

AXACTOR

Presentation

Q4 2024





Highlights

Financial update

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Q&A

Financial highlights for the quarter



Gross revenue of EUR 161m, up from EUR 85m last year

- Down 4% adjusted for the portfolio sale in Spain
- 3PC total revenue increasing by 10% y-o-y on a like-for-like basis



Cash EBITDA of EUR 130m, up from EUR 55m last year

- Down 6% adjusted for the portfolio sale in Spain



Net negative portfolio revaluation of EUR 104m

- The revaluations do not have any cash impact
- The revalued claims remain valid and continue to accrue interests where applicable

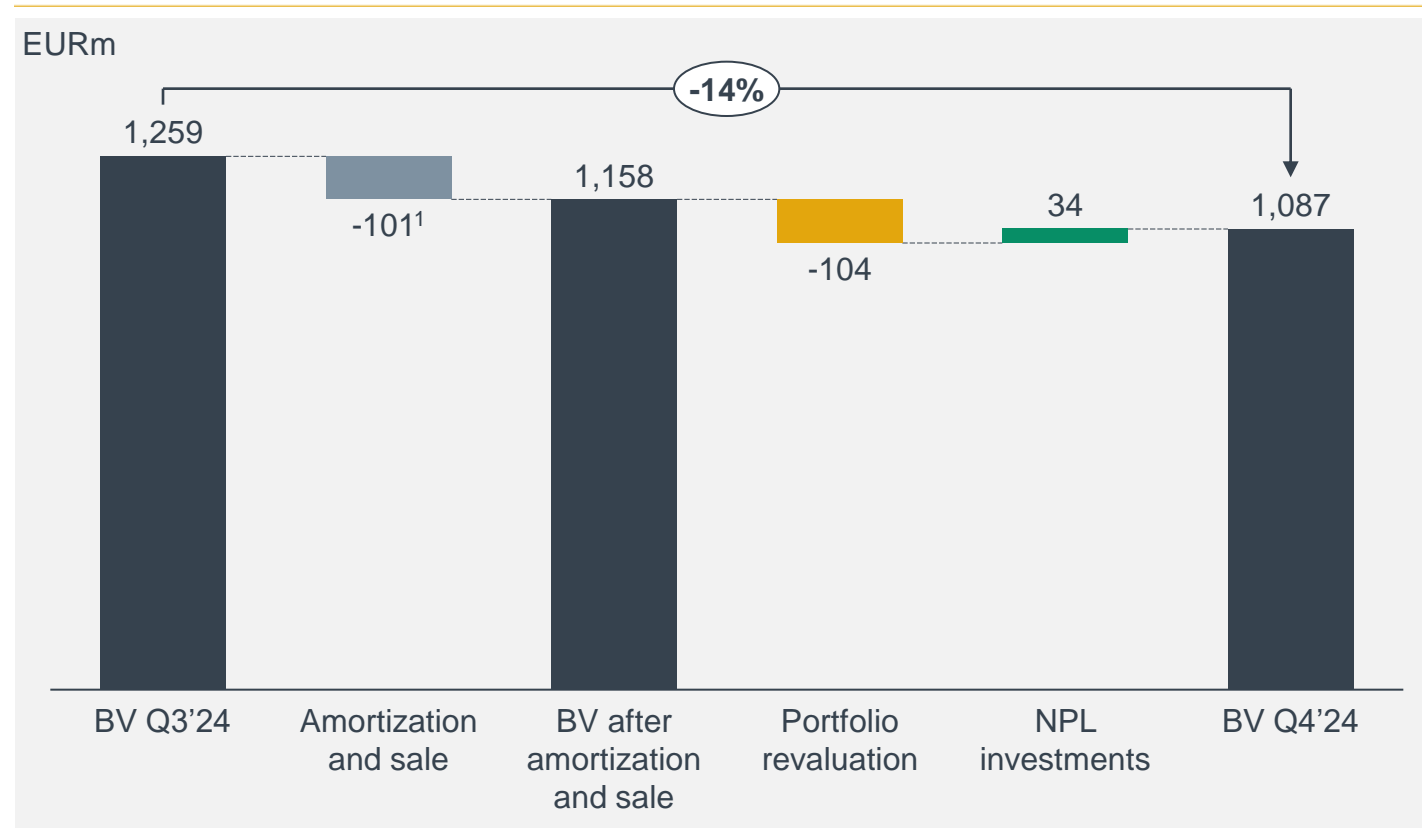


Return on equity to shareholders in 2024 of -19%

- Return on equity to shareholders of 6% in 2024 excluding revaluation
- Solid balance sheet with equity ratio of 26% after revaluation

Negative portfolio revaluation in Q4 will improve collection performance

Change in book value of NPL portfolios during the quarter

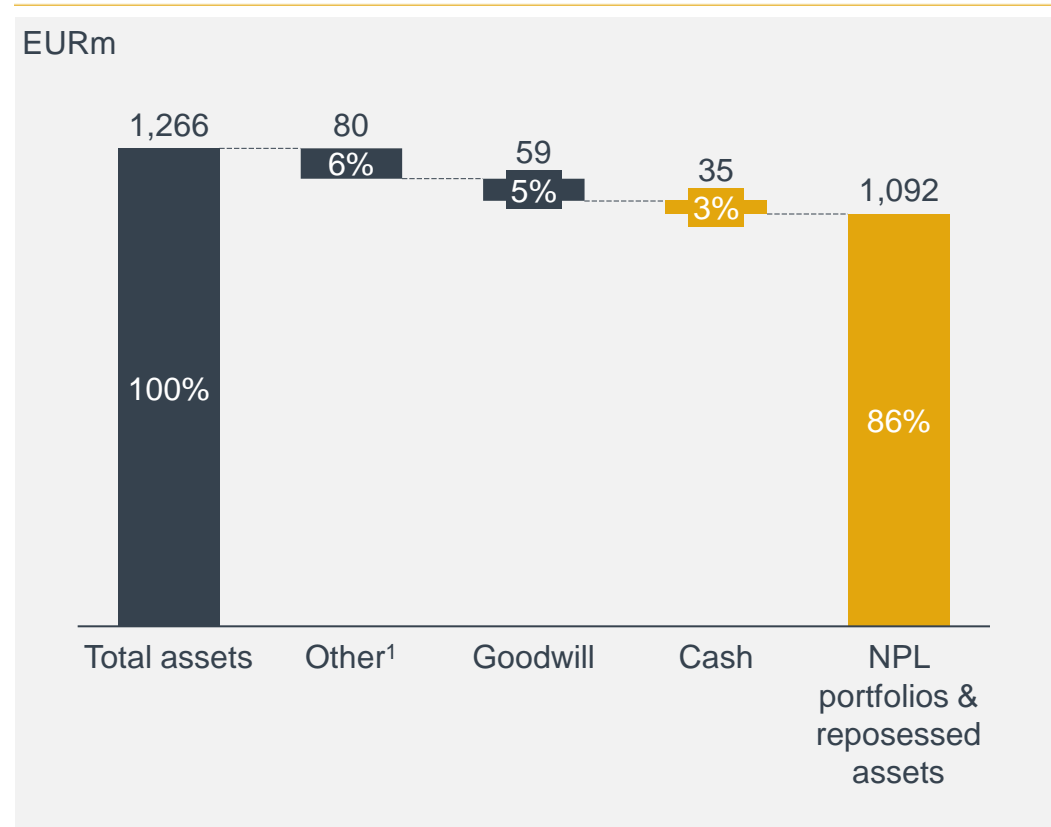


Comments

- Net negative portfolio revaluation of EUR 104m
- Revaluation corresponds to 9% of Q3 book value after portfolio sale and amortization
- Negative revaluations in all countries – largest in Sweden and Germany
- Book value down 14% q-o-q following sale and revaluation

Axactor has a solid balance sheet with 89% of the assets invested in NPL portfolios, repossessed assets and cash

Assets as of Q4 2024



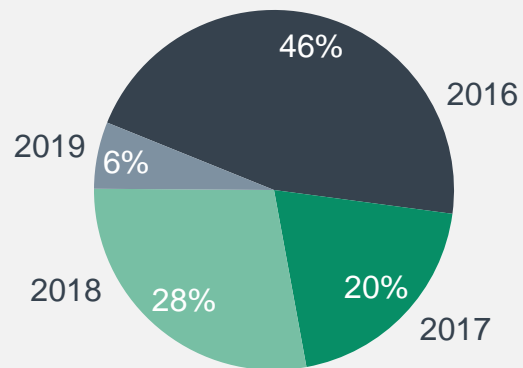
Comments

- Industry leading tangible equity ratio
 - 86% of the assets are NPL portfolios and repossessed assets
 - Only 5% goodwill on the balance sheet
- Equity ratio of 26%
- More than EUR 100m in available liquidity including undrawn RCF and unrestricted cash

Portfolio sale generating substantial covenant headroom

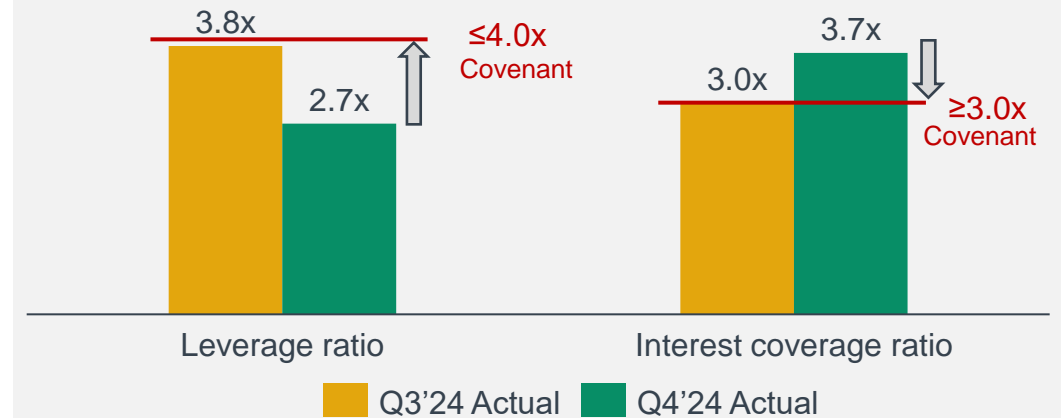
- Confirming book values in the Spanish market

Portfolio sale comprised of older Spanish vintages



- 6% of the NPL portfolios sold at a 2% premium (EUR 83m)
 - Divestiture of the Spanish unsecured portfolios in two investment companies
 - Portfolios acquired between 2016 and 2019
- The transaction visualizes Axactor's valuable and liquid balance sheet

Positive effect on covenants

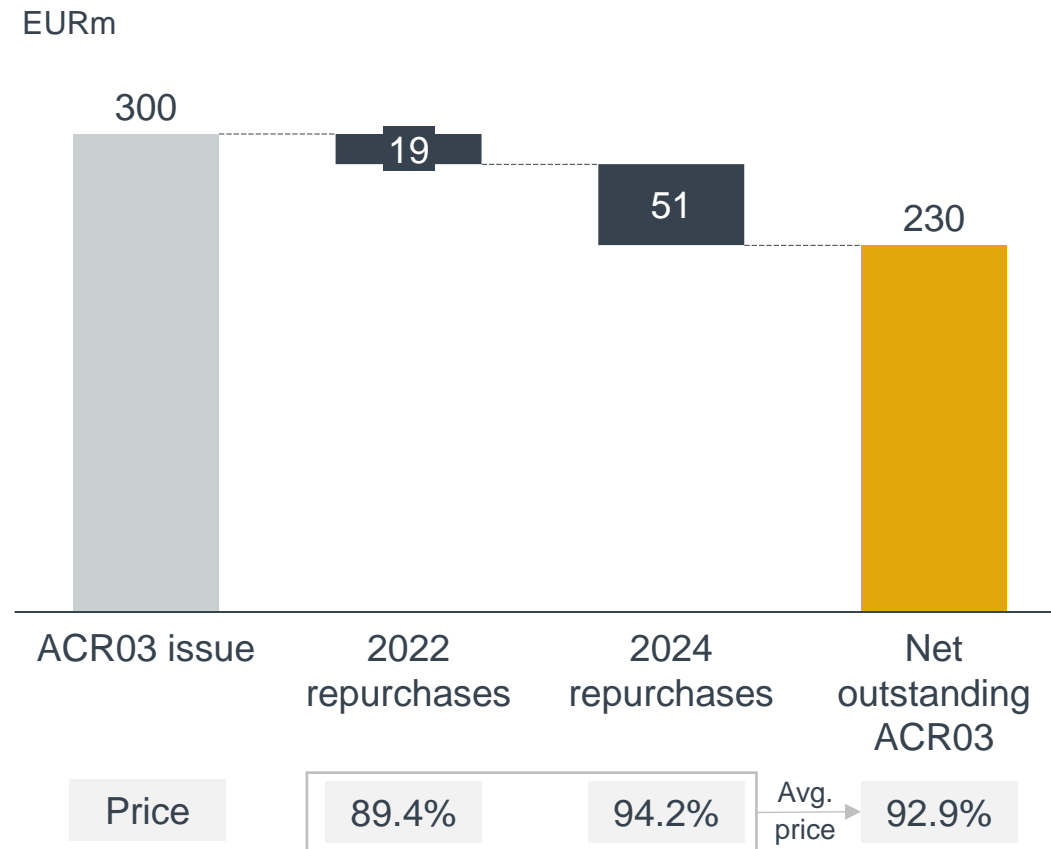


- The divestment has reduced net interest-bearing debt and increased cash EBITDA¹
- Reduced interests from lower NIBD will be fully rolled into LTM after twelve months as well

EUR 70m of ACR03 bond repurchased

- Deleveraging while reducing interest expenses

Bonds repurchased in 2022 and 2024



Comments

EUR 19.0m bought in 2022 at average price of 89.4% of par

The purchases of bonds at sub-par value resulted in a gross gain¹ of EUR 2.0m in 2022

EUR 50.9m bought in 2024 at average price of 94.2% of par

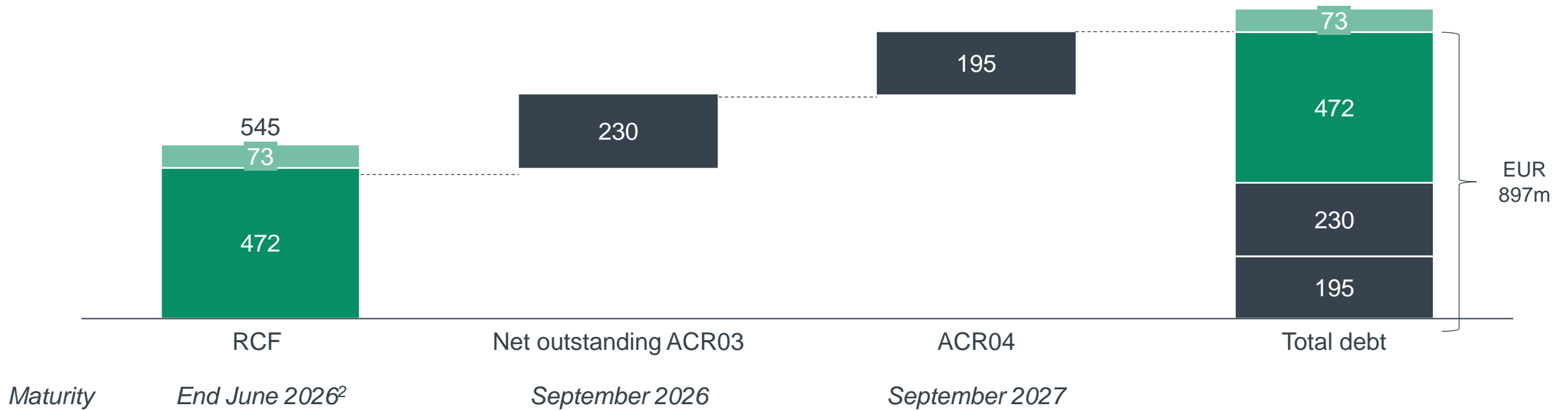
The purchases of bonds at sub-par value resulted in a gross gain¹ of EUR 2.9m in the fourth quarter results

Current debt structure

Size and maturities on current borrowings as of 31.12.2024¹

EURm

Undrawn RCF Drawn RCF Bonds



/ Expect to refinance 2026 maturities during 2025



1. RCF extension or renewal during 1H 2025

2. Reiterates investment guiding of EUR 100-200 million

3. Refinance ACR03 during 2025

4. Diversify debt maturity profile

5. Exploration of further portfolio sales in 2025



Highlights

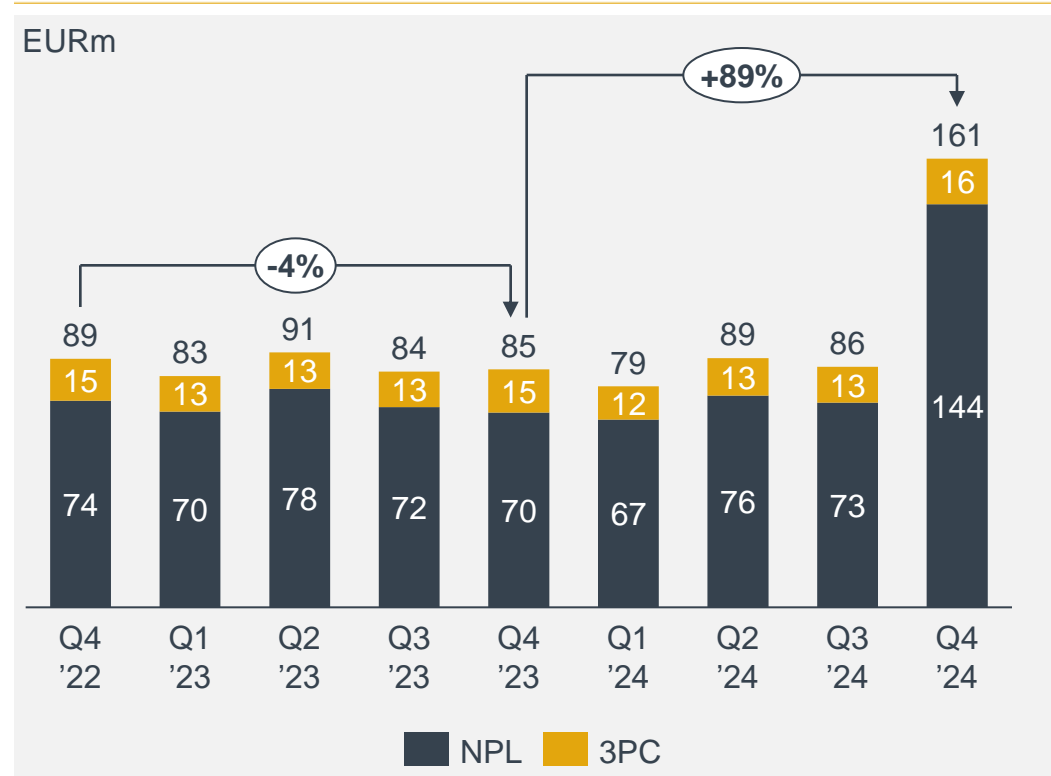
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Group: Gross revenue is up 89% y-o-y, while declining 4% adjusted for the portfolio sale in Spain

Gross revenue



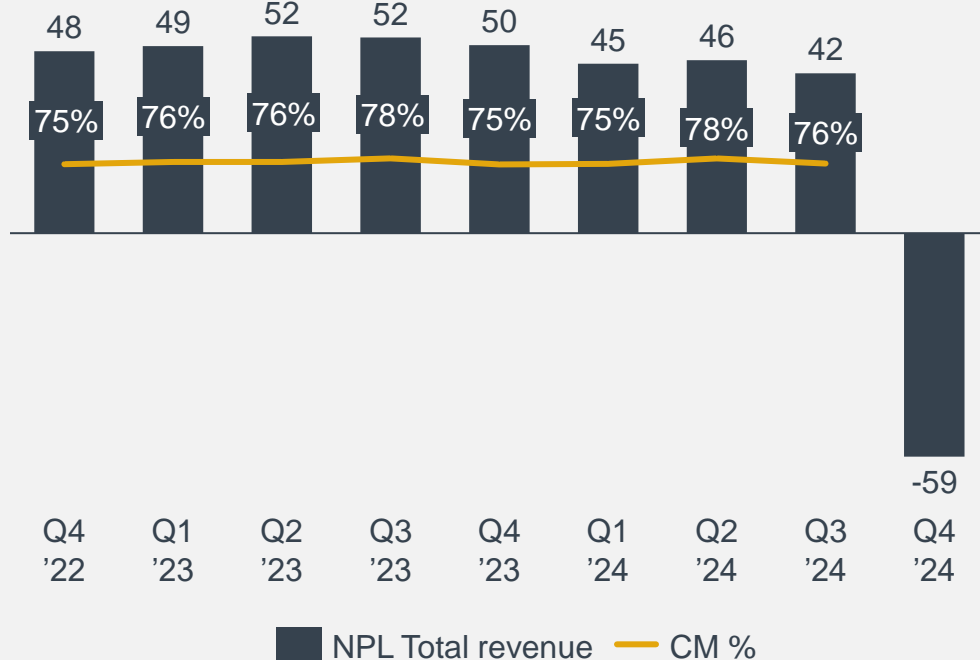
Comments

- Total gross revenue of EUR 82m excluding the portfolio sale in Spain
- NPL gross revenue increasing by 107% y-o-y while declining 6% adjusted for the portfolio sale in Spain
 - NPL gross revenue of EUR 66m excluding the portfolio sale in Spain
- 3PC gross revenue increasing by 5% y-o-y

NPL segment: Total revenue of EUR -59m driven by the EUR 104m net negative revaluation

NPL Total revenue and CM%

EURm and %



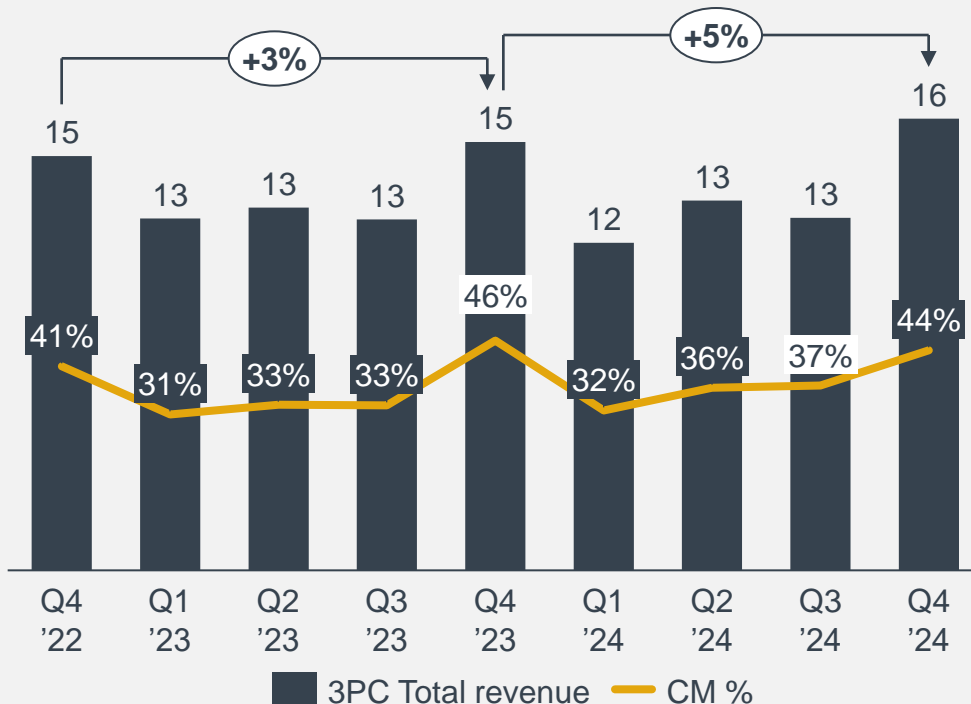
Comments

- Collection performance of 94% for the quarter
 - All markets performing below expectations
- Net negative revaluation of EUR 104m will improve collection performance

3PC segment: Underlying positive development on both the top line and margins

3PC Total revenue and CM%

EURm and %



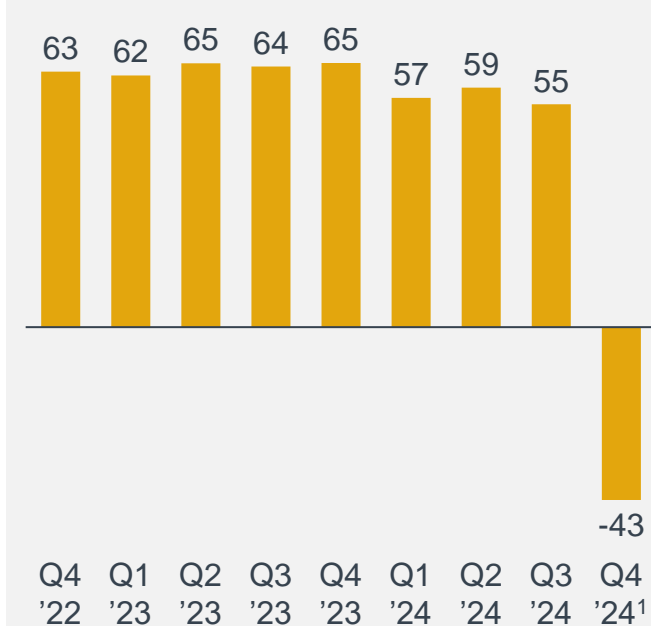
Comments

- 3PC total revenue increasing by 5% y-o-y
 - 10% growth on a like-for-like basis¹
 - Norway increasing by 25% y-o-y
- Margins down from 46% to 44% y-o-y due to Q4'23 being impacted by positive effects from the close-down of 3PC in Sweden and Finland

Group: Total revenue and EBITDA impacted by revaluation while Cash EBITDA impacted by portfolio sale

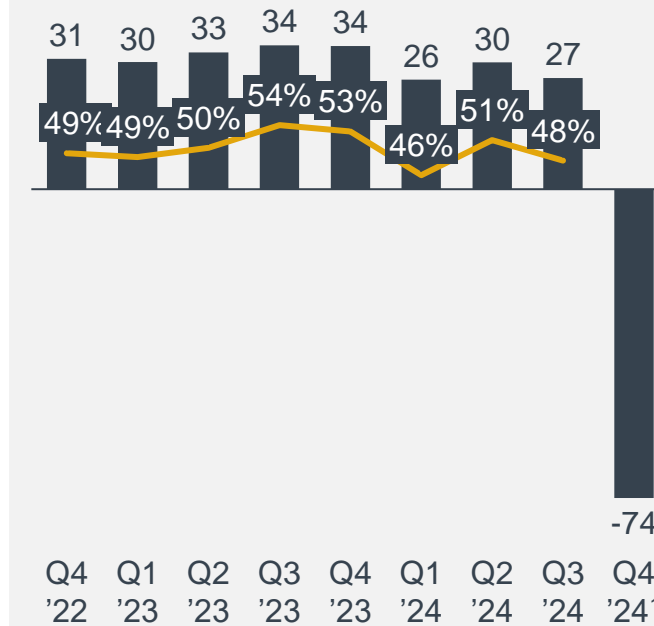
Total revenue

EURm



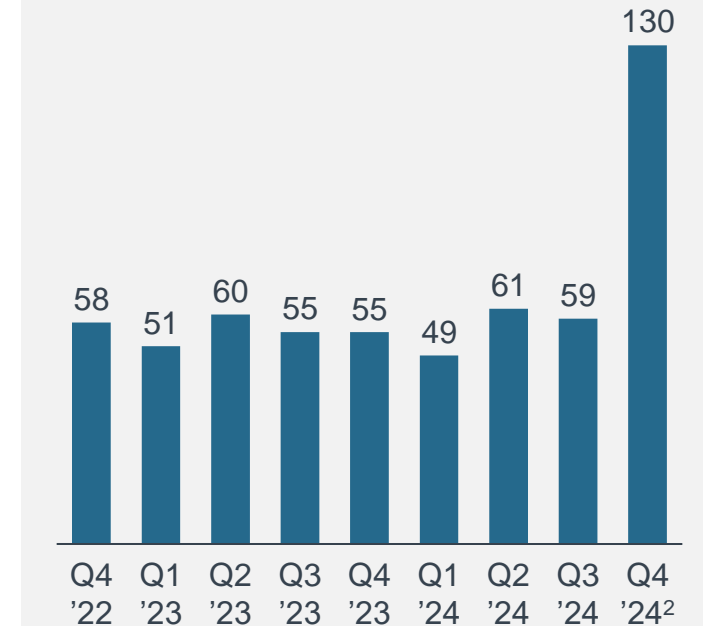
EBITDA and EBITDA-margin

EURm and %



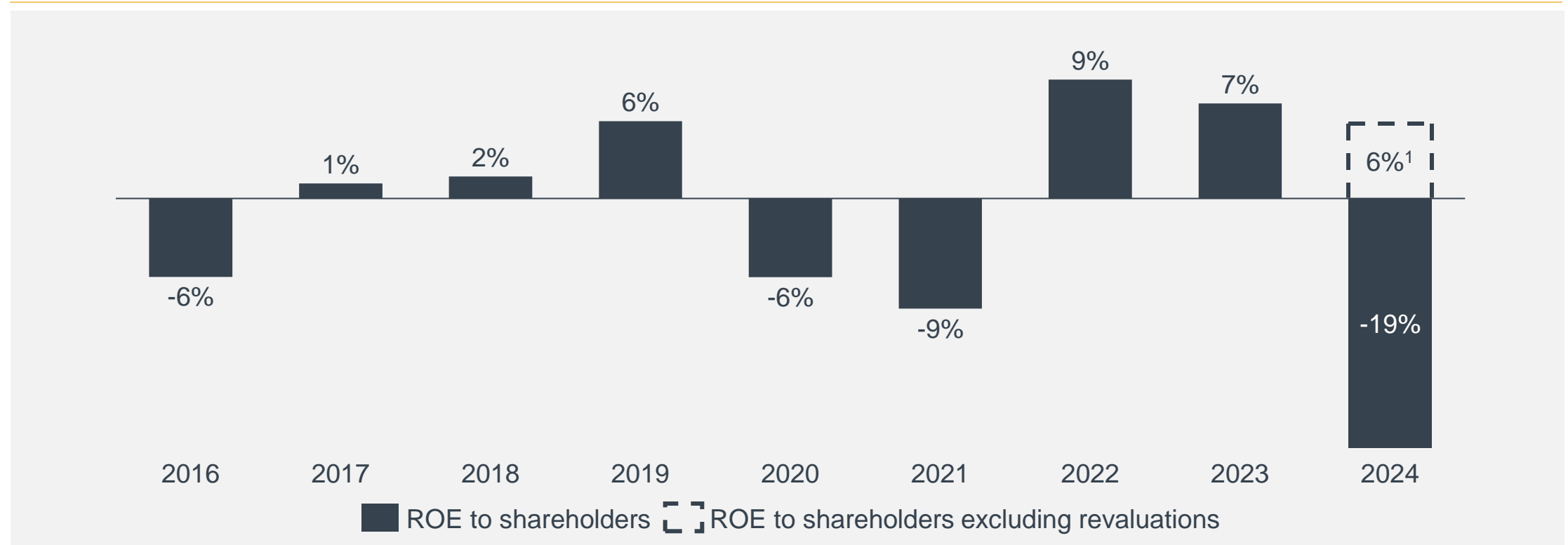
Cash EBITDA

EURm



ROE of -19% for 2024 – impacted by negative revaluation and challenging collection environment

Return on equity to shareholders



/ Current status on financial targets for 2026

Dimension	Financial targets 2026	2024 result
Growth	<ul style="list-style-type: none"> NPL investments of EUR 100 – 200 million annually 	EUR 128m
Profit	<ul style="list-style-type: none"> Minimum 12% ROE¹ in 2026 	-19%
Returns	<ul style="list-style-type: none"> 20 - 50% dividend pay-out ratio annually 	n.a.
Leverage²	<ul style="list-style-type: none"> Maximum leverage of 3.5x in 2026 	2.7x



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/ Outlook

1	Collection	<ul style="list-style-type: none">• Expect higher collection performance after negative revaluation in Q4
2	OPEX	<ul style="list-style-type: none">• Aim to absorb inflation and keep OPEX flat
3	Cost of funding	<ul style="list-style-type: none">• Expect continued reduction in cost of funding from repurchased bonds and lower IBOR-rates. Leverage to be substantially reduced
4	NPL investments	<ul style="list-style-type: none">• Expect high quality NPL investments to be in the lower end of the financial target of EUR 100-200m. Pan-European position gives valuable access to attractive NPL markets in Europe
5	3PC	<ul style="list-style-type: none">• Expect continued revenue growth on 3PC at healthy margins



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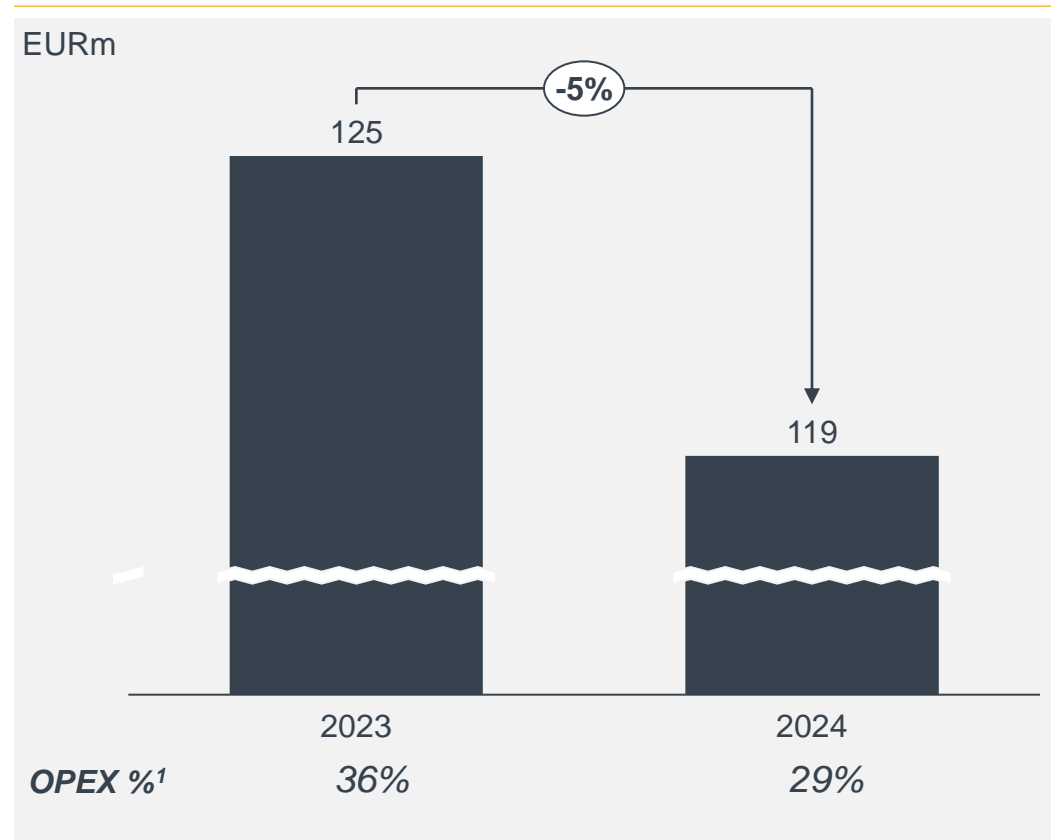
Q&A



Supporting information

Strict cost control enables a reduction in total operating expenses

Total operating expenses



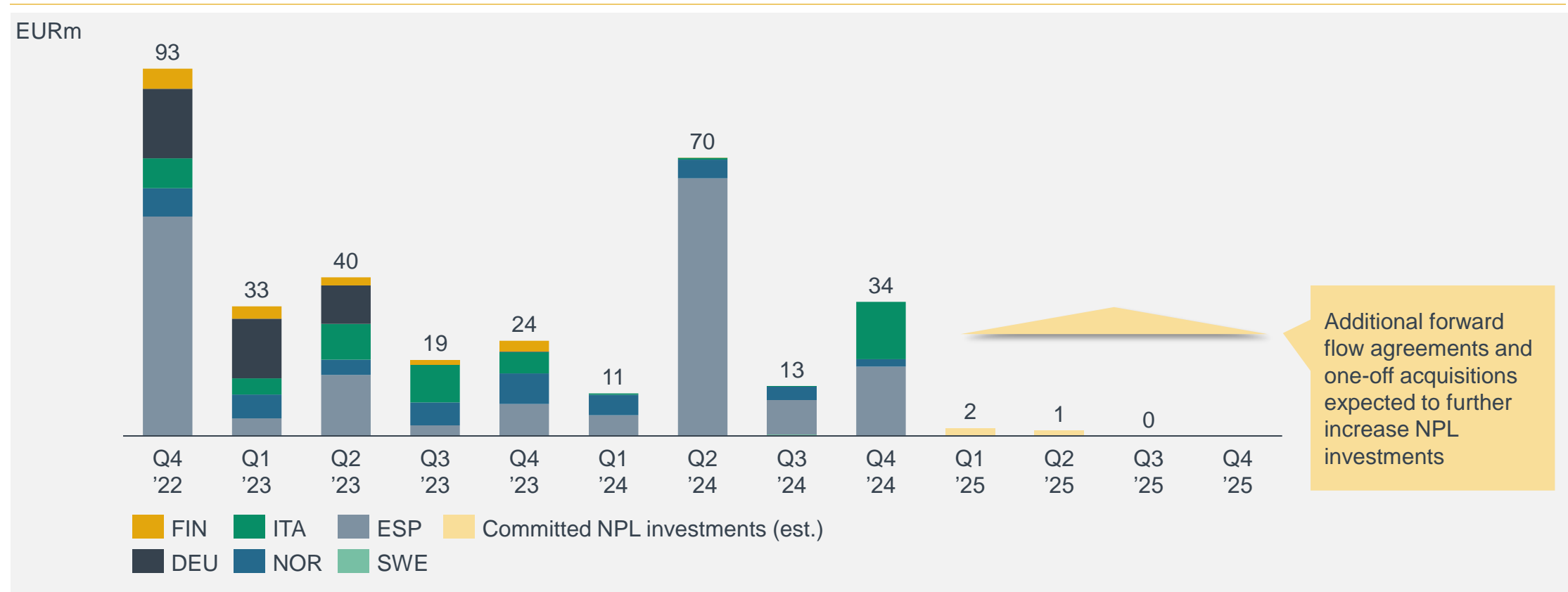
Comments

Total operating expenses for the year down 5% from FY 2023

- Despite inflationary pressure, operating expenses have been reduced since 2023 and 2022

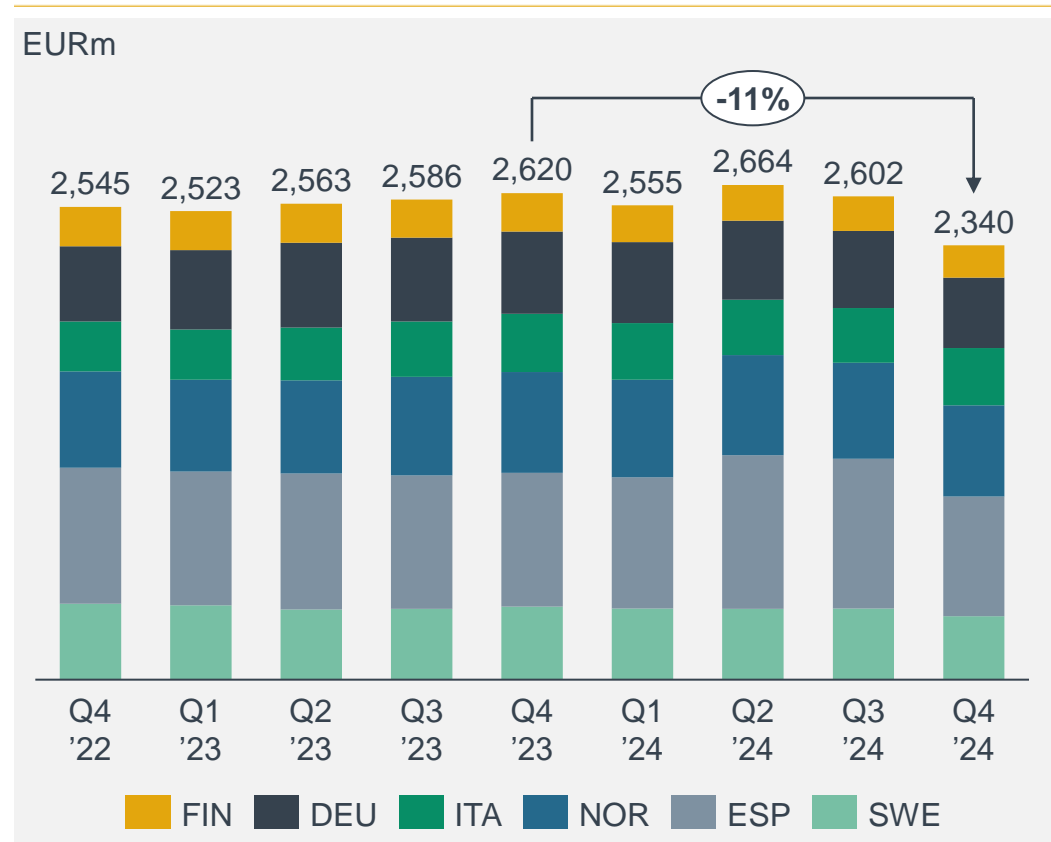
NPL investment commitments of EUR 3m next 12 months

Quarterly NPL investments

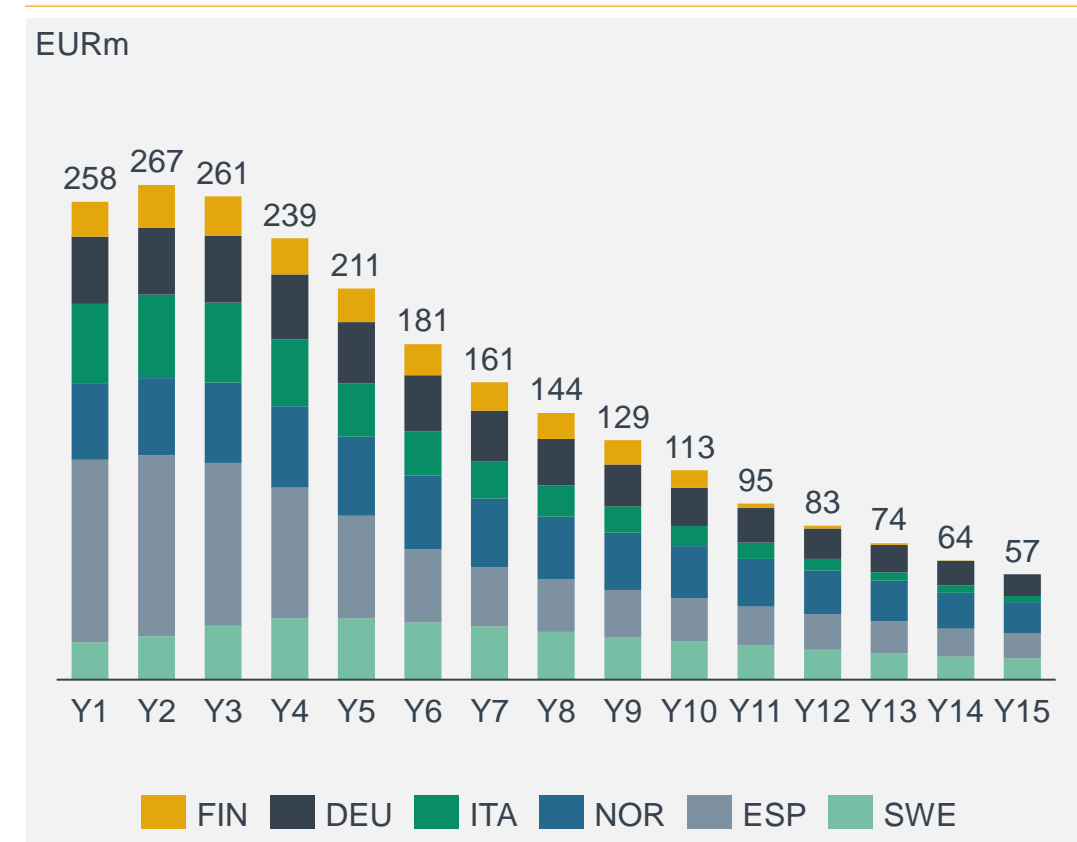


ERC down due to portfolio sale and negative revaluation

ERC development

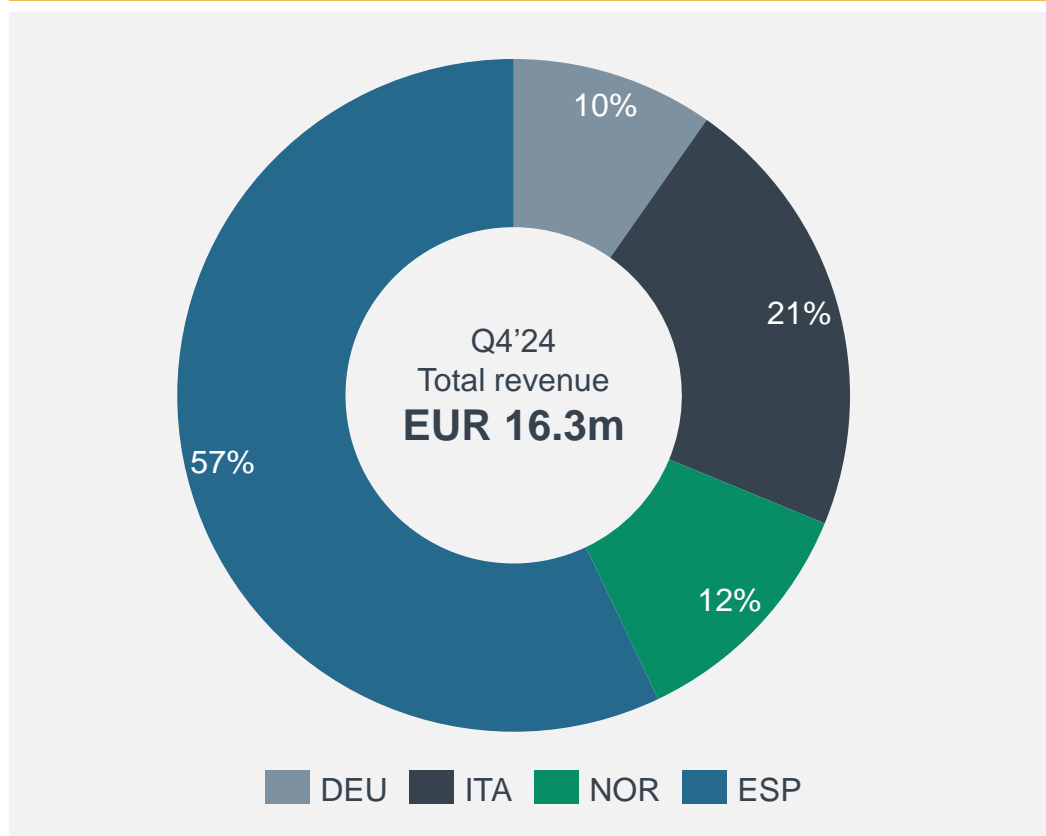


Forward ERC profile by year



3PC volumes by geographic region

3PC Total revenue split by geographic region



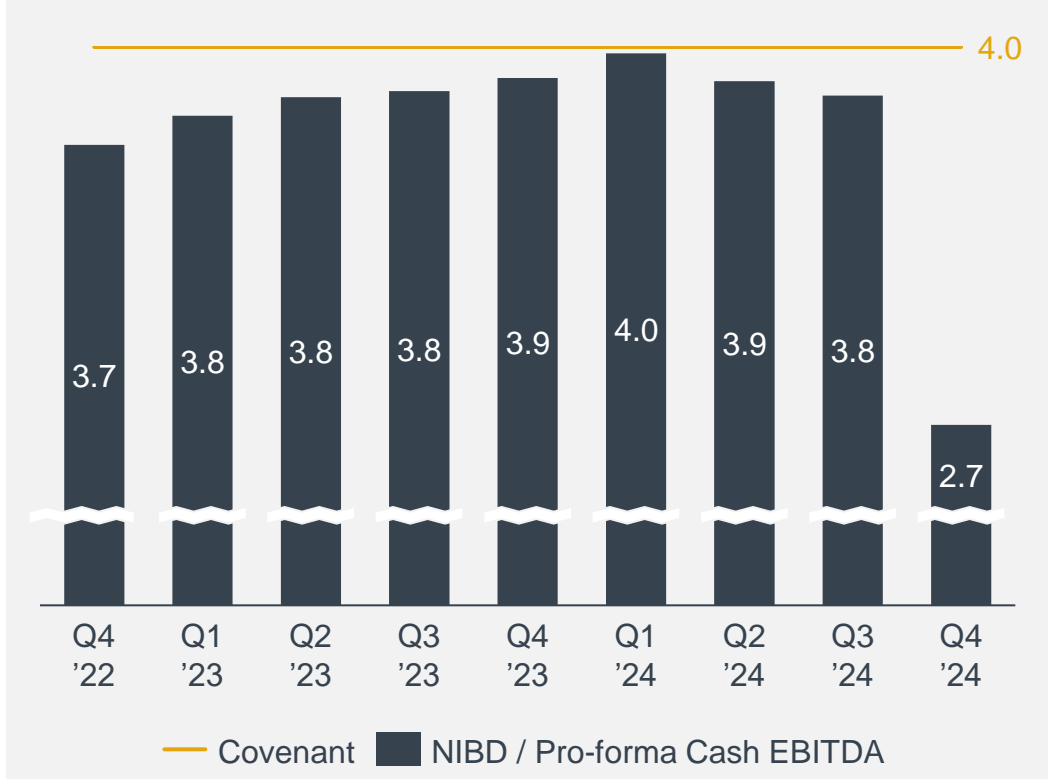
Comments

- Spain accounting for 57% of total revenue on 3PC
- Segment closed down in Finland and Sweden, with no active clients per year-end 2023

/ Bond covenants (1/2)

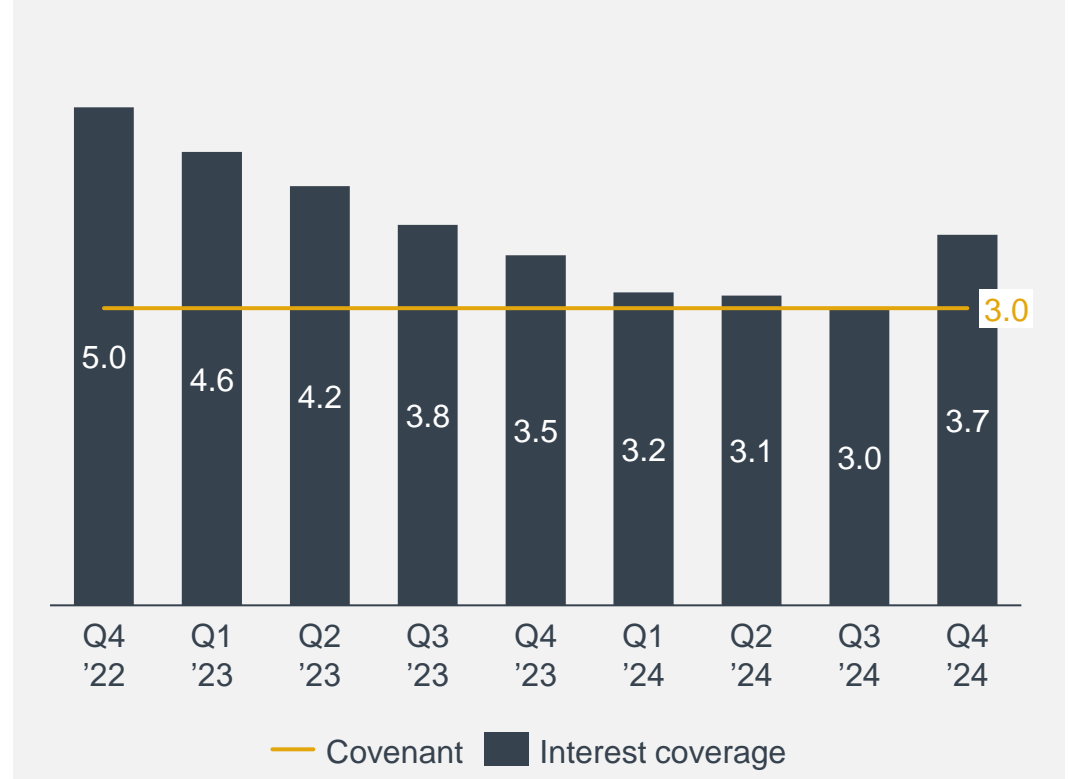
Leverage ratio - covenant $\leq 4.0x$

Net interest-bearing debt divided by LTM Pro-forma adjusted cash EBITDA



Interest coverage ratio - covenant $\geq 3.0x$

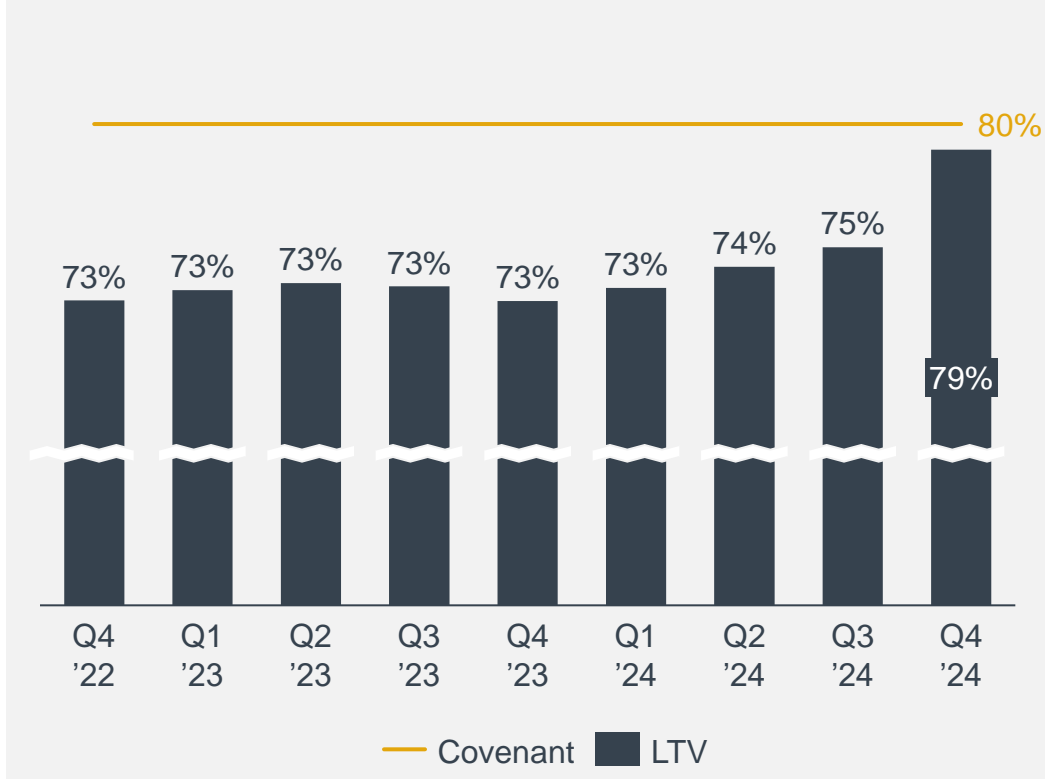
Pro-forma adjusted cash EBITDA divided by net interest expenses



/ Bond covenants (2/2)

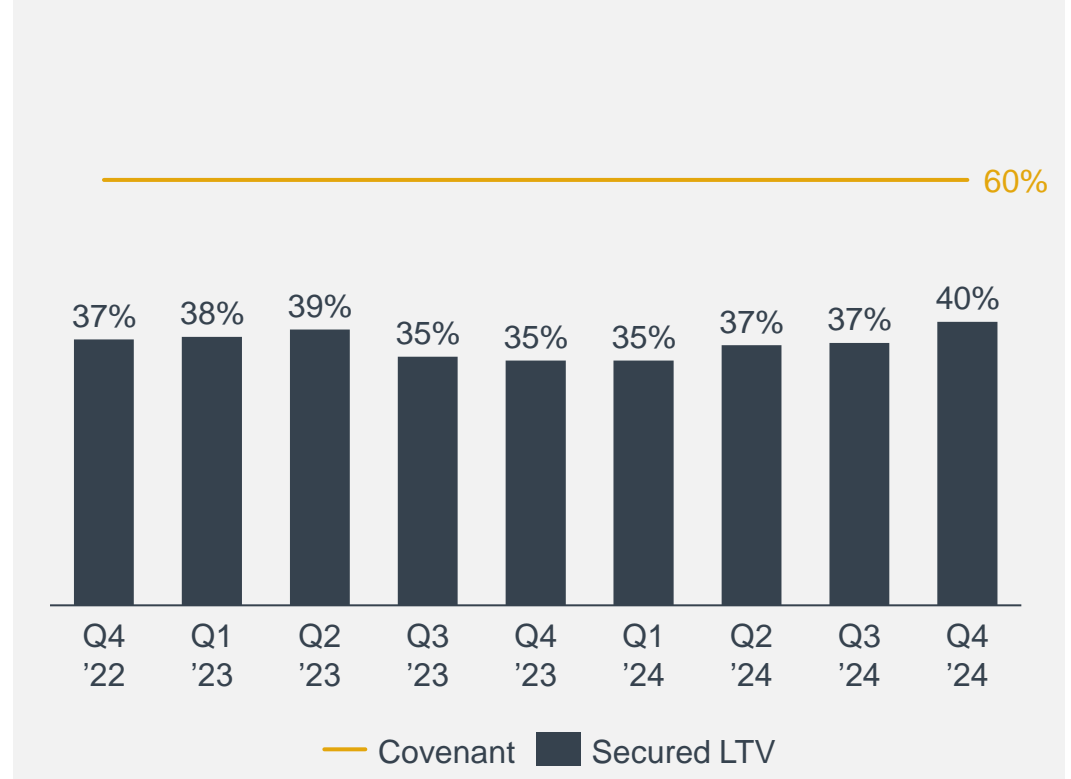
Loan-to-value - covenant $\leq 80\%$

Net interest-bearing debt divided by total portfolio book value



Secured Loan-to-value - covenant $\leq 60\%$

Secured net interest-bearing debt divided by total portfolio book value



Terms and abbreviations

Terms

Active forecast	Forecast of estimated remaining collection on NPL 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 collection on NPL 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 NPLs at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to NPL book value, calculated using monthly cash flows over a 180-months period Axactor ASA and all its subsidiaries
Group	
NPL amortization rate	NPL amortization divided by collection on own NPL portfolios
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 portfolio of NPLs
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Acquisitions of new NPLs to keep the same book value of NPLs from last period
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured non-performing loans
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
BV	Book value
BS	Consolidated statement of financial position (balance sheet)
CF	Consolidated statement of cash flows
CGU	Cash generating unit
CM	Contribution margin
D&A	Depreciation and amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
ECL	Expected credit loss
EGM	Extraordinary general meeting
EPS	Earnings per share
ERC	Estimated remaining collection
ESG	Environmental, social and governance
ESOP	Employee stock ownership plan
FSA	The financial supervisory authority
FTE	Full time equivalent
GHG	Greenhouse gas emissions
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

