. Remuneration is paid first quarter of the year.

Group executive management remuneration

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	2024
Johnny Tsolis, CEO	420	288	38	89	1	836
Nina Mortensen, CFO	229	52	18	18	1	319
Arnt Andre Dullum, COO	199	17	15	18	1	250
Vibeke Ly, Chief of Staff	201	49	15	18	2	284
Kyrre Svae, Chief of Strategy and IR	217	52	17	20	1	307
Karl Mamelund, Chief Investment Officer	211	48	14	19	1	293
Total remuneration	1,478	506	117	182	7	2,289

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	2023
Johnny Tsolis, CEO	387	201	33	60	1	681
Nina Mortensen, CFO	211	50	16	16	1	295
Arnt Andre Dullum, COO	189	41	14	14	1	259
Vibeke Ly, Chief of Staff	187	75	13	14	1	291
Kyrre Svae, Chief of Strategy and IR	205	81	16	15	1	318
Karl Mamelund, Chief Investment Officer[3]	138	51	8	13	1	211
Robin Knowles, Chief Investment Officer[4]	47	-	1	6	2	55
Total remuneration	1,365	498	100	139	8	2,110

[1] Accrued bonus for the financial year. 2023 is now also including extraordinary bonus
[2] Cost in relation to share option program, not exercised
[3] Chief Investment Officer from April 2023
[4] Chief Investment Officer until April 2023

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

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 note 24. Bonus stated in the tables above reflect the accrued amounts during the year. At the end of 2024, no loan or prepayments were granted to members of the Board or Group executive management.

Note 9 Other operating expenses

Other operating expenses

EUR thousand	2024	2023
Direct operating expenses	7,346	6,158
External services	27,205	31,512
IT expenses	12,355	11,903
Other expenses	6,613	6,881
Total other operating expenses	53,518	56,454

Auditor’s remuneration

During the financial year 2024, the company changed its auditor. The previous auditor, PricewaterhouseCoopers AS (PwC), was replaced by Ernst & Young (EY). The total remuneration paid to PwC for their services during the financial year amounted to EUR 0.6 million. The table shows all fees paid to the auditors in 2024. The reported fees are the recognized expenses for the year.

EUR thousand	2024	2023
Auditing	1,214	1,176
Audit related services	-	-
Tax related services	102	58
Other services	115	21
Total auditor’s remuneration	1,431	1,255

Note 10 Leases

The Group leases premises, office equipment and vehicles under non-cancellable lease agreements. The lease terms are between 1 and 7 years and the majority of the lease agreements are renewable after the end of the lease period. Extension of the lease period are included in the lease term when it is probably that the option will be utilised. Leasing contracts are classified as lease liabilities and right of use assets under IFRS 16, see note 2.9.

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets on 31 Dec 2022	11,263	401	93	11,757
Additions	2,881	752	53	3,685
Depreciation	-3,034	-331	-44	-3,409
Disposals	-232	-31	-	-264
Currency translation differences	-167	2	-	-165
Right of use assets on 31 Dec 2023	10,711	792	101	11,604
Additions	1,906	271	-	2,177
Depreciation	-3,175	-445	-50	-3,670
Impairment[1]	-1,559	-	-	-1,559
Disposals	-585	-22	-	-608
Currency translation differences	-122	-3	-	-125
Right of use assets on 31 Dec 2024	7,176	594	50	7,820
Remaining lease term	1-7 years	1-4 years	1-3 years	
Depreciation method	Linear	Linear	Linear	

[1] The impairment is related to unused office spaces on leased offices in Germany, Sweden and Norway.

The interest costs relating to IFRS 16 leases during the year are reflected in profit or loss with EUR 881 thousand (EUR 743 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	2024	2023
Lease liabilities on 1 Jan	12,163	12,239
Net new leases	2,153	3,237
Lease payments, principal amount	-3,731	-3,143
Currency translation differences	-155	-171
Lease liabilities on 31 Dec	10,430	12,163
Current	3,348	3,194
Non-current	7,083	8,969

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

EUR thousand	2024	2023
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	3,892	3,837
1–2 years	3,683	3,598
2–3 years	1,575	3,232
3–4 years	959	1,237
4–5 years	696	700
> 5 years	977	1,261
Total undiscounted lease liabilities	11,781	13,866
Discounting element	-1,350	-1,703
Total lease liabilities	10,430	12,163

Note 11 Financial items

EUR thousand	2024	2023
Financial revenue		
Interest on bank deposits	5,451	385
Net foreign exchange gain[1]	352	-
Gain on purchase of treasury bonds (note 25)	2,554	115
Other financial revenue	79	2,889
Total financial revenue	8,437	3,389
Financial expenses		
Interest expense on borrowings	-89,141	-81,594
Net foreign exchange loss[1]	-	-815
Other financial expenses	-2,097	-2,341
Total financial expenses	-91,238	-84,750
Total net financial items	-82,801	-81,360

[1] Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position. The amount includes changes in fair value of currency derivatives.

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 31.

Tax expense in consolidated profit or loss

EUR thousand	2024	2023
Profit/(loss) before tax from continuing operations	-85,079	41,437
Income tax calculated at 25% on profit from continuing operations	21,270	-10,359
Tax effect on permanent differences	-2,780	32
Adjustment previous years	-2,245	1,133
Tax assets, previously not recognized	-	2,735
Tax loss and interest carryforwards for which no deferred tax asset was recognised	-10,225	-
Tax effect of change in net deferred income tax liability/asset	-	-2,266
Effect on foreign exchange rates	-	852
Income tax expense	6,019	-7,874
Effective tax rate	7%	19%

Tax included in consolidated other comprehensive income

EUR thousand	2024	2023
Opening balance deferred tax liability in OCI	-1,644	-2,651
Fair value net gain/(loss) on cash flow hedges	115	-
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss	898	1,007
Deferred tax charged to OCI on 31 Dec	-632	-1,644

Deferred taxes

EUR thousand	31.12.2024	31.12.2023
Non-current portfolios	3,556	-8,604
Non-current intangible assets/liabilities	-637	-803
Current assets	1,930	1,357
Tax loss and interest carryforwards	6,501	7,648
Hedge over OCI	-632	-1,644
Net deferred tax	10,518	-2,047
Deferred tax asset	12,320	8,502
Deferred tax liability	-1,802	-10,549
Net deferred tax	10,518	-2,047

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, Spain (Real estate company) and Sweden. Limitation of interest deduction, not recognized, relates to Sweden and Norway.

EUR thousand	31.12.2024	31.12.2023
Tax loss carryforwards, not recognized	25,827	23,287
Interest carryforwards, not recognized	8,590	4,604
Total unrecognized deferred tax on tax loss and interest carryforwards	34,418	27,891

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 net profit/(loss) and share data used in the basic and diluted EPS calculations:

	Continuing operations		Discontinued operations		Total	
EUR thousand	2024	2023	2024	2023	2024	2023
Net profit/(loss) to shareholders of the parent company	-79,526	33,381	-	-2,551	-79,526	30,830
Number of shares (in thousands)						
Weighted average number of ordinary shares	302,145	302,145	-	302,145	302,145	302,145
Effects of dilution from share options	-	-		-	-	-
Weighted average number of shares adjusted for the effect of dilution	302,145	302,145	-	302,145	302,145	302,145
Basic and diluted earnings per share	-0.263	0.110	-	-0.008	-0.263	0.102

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share:

	2024	2023
Employee share options	15,083,333	15,942,100

Note 14 Intangible assets

EUR thousand	Goodwill	Customer contracts	Databases	Software and other intangibles	Total
Cost price					
Cost price on 31 Dec 2022	61,069	12,301	3,610	36,826	113,806
Acquisitions	-	-	-	3,457	3,457
Reclassification	-	-	-	-47	-47
Disposals at cost price	-	-11,928	-3,530	-863	-16,321
Currency translation differences	-1,270	-373	-79	-91	-1,814
Cost price on 31 Dec 2023	59,799	-	-	39,282	99,081
Acquisitions	-	-	-	2,559	2,559
Disposals at cost price	-	-	-	-2	-2
Currency translation differences	-928	-	-	-406	-1,334
Cost price on 31 Dec 2024	58,871	-	-	41,434	100,305
Amortization					
Accumulated amortizations on 31 Dec 2022	-	-12,301	-3,610	-20,207	-36,118
Amortization of the year	-	-	-	-4,885	-4,885
Reclassification	-	-	-	8	8
Disposals accumulated amortizations	-	11,928	3,530	840	16,298
Currency translation differences	-	373	79	80	533
Accumulated amortizations on 31 Dec 2023	-	-	-	-24,165	-24,165
Amortization and impairment of the year	-	-	-	-5,730	-5,730
Currency translation differences	-	-	-	464	464
Accumulated amortizations on 31 Dec 2024	-	-	-	-29,431	-29,431
Carrying amount on 31 Dec 2024	58,871	-	-	12,003	70,874
Useful life	na			1-10 yr	

Customer contracts and databases were fully amortized per 31 December 2023 and removed from the balance sheet in 2023. 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 EUR 58.9 million on 31 December 2024 (2023: EUR 59.8 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 "collection services" for the following CGU "countries"

EUR thousand	2024	2023
Finland	2,592	2,592
Germany	9,301	9,301
Italy	13,636	13,636
Norway	17,978	18,873
Spain	14,328	14,328
Sweden	1,035	1,068
Total goodwill on 31 Dec	58,871	59,798

Cash flow projections and assumptions

A four-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 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 four, 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	2.1%	3.8%	2.2%
Market risk premium	4.3%-7.3%	4.3%	4.3%
Beta	1.54	1.54	1.54
Small cap premium	2.0%	2.0%	2.0%
Cost of equity before tax	10.8%-15.3%	12.4%	10.8%
Cost of debt	9.3%	9.3%	9.3%
Equity ratio	25.7%	25.7%	25.7%
Corporate income tax rate	26.0%	22.0%	20.6%
WACC	7.6%-8.8%	8.6%	8.3%

- Risk free rate: Five year risk free bond per currency
- Market risk premium: The market risk premium per country 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 9.3% based on company estimated forecasts
- Capital structure: Applied 25.7% equity ratio based on company estimates for 2025
- Corporate income tax rate: 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 2024 is 2.0% (2023: 2.0%).

Cash flow

The calculation includes cash flows for four years, in addition to a terminal value. Cash flow estimates are based on the Board approved 2025 budget and a projection for the next three 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 2024 (2023: EUR 0 million). Based on a sensitivity analysis, the ceteris paribus impact of reducing the terminal growth rate by one percentage point 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. The lowest headroom was observed in Finland, Germany and Spain, which all have headrooms over the combined value of goodwill and net assets in the range 20-30%. Impairment would be triggered for these CGUs if the terminal growth rate is reduced by 1 percentage point while simultaneously increasing the WACC by 2 percentage points.

The cash flow sensitivity to changes in the operating results were also measured, with all CGU's withstanding a 10% ceteris paribus haircut in their respective EBITDA.

Note 16 Property, plant and equipment

EUR thousand	**Furniture, fittings and equipment**
Cost price	
Cost price on 31 Dec 2022	7,290
Acquisitions	417
Reclassification	47
Disposals at cost price	-468
Currency translation differences	-50
Cost price on 31 Dec 2023	7,236
Acquisitions	511
Disposals at cost price	-319
Currency translation differences	-46
Cost price on 31 Dec 2024	7,382
Depreciation	
Accumulated depreciations on 31 Dec 2022	-4,918
Depreciation	-756
Reclassification	-8
Disposals accumulated depreciations	451
Currency translation differences	32
Accumulated depreciations on 31 Dec 2023	-5,199
Depreciation	-599
Disposals accumulated depreciations	219
Currency translation differences	36
Accumulated depreciations on 31 Dec 2024	-5,542
Carrying amount on 31 Dec 2024	1,839
Useful life	3-6 yr

Note 17 Fair value measurement

The Group's financial assets consist of purchased loan portfolios, derivatives, accounts receivable and other non-current assets, 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.

	Carrying amount			Fair value			
EUR thousand	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
31.12.2024							
Financial assets							
Purchased loan portfolios (Note 18)	-	1,087,472	1,087,472	-	-	1,221,552	1,221,552
Derivatives (Other non-current assets)	659	-	659	-	659	-	659
Other non-current assets	-	772	772	-	-	-	-
Accounts receivables (Note 21)	-	7,730	7,730	-	-	-	-
Cash and cash equivalent (Note 22)	-	32,991	32,991	-	-	-	-
Financial liabilities							
Interest-bearing debt (Note 25)	-	884,728	884,728	405,469	471,544	-	877,012
Derivatives (Note 27)	3,347	-	3,347	-	3,347	-	3,347
31.12.2023							
Financial assets							
Purchased loan portfolios (Note 18)	-	1,265,327	1,265,327	-	-	1,351,808	1,351,808
Fair value of forward flow commitments (Note 21)	311	-	311	-	-	311	311
Derivatives (Other non-current assets)	1,920	-	1,920	-	1,920	-	1,920
Other non-current assets	-	575	575	-	-	-	-
Accounts receivables (Note 21)	-	6,636	6,636	-	-	-	-
Cash and cash equivalent (Note 22)	-	31,926	31,926	-	-	-	-
Financial liabilities							
Interest-bearing debt (Note 25)	-	939,104	939,104	474,151	472,698	-	946,849

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 Verdipapirforetakenes Forbund. The fair value of the other interest-bearing loans is equal to the nominal value.

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 collections, 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 7.7% on 31 December 2024 (2023: 8.1%). 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

	Performance				
EUR million	90%	95%	100%	105%	110%
WACC					
4.7%	1,262	1,331	1,400	1,469	1,539
5.7%	1,203	1,270	1,336	1,402	1,468
6.7%	1,150	1,213	1,276	1,340	1,403
7.7%	1,100	1,161	1,222	1,282	1,343
8.7%	1,054	1,113	1,171	1,229	1,287
9.7%	1,012	1,068	1,124	1,180	1,236
10.7%	973	1,026	1,080	1,134	1,188

Fair value of forward flow commitments, balance movements

EUR thousand	2024	2023
Balance on 1 Jan	311	-
Value change	-120	1,805
Deliveries	-185	-1,435
Currency translation differences	-5	-58
Balance on 31 Dec	-	311

Note 18 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 majority of the purchased loan portfolios are unsecured, whereas approximately 10% of the book value of the loans are secured by a property object per 31 December 2024 (2023: 6%).

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 '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 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 collections 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 collections.

For more information on accounting principles and a description of significant accounting judgments, estimates and assumptions related to purchased loan portfolios, see Note 2.10.1 and note 4 in the Group's annual report 2024.

EUR thousand	2024	2023
Balance on 1 Jan	1,265,327	1,252,642
Acquisitions during the year	127,757	116,118
Collections	-356,667	-287,046
Interest revenue from purchased loan portfolios	222,038	211,289
Net gain/(loss) purchased loan portfolios	-152,269	-13,082
Repossessions	-3,077	-1,123
Deliveries on forward flow contracts	185	1,435
Currency translation differences	-15,822	-14,905
Balance on 31 Dec	1,087,472	1,265,327

Acquisitions during the year can be split into nominal value of the acquired portfolios and expected credit losses at acquisition as follows:

EUR thousand	2024	2023
Nominal value purchased loan portfolios	3,780,879	3,659,615
Expected credit losses at acquisition	-3,653,122	-3,543,497
Acquisitions during the year	127,757	116,118

The payments during the year for investments in loan portfolios presented in the consolidated statement of cash flow may not correspond to acquisitions during the year due to deferred payments.

The book value of purchased loan portfolios per market is presented in the table below:

	31.12.2024		31.12.2023	
EUR thousand	Book value	% of total	Book value	% of total
Finland	102,351	9%	118,453	9%
Germany	152,474	14%	189,308	15%
Italy	158,001	15%	165,929	13%
Norway	212,450	20%	240,989	19%
Spain	297,245	27%	349,715	28%
Sweden	164,951	15%	200,932	16%
Total book value	1,087,472	100%	1,265,327	100%

The ERC represents the estimated gross collections on the purchased loan portfolios. ERC, amortization, and interest revenue from purchased loan portfolios per year are specified below (year 1 means the first 12 months from the reporting date):

EUR thousand	Estimated remaining collections (ERC), amortization and interest revenue from purchased loan portfolios per year														
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total ERC
2024																
ERC	258,370	267,437	261,253	238,684	211,405	181,386	160,781	144,227	129,412	113,140	95,242	83,210	73,814	64,402	56,964	2,339,729
Amortization	65,964	90,888	105,702	104,680	97,594	83,769	76,451	71,981	68,481	62,940	54,624	51,536	50,846	50,235	51,778	1,087,472
Interest revenue	192,406	176,549	155,550	134,004	113,811	97,618	84,330	72,245	60,932	50,200	40,618	31,674	22,968	14,167	5,186	1,252,257
2023																
ERC	314,676	308,058	283,589	259,528	225,064	195,895	176,394	158,644	143,318	129,194	112,964	93,850	81,633	72,962	64,648	2,620,416
Amortization	105,653	120,186	118,013	116,194	102,024	89,571	83,946	79,066	75,868	73,397	68,420	59,450	56,796	57,606	59,135	1,265,327
Interest revenue	209,023	187,871	165,575	143,334	123,040	106,323	92,448	79,578	67,450	55,797	44,544	34,400	24,838	15,356	5,513	1,355,089

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. 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's long-term strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. The Group intends to gradually implement the strategy in line with new portfolio investments.

Cash flow hedges

Interest risk is mitigated by hedging exposures (interest rate swaps). The Group has implemented cash flow hedge accounting to reduce the impact of changing interest rates on the Group's interest expenses in the profit and loss. The hedged items include a portion of issued floating-rate loans in EUR and NOK. 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 the timing of cash flows between hedged items and hedging instruments, derivatives used as hedging instruments having a non-zero 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 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 2024.

The critical terms of the hedging instruments and the hedged items are closely aligned and credit risk does not dominate the hedging relationship.

The financial instruments designated as hedged items in the cash flow hedge relationships

EUR thousand	Nominal amount designated for hedge accounting 31.12.2024
Interest rate risk related to issued bonds [1]	
Floating rate issued loans (EUR)	80,000
Floating rate issued loans (NOK)	25,435
Total	105,435

[1] See note 25 for overview of issued bonds.

Hedge instruments (Interets rate swaps)

Notional amount	Notional amount EUR thousand	Fix	Floating 3M IBOR	Start date	Maturity date	Fair value 31.12.2024 EUR thousand
EUR 25 million	25,000	2.9880%	2.91%	16.09.24	15.09.27	-581
EUR 25 million	25,000	2.9930%	2.91%	16.09.24	15.09.27	-599
EUR 15 million	15,000	1.9450%	2.91%	17.03.25	15.03.28	53
EUR 15 million	15,000	1.9600%	2.91%	17.03.25	15.03.28	38
NOK 150 mill	12,718	3.3975%	4.68%	09.09.24	07.09.29	278
NOK 150 mill	12,718	3.3740%	4.68%	09.09.24	07.09.29	290
Total	105,435					-521

The fair value of the hedge instruments are included in Other non-current assets with EUR 0.7 million and in Other non-current liabilities with EUR 1.2 million. The group had no hedge accounting instruments in 2023.

Cash flow hedge reserve

EUR thousand	Fair value of hedge instruments net of tax (22%)	Accumulated amount related to discontinued hedge [1]	Total
Balance on 31 Dec 2023	-	9,401	9,401
Change in the year	-	-3,569	-3,569
Balance on 31 Dec 2023	-	5,832	5,832
Change in the year	-407	-3,185	-3,592
Balance on 31 Dec 2024	-407	2,647	2,240

[1] The remaining fair value of derivatives recorded in other comprehensive income related to discontinued cash flow hedges are released into profit and loss over the period when the Group's earnings are affected by the variability in cash flows of the originally underlying floating rate loan of EUR 200 million (until December 2025). In 2024, EUR 3.2 million has been reclassified from the cash flows hedge reserve (OCI) into profit or loss and EUR 0.9 million has been reclassified from the deferred tax liability, reducing the interest rate expenses on borrowings reported in note 11 with EUR 4.1 million (2023: EUR 4.6 million).The remaining cash flow hedge reserve related to the diconstinued hedge as at 31 December 2024 is EUR 2.6 million and deferred tax EUR 0.7 million; hence EUR 3.4 million will reduce interest expenses in 2025.

Note 20 Shares in subsidiaries

The table is an overview of the subsidiaries included in the Axactor Group. The proportion of ownership interests held equals the voting rights held by the Group. The financial figures of the subsidiaries have been included in the consolidated financial statements of the group from the date of acquisition.

EUR thousand	Ownership	Head office	Country
Axactor Holding Srl	100.0%	Cuneo	Italy
Axactor Italy SpA	100.0%	Cuneo	Italy
Axactor Italy Servicing 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
Beta Properties SLU [2]	100.0%	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 Forderungskaurf 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 S.à r.l. 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 S.à r.l. in which Axactor owns 50% of the shares

Changes in ownership interest in 2024

The shares in Axactor Capital Luxembourg S.à r.l. was sold in November 2024. The shares in PropCo Malagueta SL and Proyector Lima SL in Spain were sold in October 2024.

Borneo Commercial Investments SLU, Alcala Lands Investments SLU and Beta Properties SLU have been merged with Beta Properties SLU as the surviving entity.

Note 21 Accounts receivable and other current assets

Accounts receivable

EUR thousand	31.12.2024	31.12.2023
Accounts receivable	7,730	6,636

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	31.12.2024	31.12.2023
Prepaid taxes	10,115	3,828
Prepaid expenses	13,121	5,826
Accrued revenue [1]	7,378	7,561
Fair value of forward flow commitments, asset	-	311
Public duties receivable	788	7,148
Other	5,749	2,522
Total other current assets	37,151	27,196

[1] Accrued revenue relates to 3PC business

Note 22 Cash

The composition of the cash and cash equivalents per currency is shown below:

EUR thousand	31.12.2024	31.12.2023
EUR	6,298	1,529
NOK	22,942	30,379
SEK	3,751	-83
Total cash by currency	32,991	31,826

EUR thousand	31.12.2024	31.12.2023
Restricted cash - client funds [1]	1,050	1,768
Restricted cash and bank deposits	832	845
Total restricted cash	1,882	2,613

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

Note 23 Issued shares and share capital

The share capital of Axactor ASA as of 31 December 2024 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)
On 31 Dec 2022	302,145,464	158,368,902
On 31 Dec 2023	302,145,464	158,368,902
On 31 Dec 2024	302,145,464	158,368,902

20 largest shareholders at 31 December 2024

Name	Shareholding	Share %
Geveran Trading Company Ltd	150,385,439	49.8%
DNB Markets Aksjehandel/-analyse (Broker)	9,593,658	3.2%
Skandinaviska Enskilda Banken AB	8,420,924	2.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
J.P. Morgan SE (Nominee)	4,454,162	1.5%
Spectatio Finans AS	3,786,728	1.3%
Stiftelsen Kistefos	3,000,000	1.0%
Nordnet Livsforsikring AS	2,985,796	1.0%
Nordnet Bank AB (Nominee)	2,736,073	0.9%
Stavern Helse og Forvaltning AS	2,700,675	0.9%
Siljan Industrier AS	2,135,306	0.7%
Endre Rangnes	2,017,000	0.7%
Gvepseborg AS	1,782,826	0.6%
Latino Invest AS/Johnny Tsolis	1,770,000	0.6%
Alpette AS	1,661,643	0.5%
Avanza Bank AB (Broker)	1,389,817	0.5%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Øen Holding AS	1,100,000	0.4%
Øvrum Invest AS	1,009,384	0.3%
Total 20 largest shareholders	208,563,948	69.0%
Other shareholders	93,581,516	31.0%
Total number of shares	302,145,464	100%
Total number of shareholders	7,761	

Shares owned by the Board and Group executive management per 31 December 2024

Name	Shareholding	Share %
Latino Invest AS /Johnny Tsolis [1]	1,770,000	0.6%
Terje Mjøs Holding AS [2]	750,000	0.2%
Vibeke Ly [3]	240,850	0.1%
Arnt Andre Dullum [3]	200,000	0.1%
Karl Mamelund [3]	196,858	0.1%
Nina Mortensen [3]	160,000	0.1%
Kyrre Svae [3]	43,000	0.0%
Kjersti Høklingen [2]	21,000	0.0%
Brita Eilertsen [2]	19,892	0.0%
Ørjan Svanevik, through Oavik Capital AS [2]	13,000	0.0%

[1] CEO/related to the CEO of Axactor ASA
[2] Member of the Board/controlled by member of the Board
[3] Member of the Group executive management

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 granted 2020

The share options granted in 2020 vest annually in equal tranches over a three-year period following the date of the grant. The options vest based on service conditions/continuing employment as vesting criteria and expire five years after the date of the grant.

Share options granted 2021

Share options approved and granted in 2021 vest annually in equal tranches over a two-year period following the date of the grant. The share options vest based on service conditions/continuing employment as the vesting criteria and expire four years after the date of the grant. The share options approved in 2022 and granted for 2021 vest if the employee is still employed three years from the grant date and expire 20 days after the vesting date.

Share options granted 2022-2024

The share options granted in 2022, 2023 and 2024 vest annually in equal tranches over three years following the date of the grant. 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 three years from the date of the grant, and the options expire five years after the grant date.

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 2024 were as follows (weighted average parameters at grant):

	2024-grant
Strike price (NOK)	4.30
Share price (NOK)	4.30
Expected lifetime	3.67
Volatility	38.1%
Interest rate	3.4%
Dividend	-
Fair value per option	1.32

Outstanding share options

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

	2024		2023	
Activity	Number of options	Weighted average strike price (NOK)	Number of options	Weighted average strike price (NOK)
Outstanding on 1 Jan	15,942,100	13.92	13,267,100	15.62
Granted during the year	2,750,000	4.30	2,750,000	5.48
Terminated	-516,667	5.50	-	-
Forfeited during the year	-	-	-75,000	6.07
Expired during the year	-3,092,100	19.42	-	-
Outstanding on 31 Dec	15,083,333	11.32	15,942,100	13.92
Vested on 31 Dec	4,750,000	24.05	6,842,100	24.73

No options were exercised in 2024 or 2023.

On 31 December 2024, the Group has options outstanding that were granted from 2020 to 2024. The exercise prices vary from NOK 4.30 to NOK 28.00 per option (2023: NOK 5.09 to NOK 28.00).

	Outstanding options			Vested options	
Strike price (NOK)	Number of options	Weighted average remaining contractual life	Weighted average strike price (NOK)	Vested options 31.12.2024	Weighted average strike price (NOK)
4.30	2,625,000	4.46	4.30	-	-
5.48	2,625,000	3.46	5.48	-	-
6.07	5,083,333	2.46	6.07	-	-
17.25	950,000	0.51	17.25	950,000	17.25
22.00	1,425,000	0.51	22.00	1,425,000	22.00
28.00	2,375,000	0.51	28.00	2,375,000	24.50
Total	15,083,333			4,750,000	

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

The total expense recognized for the share-based programs during 2024 was EUR 0.4 million (2023: EUR 0.5 million). There are no liabilities related to share-based payment transactions on 31 December 2024 (2023: EUR 0 million), total social security provisions amount to EUR 0 million on 31 December 2024 and 2023.

Note 25 Interest-bearing loans and borrowings

The Group's total loans and borrowings on 31 December 2024::

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
Facility							
Bond ACR03 (ISIN NO0011093718)	EUR		300,000	-69,810	228,101	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK		194,998		193,663	3m NIBOR + 825bps	07.09.2027
Total bond loans			494,998	-69,810	421,764		
Revolving credit facility (RCF)	EUR		327,294		318,714	EURIBOR+ margin	30.06.2026
(multi-currency facility)	SEK		144,250		144,250	STIBOR+ margin	30.06.2026
Total credit facilities		545,000	471,544		462,964		
Total interest-bearing loans and borrowings on 31 Dec 2024			966,541	-69,810	884,728		

Of the total borrowings is EUR 884.7 million classified as non-current and EUR 0 million is classified as current.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities	Total Borrowings
Total interest-bearing loans and borrowings on 31 Dec 2022	445,590	505,784	951,374
Proceeds from loans and borrowings	200,340	142,934	343,274
Repayment of loans and borrowings	-169,522	-172,352	-341,873
Loan fees	-3,367	-12,009	-15,376
Total changes in financial cash flow	27,451	-41,427	-13,975
Amortization of capitalized loan fees	2,930	4,316	7,246
Currency translation differences	4,360	-7,903	-3,543
Other non-cash movements	-116	-1,882	-1,998
Total interest-bearing loans and borrowings on 31 Dec 2023	480,215	458,889	939,104
Proceeds from loans and borrowings	-	42,000	42,000
Repayment of loans and borrowings	-50,860	-38,461	-89,321
Loan fees	-117	-	-117
Total changes in financial cash flow	-50,977	3,539	-47,438
Amortization of capitalized loan fees	2,111	5,229	7,340
Currency translation differences	-9,702	-4,693	-14,395
Other non-cash movements	117	-	117
Total interest-bearing loans and borrowings on 31 Dec 2024	421,764	462,964	884,728

Change in lease liabilities are presented in note 10.

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.

				Estimated future cash flow within			
	Currency	Carrying amount	Total estimated future cash flow	6 months or less	6–12 months	1–2 years	2–5 years
Bond ACR03 (ISIN NO0011093718)	EUR	228,101	261,360	9,205	8,818	243,338	-
Bond ACR04 (ISIN NO0013005264)	NOK	193,663	265,167	11,897	11,730	23,330	218,209
Total bond loans		421,764	526,527	21,102	20,548	266,667	218,209
Revolving credit facility (multi-currency facility)	EUR/NOK/SEK	462,964	510,016	13,290	12,570	484,156	-
Total credit facilities		462,964	510,016	13,290	12,570	484,156	-
Total interest-bearing loans and borrowings on 31 Dec 2024		884,728	1,036,543	34,392	33,118	750,824	218,209

Revolving credit facility DNB/Nordea

The revolving credit facility consists of EUR 545 million in a multi-currency facility. 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 30 June 2026.

The following financial covenants apply:
- NIBD[1] to pro-forma adjusted cash EBITDA ≤ 3:1 (secured loans (RCF) less cash to pro-forma adjusted cash EBITDA L12M)
- Portfolio loan to value ≤ 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)

Axactor was compliant with all covenants throughout the year.

All subsidiaries of the Group, except Reolux Holding S.à r.l. and its subsidiaries, are part of the security package for this facility. The subsidiaries that are part of the security package are guarantors and have granted a share pledge and a bank account pledge with the exception of Axactor Italy SpA and the subsidiaries of Axactor Portfolio Holding AB where there is only granted a share pledge.

Bond loans

ACR03 (ISIN NO0011093718)

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs. On 31 December 2024, the Group holds treasury bonds in ACR03 with a nominal value of EUR 70 million.

ACR04 (ISIN NO0013005264)

The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027. The bond is listed on Oslo Børs.

The following financial covenants apply to both bond loans:
- Interest coverage ratio: ≥ 3.0x (pro-forma adjusted Cash EBITDA to net interest expenses)
- Leverage ratio: ≤ 4.0x (NIBD to pro-forma adjusted cash EBITDA)
- Loan to value: ≤ 80% (NIBD to total book value all loan portfolios and REOs)
- Secured loan to value: ≤ 60% (secured loans less cash to total book value all loan portfolios and REOs)

Axactor was compliant with all covenants throughout the year.

Trustee: Nordic Trustee

[1] Alternative performance measure (APM)

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 0.9 million (2023: EUR 1.1 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	31.12.2024	31.12.2023
Post-employment liabilities (note 26)	1,163	1,663
Derivatives	3,347	-
Other liabilities	61	1,077
Total other non-current liabilities	4,570	2,740

Note 28 Other current liabilities

EUR thousand	31.12.2024	31.12.2023
Public duties	3,234	7,940
Personnel related liabilities	4,796	6,413
Deferred payments relating to purchased loan portfolios	2,500	3,652
Accrued interest	2,400	3,210
Client funds payable[1]	1,050	1,768
Accrued expenses and other liabilities	12,186	8,441
Total other current liabilities	26,165	31,425

[1] The corresponding client funds cash balance is reported as part of restricted cash in note 22

Note 29 Transactions with related parties

EUR thousand	2024	2023
Related party balances at 31 Dec	41	-
Related party transactions during the year	197	158

Axactor ASA has entered into a service agreement with Seatankers Management Co. Ltd., where Seatankers Management has agreed to provide the company with advisory and other support services upon request. Seatankers Management is a company controlled by Geveran. The agreement was entered into in February 2020 and amended in April 2023. The agreement is entered into on an arm's length basis and is not considered material (capped at EUR 200,00. All figures presented is related to the agreement with Seatankers Management Co. Ltd. For additional information on agreements entered with related parties, see corporate governance report.

Note 30 Pledged assets

EUR thousand	31.12.2024	31.12.2023
Group	1,244,496	1,412,220
Parent	432,108	332,108

All subsidiaries of the Group, except Reolux Holding S.à r.l. and its subsidiaries, are part of the security package for the revolving credit facility, see note 25. The subsidiaries that are part of the security package are guarantors and have granted a share pledge and a bank account pledge with the exception of Axactor Italy S.p.A. and the subsidiaries of Axactor Portfolio Holding AB where there is only granted a share pledge.

Note 31 Discontinued operations

There are no discontinued operations or assets classified as held for sale in 2024. The results of the discontinued operations, which have been included in net profit/(loss) after tax for 2023, were as follows:

EUR thousand	2024	2023
Other operating revenue	-	4,296
Total revenue	-	4,296
Cost of REOs sold, incl impairment	-	-8,422
Other operating expenses	-	-1,495
Total operating expenses	-	-9,917
EBITDA	-	-5,621
Amortization and depreciation	-	-
Operating profit	-	-5,621
Financial expenses	-	-348
Net financial items	-	-348
Profit/(loss) before tax	-	-5,969
Income tax expense	-	-
Net profit/(loss) after tax	-	-5,969
Attributable to:		
Non-controlling interests	-	-3,418
Shareholders of the parent company	-	-2,551
Earnings per share: basic and diluted	-	-0.008

The net cash flows incurred by the operations classified as held for sale were as follows:

EUR thousand	2024	2023
Net cash flow from operating activities	-	2,801
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-6,409
Total net cash flow	-	-3,607

Note 32 Events after the reporting period

There has been no material events after the reporting period for 2024.

Financial statements of Axactor ASA

Parent company statement of profit or loss

EUR thousand	Note	2024	2023
Management services to group companies		11,656	12,132
Total revenue		11,656	12,132
Personnel expenses	3	-5,616	-5,458
Operating expenses	4	-7,415	-7,518
Total operating expense		-13,031	-12,977
EBITDA		-1,375	-845
Amortization and depreciation	5, 8, 9	-2,899	-2,471
Operating profit/(loss)		-4,274	-3,316
Financial revenue	6	48,085	54,809
Financial expenses	6	-50,594	-65,386
Net financial items		-2,510	-10,577
Profit/(loss) before tax		-6,784	-13,893
Income tax expense	7	-774	4,881
Net profit/(loss) after tax		-7,558	-9,011
Distibution from other paid in capital		7,558	9,011

Statement of comprehensive income

EUR thousand	Note	2024	2023
Net profit/(loss) after tax		-7,558	-9,011
Items that may be reclassified subsequently to profit or loss			
Fair value net gain/(loss) on cash flow hedges	17	-407	-
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss		-3,185	-3,569
Other comprehensive income/(loss) after tax		-3,592	-3,569
Total comprehensive income/(loss)		-11,150	-12,580

Statement of financial position

EUR thousand	Note	31.12.2024	31.12.2023
Assets			
Non-current assets			
Intangible assets			
Other intangible assets	8	7,752	8,959
Tangible assets			
Property, plant and equipment	9	4	23
Right of use assets	5	570	214
Financial assets			
Investment in subsidiaries	11	432,108	332,108
Loans to group companies	14	316,667	465,545
Other long-term receivables		982	2,259
Total non-current assets		758,084	809,108
Current assets			
Receivables group companies	14	5,362	22,203
Other current assets	12	1,525	641
Restricted cash	13	370	374
Cash and cash equivalents	13	3,453	3,450
Total current assets		10,710	26,669
Total assets		768,794	835,777

EUR thousand	Note	31.12.2024	31.12.2023
Equity and liabilities			
Equity			
Share capital		158,369	158,369
Other paid in capital		183,196	191,825
Cash flow hedge reserve	17	2,240	5,832
Result for the year		-7,558	-9,011
Total equity	10	336,246	347,015
Non-current liabilities			
Interest-bearing debt	15	421,764	480,215
Deferred tax liabilities	7	699	2,133
Lease liabilities	5	475	43
Other non-current liabilities		3,675	344
Total non-current liabilities		426,613	482,735
Current liabilities			
Accounts payable		1,024	945
Liabilities group companies	14	333	311
Lease liabilities	5	98	211
Other current liabilities	16	4,481	4,560
Total current liabilities		5,935	6,027
Total liabilities		432,548	488,762
Total equity and liabilities		768,794	835,777

Statement of cash flows

EUR thousand	Note	2024	2023
Operating activities			
Profit/(loss) before tax		-6,784	-13,893
Taxes paid	7	-1,223	2,073
Adjustments for:			
Net financial items	6	2,510	10,577
Depreciation and amortization	5, 8, 9	2,899	2,471
Calculated cost of employee share options		201	151
Change in working capital		12,015	-2,370
Net cash flow from operating activities		9,618	-991

EUR thousand	Note	2024	2023
Investing activities			
Purchase of intangible and tangible assets	9	-1,422	-1,603
Net cash flow from investing activities		-1,422	-1,603
Financing activities			
Proceeds/repayments from external borrowings	15	-50,860	30,818
Loans to subsidiaries/repaid from subsidiaries		94,600	6,419
Interest paid		-51,704	-31,458
Interest received		151	229
Lease payments	5	-209	-203
Loan fees paid	15	-117	-3,367
Net cash flow from financing activities		-8,140	2,438
Net change in cash and cash equivalents		57	-156
Cash and cash equivalents at the beginning of period		3,450	4,046
Currency translation		-55	-440
Cash and cash equivalents at end of period[1]		3,453	3,450

[1] Restricted cash is excluded from the Cash and cash equivalents and comparative numbers for 2023 is changed accordingly

Statement of changes in equity

	Restricted	Non-restricted			
EUR thousand	Share capital	Other equity	Cash flow hedge reserve	Total	Total equity
Balance on 31 Dec 2022	158,369	191,375	9,401	200,777	359,146
Result of the year (restated)		-9,011		-9,011	-9,011
Other comprehensive income			-3,569	-3,569	-3,569
Total comprehensive income	-	-9,011	-3,569	-12,580	-12,580
Share-based payment		450		450	450
Balance on 31 Dec 2023	158,369	182,814	5,832	188,647	347,015
Result of the year		-7,558		-7,558	-7,558
Other comprehensive income			-3,592	-3,592	-3,592
Total comprehensive income	-	-7,558	-3,592	-11,150	-11,150
Share-based payment		381		381	381
Balance on 31 Dec 2024	158,369	175,638	2,240	177,879	336,246

Oslo, 8 April 2025

Terje Mjøs
Chair

Brita Eilertsen
Board member

Lars Erich Nilsen
Board member

Kjersti Høklingen
Board member

Ørjan Svanevik
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 Karenslyst allé 8, 0278 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 8 April 2025 and will be submitted for approval to the Annual General Meeting on 6 May 2025.

Note 2 Material 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 Material 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	2024	2023
Salaries	3,758	3,533
Bonus	648	816
Social security	678	672
Pension	126	117
Share-based payment	201	151
Other benefits	206	170
Total personnel expenses	5,616	5,458

Axactor ASA meets the mandatory occupational pension requirement.

Average number of FTEs

EUR thousand	2024	2023
Number of FTEs, 1 Jan	21	20
Number of FTEs, 31 Dec	21	21
Average number of FTEs	21	21

Remuneration to the Group executive management

Remuneration to the Group executrive management is described in the Remuneration report and Note 8 of the consolidated financial statements.

Note 4 Other operation expenses and remuneration to auditors

Other operating expenses

EUR thousand	2024	2023
Direct operating expenses	1,186	1,116
External services	1,274	1,572
IT expenses	4,648	4,447
Other expenses	307	383
Total other operating expenses	7,415	7,518

Auditor's remuneration

During the financial year 2024, the company changed its auditor from PricewaterhouseCoopers AS (PwC) to Ernst & Young AS (EY).

EUR thousand	2024	2023
EY		
Auditing	178	
Other services	64	
Total	242	-
PWC		
Auditing	137	232
Audit related services	-	29
Fees, tax advisory	23	-
Other services	7	-
Total	166	262
Total auditor's remuneration	408	262

The audit fees and other operating expenses presented in the financial statements are exclusive of VAT.

Note 5 Leases

The company leases premises only. The facility contract relating to Drammensveien 167 was terminated 30 November 2024. A new lease contract for Karenslyst Allé 8A was entered into from 1 December 2024 and has been recognized as a new right of use asset and lease liability. The contract's maturity date is 1 December 2029.

Leasing contracts are classified as lease liabilites and right of use assets under IFRS 16. See Axactor Group note 2.9.

Right of use assets

EUR thousand	Total
Right of use assets on 31 Dec 2022	361
New leases	36
Depreciation	-183
Right of use assets on 31 Dec 2023	214
New leases	580
Depreciation	-179
Termination	-44
Right of use assets on 31 Dec 2024	570
Depreciation method	Linear

Lease liabilities

EUR thousand	2024	2023
Lease liabilities on 1 Jan	254	401
New leases and lease modifications	597	56
Terminations	-70	
Lease payments,principal amount	-209	-203
Lease liabilities on 31 Dec	572	254
Current:	98	211
Non-current	475	43

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

EUR thousand	2024	2023
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	143	211
1-2 years	143	53
2-3 years	143	-
3-4 years	143	-
4-5 years	131	-
Total undiscounted lease liabilities	704	264
Discounting element	-132	-10
Total lease liabilities on 31 Dec	572	254

Note 6 Financial items

EUR thousand	2024	2023
Financial revenue		
Interest on bank deposits	151	229
Interest on intercompany loans	41,755	37,304
Group contribution	3,624	16,241
Net gain on purchase of treasury bonds (note 15)	2,554	-
Other financial revenue	-	1,035
Total financial revenue	48,085	54,809
Financial expenses		
Interest expenses on borrowings[1]	-49,189	-41,973
Net foreign exchange loss[2]	-1,133	-9,831
Impairment of loans to Group companies[3]	-	-12,000
Other financial expenses[4]	-272	-1,582
Total financial expenses	-50,594	-65,386
Net financial items	-2,510	-10,577

[1] In 2024 EUR 4.1 million (2023: EUR 4.6 million) has been reclassified from the cash flow hedge reserve (OCI) with corresponding deferred tax liability into interest expense on borrowings, see note 17

[2] Foreign exchange gains and losses are presented net as either financial revenue or financial expenses, depending on the net position and includes change in fair value of currency derivatives

[3] The impairment of loans to subsidiaries in 2023 concerns Reolux Holding S.à r.l. No interest has been charged to the company in 2023 nor 2024

Note 7 Income tax

Income tax calculation

EUR thousand	2024	2023
Profit/(loss) before tax	-6,784	-13,893
Non deductible expenses	203	140
Non taxable revenue	-4,084	-
Change in temporary differences	6,820	9,031
Adjustment for currency differences due to tax calculation in NOK	1,356	-1,276
Basis for current income tax	-2,489	-5,997
Tax expense in profit or loss		
Change in deferred taxes	421	816
Adjustment for previous years	-1,195	1,330
Utilisation of interest carry forward not previously recognized	-	2,735
Income tax expense	-774	4,881

Tax included in other comprehensive income

EUR thousand	2024	2023
Opening balance deferred tax liability in OCI	-1,644	-2,651
Deferred tax on fair value net gain/(loss) on cash flow hedges	115	-
Deferred tax on (gain)/loss on cash flow hedges reclassified to profit or loss	898	1,007
Closing balance deferred tax liability through OCI on 31 Dec	-632	-1,644

Temporary differences

EUR thousand	31.12.2024	31.12.2023
Non-current assets/liabilities	-226	-1,629
Current assets	-	11
Limitation interest carried forward	-	1,608
Tax losses carried forward, recognized	159	1,340
Differences not included in the calculation of deferred tax	-	-1,819
Hedges over OCI	-632	-1,644
Net deferred tax	-699	-2,133
Net deferred tax asset	-	-
Net deferred tax liability	-699	-2,133
Net deferred tax	-699	-2,133

Note 8 Intangible assets

EUR thousand	Software and other intangibles
Cost price	
Cost price on 31 Dec 2022	16,711
Acquisitions	1,601
Cost price on 31 Dec 2023	18,312
Acquisitions	1,438
Cost price on 31 Dec 2024	19,750
Amortization	
Accumulated amortizations on 31 Dec 2022	-7,100
Amortization	-2,254
Accumulated amortizations on 31 Dec 2023	-9,353
Amortization	-2,645
Accumulated amortizations on 31 Dec 2024	-11,998
Carrying amount on 31 Dec 2024	7,752
Useful life	5–10 yr

Note 9 Property, plant and equipment

EUR thousand	Furniture, fittings and equipment
Cost price	
Cost price on 31 Dec 2022	276
Acquisitions	2
Cost price on 31 Dec 2023	278
Disposals	-16
Cost price on 31 Dec 2024	262
Amortization and impairment	
Accumulated depreciations on 31 Dec 2022	-221
Depreciation	-34
Accumulated depreciations on 31 Dec 2023	-255
Depreciation	-11
Disposals	8
Accumulated depreciations on 31 Dec 2024	-258
Carrying amount on 31 Dec 2024	4
Useful life	1-5 yr

Note 10 Issued shares and share capital

The share capital of Axactor ASA as of 31 December 2024 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.

Please see note 23 of the consolidated financial statements for an overview of the 20 largest shareholders and shares owned by the Board and Group executive management on 31 December 2024.

Note 11 Shares in subsidiaries

Subsidiary company

EUR thousand	Ownership	Head office	Country	Carrying value in parent company
Axactor Portfolio Holding AB	100.0%	Gothenburg	Sweden	169,234
Axactor Platform Holding AB	100.0%	Gothenburg	Sweden	262,874
Reolux Holding S.à r.l.	50.0%	Luxembourg	Luxembourg	-
Investment in subsidiaries on 31 Dec 2024				432,108

Note 12 Other current assets

Other current assets

EUR thousand	31.12.2024	31.12.2023
Prepaid expenses	1,525	641
Total other current assets	1,525	641

Note 13 Cash

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks excluding restricted cash.

EUR thousand	**31.12.2024**	**31.12.2023**
Cash and cash equivalents	3,453	3,450
Restricted cash	370	374
Total cash and cash equivalents, incl. restricted cash	3,823	3,825

Composistion of the cash per currency

EUR thousand	**31.12.2024**	**31.12.2023**
EUR	2,206	1,726
GBP	4	9
NOK	1,249	1,230
SEK	364	860
Total cash and cash equivalents, incl. restricted cash	3,823	3,825

Note 14 Loans and receivables to group companies

	2024				2023			
EUR thousand	Loans to group companies[1]	Current IC receivables	Loans from group companies	Current IC payables	Loans to group companies[1]	Current IC receivables	Loans from group companies	Current IC payables
Axactor Finland OY	-	5	-	39	-	65	-	37
Axactor Germany GmbH	-	-	-	44	-	228	-	-
Axactor Platform Holding AB	70,078	-	-	-	229,665	-	-	-
Axactor Portfolio Holding AB	244,813	-	-	-	234,018	-	-	-
Axactor Italy Holding S.r.l.	194	-	-	-	181	-	-	-
Axactor Italy S.p.A	-	619	-	32	-	858	-	28
Reolux Holding S.à r.l	1,581	-	-	-	1,681	-4	-	-
Axactor Norway AS	-	3,630	-	-	-	656	-	15
Axactor Capital AS	-	-	-	37	-	18,401	-	47
Axactor Espãna, S.L.U.	-	-	-	7	-	55	-	-
Axactor Platform Espãna SA	-	961	-	137	-	2,003	-	126
Axactor Sweden AB	-	148	-	36	-	-58	-	57
Closing balance on 31 Dec	316,667	5,362	-	333	465,545	22,203	-	311

[1] The loans carries an interest rate of 7.4 - 11%, to be paid or added to the principal amount at year end, except for the loan to Reolux Holding S.à r.l which has been granted an interest free period

An expected credit loss (ECL) assessment has been carried out with no loans impaired in 2024. The loan to Reolux Holding S.à r.l were impaired EUR 12 million in 2023 and the accumulated impairment is EUR 21 million. No interest has been recognized or charged on the loan in 2024.

Note 15 Interest-bearing loans and borrowings

EUR thousand	Currency	Nominal value	Treasury bonds[1]	Carrying amount, EUR	Interest coupon	Maturity
Facility						
Bond ACR03 (ISIN NO0011093718)	EUR	300,000	-69,810	228,101	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK	194,998		193,663	3m NIBOR + 825bps	07.09.2027
Total bond loans		494,998	-69,810	421,764		
Total interest-bearing loans and borrowings on 31 Dec 2024				421,764		
whereof						
Non-current borrowings				421,764		
Current borrowings				-		

[1] The company has acquired treasury bonds of EUR 50.9 million in 2024 and recognized a net gain of EUR 2.6 million.

Maturity

				Estimated future cash flow within			
	Currency	Carrying amount	Total estimated future cash flow	6 months or less	6–12 months	1–2 years	2–5 years
Bond ACR03 (ISIN NO0011093718)	EUR	228,101	261,360	9,205	8,818	243,338	-
Bond ACR04 (ISIN NO0013005264)	NOK	193,663	265,167	11,897	11,730	23,330	218,209
Total bond loans		421,764	526,527	21,102	20,548	266,667	218,209
Total interest-bearing loans and borrowings on 31 Dec 2024		421,764	526,527	21,102	20,548	266,667	218,209

Change in loans and borrowings from financial activities

EUR thousand	Bond loans
Total interest-bearing loans and borrowings on 31 Dec 2022	445,590
Proceeds from loans and borrowings	200,340
Repayment of loans and borrowings	-169,522
Loan fees	-3,367
Total changes in financial cash flow	27,451
Amortization of capitalized loan fees	2,930
Currency translation differences	4,360
Other non-cash movements	-116
Total interest-bearing loans and borrowings on 31 Dec 2023	480,215
Proceeds from loans and borrowings	-
Repayment of loans and borrowings	-50,860
Loan fees	-117
Total changes in financial cash flow	-50,977
Amortization of capitalized loan fees	2,111
Currency translation differences	-9,702
Other non-cash movements	117
Total interest-bearing loans and borrowings on 31 Dec 2024	421,764

Change in lease liabilities are presented in note 5.

Bond loans

ACR03 (ISIN NO0011093718)

The bond was placed at 3m EURIBOR + 5.35% interest, with maturity date 15 September 2026. The bond is listed on Oslo Børs. On 31 December 2024, the Group holds treasury bonds in ACR03 with a nominal value of EUR 70 million.

ACR04 (ISIN NO0013005264)

The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027. The bond is listed on Oslo Børs.

The following financial covenants apply to both bond loans:

- Interest coverage ratio: ≥ 3.0x (Pro-forma adjusted Cash EBITDA to net interest expenses)
- Leverage ratio: ≤ 4.0x (NIBD to pro-forma adjusted cash EBITDA)
- Loan to value: ≤ 80% (NIBD to total book value all loan portfolios and REOs)
- Secured loan to value: ≤ 60% (secured loans less cash to total book value all loan portfolios and REOs)

Axactor was compliant with all covenants throughout the year.

Trustee: Nordic Trustee

Note 16 Other current liabilities

EUR thousand	31.12.2024	31.12.2023
Public duties	99	157
Personnel related liabilities	987	1,234
Accrued interest	2,312	2,970
Other accruals	1,083	199
Total other current liabilities	4,481	4,560

Note 17 Hedge accounting

The Group´s risk management objective is to mitigate the effect of interest rate changes related to its floating rate instruments. 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's long-term strategy is to hedge between 50% and 70% of interest-bearing debt with a duration of three to five years. The Group intends to gradually implement the strategy in line with new portfolio investments.

Cash flow hedges

The hedged items consist of a proportion of issued floating-rate loans. The hedging instruments consist of interest rate swaps. See Note 19 Hedge accounting to the consolidated financial statements for detailed information of hedged items, hedging instruments and impact on the Cash flow hedge reserve in equity.

Note 18 Events after the reporting period

There has been no material events after the reporting period for 2024.

Responsibility statement from the Board and the CEO

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2024 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
- the financial statements for the parent company for 2024 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
- 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
- the consolidated sustainability statement for 2024, as part of the report of the Board of Directors has been prepared, in all material respects, in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) pursuant to the Accounting Act §§ 2-3 and 2-4. Disclosures within the EU taxonomy, are in all material respects, prepared in accordance with Article 8 of EU Taxonomy Regulation (EU 2020/852). Furthermore, the sustainability statement includes information prepared in accordance with the Norwegian Transparency Act, that is included in Additional information
- the Board of Directors report, including the chapters on corporate governance and the sustainability statement give a true and fair view of the development, performance and financial position of the Axactor ASA and the Axactor Group, and includes a description of the key risks and uncertainties the companies are faced with.

Oslo, 8 April 2025

Terje Mjøs	Brita Eilertsen	Lars Erich Nilsen	Kjersti Høklingen	Ørjan Svanevik	Johnny Tsolis
Chair	*Board member*	*Board member*	*Board member*	*Board member*	*CEO*

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Medlemmer av Den norske Revisorforening

To the General Meeting in Axactor ASA

INDEPENDENT SUSTAINABILITY AUDITOR'S LIMITED ASSURANCE REPORT

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Axactor ASA («the Group») included in the Sustainability Statement of the Board of Directors' report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the subsection IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities in the General information - ESRS 2 General disclosures section, and
- compliance of the disclosures in subsection EU Taxonomy in the Environment, inc. Taxonomy section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Sustainability auditor's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

The Board of Directors and Chief Executive Officer (management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in the subsection IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities in the General information - ESRS 2 General disclosures section of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the, Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in subsection EU Taxonomy in the Environment, inc. Taxonomy section of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability auditor's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and

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- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in the subsection IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities in the General information - ESRS 2 General disclosures section.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents), and
  - reviewing the Company's internal documentation of its Process, and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in the subsection IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities in the General information - ESRS 2 General disclosures section.

In conducting our limited assurance engagement, with respect to the consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by
  - obtaining an understanding of the Group's control environment, processes, control activities and information system relevant to the preparation of the consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
  - obtaining an understanding of the Group's risk assessment process.
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;

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- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 8 April 2025
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The assurance report has been signed electronically

Kristian Dalby
State Authorised Public Accountant (Norway) – Sustainability Auditor

Statsautoriserte revisorer
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To the General Meeting in Axactor ASA

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Axactor ASA (the Company) which comprise:

- The financial statements of the company, which comprise the statement of financial position as at 31 December 2024 and income statement, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2024, statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

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 2024 and its financial performance and 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 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting 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 in accordance with the requirements of the 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 1 years from the election by the general meeting of the shareholders on 8 May 2024 for the accounting year 2024.

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 for 2024. 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.

Valuation of purchased loan portfolios

Basis for the key audit matter

Purchased loan portfolios account for a considerable part of total assets of the Group. Estimated future cash collections from purchased loan portfolios is the basis for the valuation and book value.

Estimation of future cash collections from purchased loan portfolios is complex and requires significant judgement from management about the value, probability, and timing of expected future cash flows. Furthermore, the estimates of future cash flows depend on management's expectations to impact on the portfolios by changes in collection policies and strategies, and local regulations.

The valuation of purchased loan portfolios was considered a key audit matter based on the significant judgments involved.

Our audit response

For acquisitions of new loan portfolios we tested, on a sample basis, the consideration price upon acquisition toward the purchase agreement and further that the initial cash collection forecast prepared by local management was approved by Group management. We also compared the initial cash collection forecast to historical cash collection on similar loan portfolios and the calculated effective interest rate on the purchased loan portfolio to the effective interest rate on similar loan portfolios purchased in previous years.

We tested the mathematical accuracy of the valuation model by using forecasted cash collection and the initial effective interest rate, to recalculated book value of the purchased loan portfolios at year end.

To assess completeness of portfolio revaluations we tested that all portfolios that met certain risk criteria, such as material portfolios that had historical deviations from forecasted cash flows was included managements revaluation process.

For a sample of revalued portfolios, we assessed the changes in future cash collection estimates by comparing actual cash collection to forecasted cash collection, in addition to performing a retrospective review to assess the historical accuracy of prior year forecasts. As part of our procedures, we considered and challenged the assumptions used by management including amounts, probability, and timing of expected future cash flows.

We refer to note 18 Purchased loan portfolios, note 17 Fair value measurements and note 4 Significant accounting judgments, estimates and assumptions for further information.

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Other information

The Board of Directors and CEO (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises the information included in the annual report other than 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 and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with 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 statement on the Board of Directors' report applies correspondingly for the statement on Corporate Governance.

Our statement that the Board of Directors' report contains the information required by applicable law does not cover the sustainability report, for which a separate assurance report is issued.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 Company or 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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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, 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 fair presentation.
- 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 requirement

Report on compliance with regulation 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-2024-12-31-0-en.zip, have been prepared, in all material

Independent auditor's report - Axactor ASA 2024

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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

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 8 April 2025
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The auditor's report is signed electronically

Kristian Dalby
State Authorised Public Accountant (Norway)

Alternative performance measures

Alternative performance measures (APMs) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total revenue plus portfolio amortizations and revaluation, and change in fair value of forward flow commitments	To review the revenue before split into interest and amortization (for own portfolios)	Total revenue from consolidated statement of profit or loss plus portfolio amortization and revaluation and change in fair value of forward flow commitments in the consolidated statement of cash flows
Cash EBITDA	EBITDA adjusted for calculated cost of share option program, portfolio amortization and revaluation, change in fair value of forward flow commitments and repossessed assets cost of sale and impairment	To reflect cash from operating activities, excluding timing of taxes paid and movement in working capital	EBITDA (total revenue minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA, incl. discontinued operations	Cash EBITDA 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 (total revenue minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 11 (only 2023), adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining collections (ERC)	Estimated remaining collections express the expected future cash collections 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 collections including estimated interest revenue and opex	Purchased loan portfolios in the consolidated statement of financial position, plus estimated operating expenses for future collections at time of acquisition and estimated discounted gain
Net interest-bearing debt (NIBD)	Net interest-bearing debt reflects total interest-bearing debt less total amount of unrestricted cash and cash equivalents	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 11, with adjustments to get to nominal value of the debt, less treasury bonds
Return on equity to shareholders	Net profit/(loss) after tax attributable to shareholders divided by average equity for the period attributable to shareholders, annualized	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 divided by average equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity	Net profit/(loss) after tax divided by average total equity for the period, annualized	Measures the profitability in relation to total equity	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss divided by average total equity from the consolidated statement of changes in equity

Gross revenue

EUR thousand	2024	2023
Total revenue	127,937	256,637
Portfolio amortization and revaluation	286,898	88,840
Change in fair value of forward flow commitments	120	-1,805
Gross revenue	414,956	343,672

EBITDA and Cash EBITDA

EUR thousand	2024	2023
Total revenue	127,937	256,637
Total operating expenses	-118,658	-124,789
EBITDA from continuing operations	9,279	131,848
Calculated cost of share option program	382	450
Portfolio amortization and revaluation	286,898	88,840
Change in fair value of forward flow commitments	120	-1,805
Cost of repossessed assets sold, incl impairment	1,599	1,759
Cash EBITDA from continuing operations	298,278	221,092
EBITDA from discontinued operations	-	-5,621
Cost of REOs sold, incl impairment	-	8,422
Cash EBITDA	298,278	223,894
Taxes paid	-23,584	-11,616
Change in working capital	-6,894	-2,905
Cash flow from operating activities before NPL and REO investments	267,800	209,372

Estimated remaining collections (ERC)

EUR thousand	2024	2023
Purchased loan portfolios	1,087,472	1,265,327
Estimated opex for future collection at time of acquisition	367,087	369,720
Estimated discounted gain	885,170	985,368
Estimated remaining collections (ERC) on 31 Dec	2,339,729	2,620,416

Net interest-bearing debt (NIBD)

EUR thousand	2024	2023
Non-current portion of interest bearing debt from financial position	884,728	939,104
Total interest bearing debt	884,728	939,104
Capitalized loan fees and other adjustments	12,004	19,344
Cash and cash equivalents from financial position	-32,991	-31,826
Net interest-bearing debt (NIBD) on 31 Dec	863,740	926,622

Return on equity to shareholders

EUR thousand	2024	2023
Net profit/(loss) after tax attributable to shareholders of the parent company	-79,526	30,830
Average equity for the period related to shareholders of the parent company	411,687	419,074
Return on equity to shareholders	-19.3%	7.4%

Return on equity, continuing operations

EUR thousand	2024	2023
Net profit/(loss) after tax from continuing operations	-79,060	33,563
Average total equity for the period	402,223	411,350
Return on equity, continuing operations	-19,7%	8.2%

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 2024 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 2024 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 2024 for an advisory shareholder vote. All amounts in the remuneration report are stated in NOK thousand unless otherwise specified.

The Group's financial results

Gross revenue increased 21% to EUR 415 million from 2023 to 2024. The high growth stems from sale of Spanish portfolios. EBITDA was affected by net negative portfolio revaluations and ended at EUR 9.3 million (131.8 million) for the year. Net profit ended at EUR -79.1 (33.6) million, resulting in a return on equity (ROE) of -19% (8%) for 2024.

Changes in the Board and Group executive management during 2024

There have been no changes in the composition of the Board or Group executive management during 2024.

Remuneration

The annualized fixed fees for the board members were unchanged in line with the recommendation from the nomination committee and approved by the AGM 8 May 2024. The annualized fixed fee for the Chair is NOK 820,000 and for the other board members NOK 460,000. Any changes of total actual remuneration at an individual level in 2024 is due to additional committee responsibilities that the individual member has taken on during the reporting year. Information on remuneration to the Board is also described in section 11 in the corporate governance report.

The Group executive management received an increase in the annual base salary during 2024 of 4.6%. The overall average salary change was 2% for non-executives in Axactor Norway and is due to more temporary employees.

The bonus pay-out in 2024 is determined based on the Group's performance and individual performance during 2024. This resulted in a variable remuneration between 9% and 74% of the Group executive manager's individual base salary for 2024.

Remuneration committee (RC)

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

In 2024, 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
- Assure that the overall remuneration payable are in the best interest of the company and aligned with the overall business strategy, goals, objectives, the material sustainability matters identified such as gender balance and pay-gap and good corporate governance.
- Maintaining a close dialogue with shareholders, gathering their feedback, and having subsequent discussions on their views about Axactor's remuneration arrangements.

- Assessing and approving the overall remuneration, the composition between fixed and variable pay, pensions, and other employment conditions for the Group executive members and country managers.
- 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 promoting 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 pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16a. This report is authored in accordance with 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 2024.

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)

Board of Directors remuneration

All numbers in NOK thousand

	Fixed fee	
Name	**2024**	**2023**
Current members		
Terje Mjøs[1]	1,020	867
Brita Eilertsen	560	702
Lars Erich Nilsen	535	527
Kjersti Høklingen[2]	535	357
Ørjan Svanevik[3]	610	-
Former members		
Kathrine Astrup Fredriksen	-	146
Kristian Melhuus	-	317

[1] Terje Mjøs, BoD member since 2017, was appointed Chair of the Board 3 May 2023
[2] Kjersti Høklingen was appointed Board member 3 May 2023
[3] Ørjan Svanevik was appointed Board member 11 December 2023

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	Short term incentive[3]	Long term incentive[4]	Pension	Total remuneration	Fixed pay	Variable pay
Group executive management									
Johnny Tsolis, CEO	2024	4,887	13	3,348	1,033	436	9,717	55%	45%
	2023	4,467	11	2,314	688	376	7,856	62%	38%
Nina Mortensen, CFO	2024	2,667	13	607	210	207	3,704	78%	22%
	2023	2,434	13	580	188	184	3,399	77%	23%
Arnt Andre Dullum, COO	2024	2,314	12	201	210	175	2,912	86%	14%
	2023	2,179	12	471	165	157	2,984	79%	21%
Vibeke Ly, Chief of Staff	2024	2,336	18	569	210	172	3,304	76%	24%
	2023	2,160	12	864	165	155	3,356	69%	31%
Kyrre Svae, Chief of strategy and IR	2024	2,521	13	600	230	201	3,565	77%	23%
	2023	2,366	12	933	177	179	3,667	70%	30%
Karl Mamelund, Chief Investment Officer[1]	2024	2,457	12	553	222	167	3,411	77%	23%
	2023	1,593	10	587	147	91	2,429	70%	30%
Former management									
Robin Knowles, Chief Investment Officer[2]	2024	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
	2023	543	20	n.a	69	8	639	89%	n.a

[1] Karl Mamelund was appointed Chief Investment Officer from 1 April 2023
[2] Robin Knowles was Chief Investment Officer until 1 April 2023. Remuneration is denominated in GBP, an exchange rate of 13.13 is used to convert to NOK
[3] Includes discretionary bonus due to exceptional performance and bonus according to the ordinary variable pay program. The amount is paid in one payment in 2025
[4] Share option plan, see section Long-term incentive plan

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 2024 (ESOP 2024) is based on performance share units with strike price set at the volume weighted average price during the 30 business days before grant. Vesting is conditional upon service conditions and performance criteria to ensure commitment to common goals. The same vesting structure applies for ESOP 2022 and ESOP 2023. For earlier share option programs (ESOP 2020), service conditions are the only vesting criteria. 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 Tsolis, CEO	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	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	22.00	75,000	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	17.25	50,000	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	28.00	125,000	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	75,000	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	50,000	-	-	-	-
	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	15.06.2022	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
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	316,666	-	-	-	316,666
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	316,667	-	-	-	316,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	316,667	-	-	-	316,667
	ESOP 2024	14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	316,666	-	316,666	316,666
		14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	316,667	-	316,667	316,667
			14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	316,667	-	-	316,667

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
Nina Mortensen, CFO	ESOP 2020		04.08.2021	02.08.2022	02/08/2022 - 01/08/2025	28.00	62,500	-	-	-	-
			04.08.2021	02.08.2022	02/08/2022 - 01/08/2025	22.00	37,500	-	-	-	-
			04.08.2021	02.08.2022	02/08/2022 - 01/08/2025	17.25	25,000	-	-	-	-
			04.08.2021	02.08.2023	02/08/2023 - 01/08/2025	28.00	62,500	-	-	-	-
			04.08.2021	02.08.2023	02/08/2023 - 01/08/2025	22.00	37,500	-	-	-	-
			04.08.2021	02.08.2023	02/08/2023 - 01/08/2025	17.25	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
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	41,667	41,667
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,666	-	-	41,666	41,666
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	-	41,667
	ESOP 2024	14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,667	-	41,667	41,667
		14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,666	-	41,666	41,666
			14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,667	-	-	41,667

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
Arnt André Dullum, COO	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	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	22.00	37,500	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	17.25	25,000	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	28.00	62,500	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	37,500	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	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
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,666	-	-	41,666	41,666
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	41,667	41,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	-	41,667
	ESOP 2024	14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,667	-	-	41,667
		14/06/2024 - 14/06/2027	14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,667	-	41,667	41,667
			14.06.2024	14.06.2027	14/06/2027 - 14/06/2029	4.30	-	41,666	-	41,666	41,666

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 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	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	22.00	37,500	-	-	-	-
			26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	17.25	25,000	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	28.00	62,500	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	37,500	-	-	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	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
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	41,667	41,667
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,666	-	-	41,666	41,666
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	41,667	-	-	-	41,667
	ESOP 2024	14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	41,666	-	41,666	41,666
		14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	41,667	-	41,667	41,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	41,667	-	-	41,667

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
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	-	-	-	-
			01.08.2020	01.08.2022	01/08/2022 - 01/08/2025	22.00	37,500	-	-	-	-
			01.08.2020	01.08.2022	01/08/2022 - 01/08/2025	17.25	25,000	-	-	-	-
			01.08.2020	01.08.2023	01/08/2023 - 01/08/2025	28.00	62,500	-	-	-	-
			01.08.2020	01.08.2023	01/08/2023 - 01/08/2025	22.00	37,500	-	-	-	-
			01.08.2020	01.08.2023	01/08/2023 - 01/08/2025	17.25	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
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	50,000	-	-	50,000	50,000
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	50,000	-	-	50,000	50,000
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	50,000	-	-	-	50,000
	ESOP 2024	14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	66,666	-	66,666	66,666
		14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	66,667	-	66,667	66,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	66,667	-	-	66,667
Karl Mamelund, Chief Investment Officer	ESOP 2022	15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	75,000	-	-	75,000	75,000
		15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	75,000	-	-	75,000	75,000
			15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	75,000	-	-	-	75,000
	ESOP 2023	15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	66,666	-	-	66,666	66,666
		15/06/2023 - 15/06/2026	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	66,667	-	-	66,667	66,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	66,667	-	-	-	66,667
	ESOP 2024	14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	58,333	-	58,333	58,333
		14/06/2024 - 14/06/2027	15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	58,333	-	58,333	58,333
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	4.30	-	58,334	-	-	58,334

Performance measures and outcomes for 2024 short-term incentive

The Group executive management is measured on a combination of financial targets for the Group related to EBITDA and return on equity (ROE) and individual targets relating to the development according to Axactor's strategy and ESG targets. Each member of the Group executive management has between three and five individual targets, whereof one must relate to ESG. The maximum and actual remuneration under the ordinary variable pay program are presented in the table at the right.

According to the Remuneration policy section 5.2.2 individual members of the Group executive management may in addition be granted a limited discretionary variable pay for exceptional performance in case of initiatives that represents significant value for Axactor. Such discretionary variable bonus, in addition to actual remuneration under the ordinary variable pay program, has been granted to:

- Chief Executive Officer: NOK 2,500,000
- Chief Financial Officer: NOK 292,863
- Chief of Staff: NOK 292,863
- Chief of strategy and IR: NOK 292,863
- Chief Investment Officer: NOK 292,863

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 2024.

Maximum and actual remuneration under the ordinary variable pay program

Name/position	Value driver	Weighting	Min performance (%)	Min remuneration	Max performance (%)	Max remuneration 2024	Actual performance (%)	Actual remuneration
Johnny Tsolis, CEO	Financial performance	70%	-	-	100%	2,375	-	-
	Other	30%	-	-	100%	1,018	83.3%	848
Nina Mortensen, CFO	Financial performance	70%	-	-	100%	880	-	-
	Other	30%	-	-	100%	377	83.3%	314
Arnt Andre Dullum, COO	Financial performance	70%	-	-	100%	782	-	-
	Other	30%	-	-	100%	335	60.0%	201
Vibeke Ly, Chief of Staff	Financial performance	70%	-	-	100%	772	-	-
	Other	30%	-	-	100%	331	83.3%	276
Kyrre Svae, Chief of strategy and IR	Financial performance	70%	-	-	100%	860	-	-
	Other	30%	-	-	100%	369	83.3%	307
Karl Mamelund, Chief Investment Officer	Financial performance	70%	-	-	100%	842	-	-
	Other	30%	-	-	100%	361	72.2%	261

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 4.6% to compensate for the general cost level increase in Norway.

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

Comparative table of the remuneration of Group executive management and company performance over the last five reported financial years (RFY)

Name/position		2020	2021	2022	2023	2024
Current Group executive management						
	Total remuneration[1]	5,609	5,823	7,742	7,856	9,717
Johnny Tsolis, CEO	Change in NOK	47	215	1,919	114	1,861
	Change in %	1%	4%	33%	1%	24%
	Total remuneration[1]		2,298	3,625	3,399	3,704
Nina Mortensen, CFO	Change in NOK			1,328	-226	305
	Change in %			58%	-6%	9%
	Total remuneration[1]	1917	2,427	3,293	2,984	2,912
Arnt Andre Dullum, COO	Change in NOK		509	867	-309	-72
	Change in %	n.a	27%	36%	-9%	-2%
	Total remuneration[1]	2,540	2,650	3,294	3,356	3,304
Vibeke Ly, Chief of Staff	Change in NOK	553	110	644	62	-52
	Change in %	28%	4%	24%	2%	-2%
	Total remuneration[1]	2,453	2,615	3,240	3,667	3,565
Kyrre Svae, Chief of strategy and IR	Change in NOK		163	625	427	-102
	Change in %	n.a	7%	24%	13%	-3%
	Total remuneration[1]				3,042	3,411
Karl Mamelund, Chief Investment Officer	Change in NOK				n.a	368
	Change in %				n.a	12%

Name/position		2020	2021	2022	2023	2024
Former Group executive management[1]						
	Total remuneration [1,2]	4,175	3,538	3,583	2,734	-
Robin Knowles, CIO	Change in NOK	30	-638	45	-849	-
	Change in %	1%	-15%	1%	-24%	-
	Total remuneration [1]	10,616	-	-	-	-
Endre Rangnes, CEO	Change in NOK	-1,555	-	-	-	-
	Change in %	-13%	-	-	-	-
	Total remuneration [1]	7,131	-	-	-	-
Oddgeir Hansen, COO	Change in NOK	1,296	-	-	-	-
	Change in %	22%	-	-	-	-
	Total remuneration [1]	4,286	-	-	-	-
Siv Farstad, EVP HR	Change in NOK	1,424	-	-	-	-
	Change in %	50%	-	-	-	-
	Total remuneration [1]	2,291	-	-	-	-
Teemu Alaviitala, CFO	Change in NOK		-	-	-	-
	Change in %		-	-	-	-

1 Total remuneration is grossed up to full year if executive has been employeed only for a part of the year
2 Salary in last year of employement is based on employment period in the year plus severance pay if agreed

Group result

Amounts in EUR million	2020	2021	2022	2023	2024
Net result to shareholders of the parent company	-18	-33	37	31	-80
Annual change net result to shareholders of the parent company	-34	-15	70	-6	-110
Annual change net result to shareholders of the parent company %	-211%	-81%	212%	-16%	-358%
ROE to shareholders, excluding non-controlling interests	-6.1%	-8.5%	9.2%	7.4%	-19.3%
Annual change ROE	-202%	-39%	208%	-20%	-361%
EBITDA	32	24	119	132	9
Annual change EBITDA	-60	-8	95	13	-123
Annual change EBITDA %	-65%	-26%	402%	11%	-93%
Gross revenue	325	345	337	344	415
Annual change gross revenue	-43	19	-8	7	71
Annual change gross revenue %	-12%	6%	-2%	2%	21%

Axactor average remuneration

The average remuneration presented is excluding Group management remuneration.

Amounts in NOK thousand		2020	2021	2022	2023	2024
Employees in Axactor ASA	Average total salary	1,199	1,136	1,128	1,177	1,172
	Change in NOK	160	-63	-8	49	-5
	Change in %	15%	-5%	-1%	4%	-
Employees in Norwegian Axactor companies	Average total salary	649	674	644	670	658
	Change in NOK	53	25	-30	26	-11
	Change in %	9%	4%	-4%	4%	-2%

The remuneration report for 2023 was approved by 94.11% of the votes on the Annual General Meeting 8 May 2024.

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 2024. The remuneration report will be presented for an advisory vote at the Annual General Meeting on 6 Mai 2025.

Oslo, 8 April 2025

Terje Mjøs	Brita Eilertsen	Lars Erich Nilsen	Kjersti Høklingen	Ørjan Svanevik
Chair	*Board member*	*Board member*	*Board member*	*Board member*

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Axactor ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Axactor ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2024 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 control

We are independent of the company in accordance with the requirements of the 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. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or 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, 8 April 2025
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Kristian Dalby
State Authorised Public Accountant (Norway)

Glossary

Terms

Active forecast	Forecast of estimated remaining collections 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 revenue
Collection performance	Gross collections 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 collections on own portfolios for the NPL segment
NPL cost-to-collect ratio	NPL cost to collect divided by NPL total revenue 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)
BV	Book value
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 collections
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